



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

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Notice of Adoption and Filing of Examination Report

Take notice that the proposed report of the market conduct examination of the

NATIONAL GUARDIAN LIFE INSURANCE COMPANY
2 EAST GILMAN ST
MADISON WI 53703

dated May 5, 2009, and served upon the company on January 11, 2010, has been adopted as the final report, and has been placed on file as an official public record of this Office.

Dated at Madison, Wisconsin, this 25th day of February, 2010.

Sean Dilweg
Commissioner of Insurance

**STATE OF WISCONSIN
OFFICE OF THE COMMISSIONER OF INSURANCE**

MARKET CONDUCT EXAMINATION

OF

**NATIONAL GUARDIAN LIFE INSURANCE COMPANY
MADISON, WISCONSIN**

APRIL 21 – MAY 5, 2009

TABLE OF CONTENTS

I.	INTRODUCTION.....	1
II.	PURPOSE AND SCOPE.....	5
III.	PRIOR EXAMINATION RECOMMENDATIONS	6
IV.	CURRENT EXAMINATION FINDINGS.....	8
	COMPANY OPERATIONS and MANAGEMENT.....	8
	MARKETING, SALES and ADVERTISING.....	8
	POLICY FORMS	10
	POLICYHOLDER SERVICE and COMPLAINTS.....	13
	PREARRANGED FUNERAL PLANS.....	15
	PRODUCER LICENSING.....	15
	UNDERWRITING.....	16
V.	CONCLUSION.....	19
VI.	SUMMARY OF RECOMMENDATIONS.....	20
VII.	ACKNOWLEDGEMENT	21



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May 5, 2009

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Honorable Sean Dilweg
Commissioner of Insurance
State of Wisconsin
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Commissioner:

Pursuant to your instructions and authorization, a targeted market conduct examination was conducted from April 21 to May 5, 2009 of:

NATIONAL GUARDIAN LIFE INSURANCE COMPANY
Madison, Wisconsin

The following report of the examination is respectfully submitted.

I. INTRODUCTION

National Guardian Life Insurance Company (NGL) was originally incorporated in 1909 as the Guardian Life Insurance Company. The present name, "National Guardian Life Insurance Company", was adopted in 1920. NGL is a mutual insurance company and is owned by its policyholders. NGL owns several insurance and non-insurance subsidiaries. The primary insurance companies in the National Guardian Life Insurance Group are National Guardian Life and Settlers Life.

National Guardian Life's primary market is providing life insurance to families with household income between \$35,000 and \$75,000 with particular emphasis on the final expense and funeral markets. The major products marketed by NGL are: group preneed, final expense and voluntary benefits (dental, vision and pharmacy benefits). In 2002, NGL decided to

withdraw from the traditional group life market except for its own employee and agent groups and current policy conversions or reinstatements.

As of December 31, 2008, the company was licensed in 49 states and the District of Columbia. The only state in which the company is not licensed is New York. As of December 31, 2008, the company's total direct premium written in Wisconsin as compared to the total direct national premium written was as follows:

National Direct Business to Wisconsin Direct Business Summary

2008					
	Life Insurance Premiums	A&H Insurance Premiums	Annuity Considerations	Deposit Type Funds	Other Considerations
Wisconsin	\$24,215,285	\$2,727,590	\$1,642,050	\$891,021	-
National	\$203,539,259	\$126,551,863	\$9,376,103	\$1,157,352	-

The majority of the premium written by the company in 2008 was life insurance. As of December 31, 2008, the company reported the following premium written and benefits paid organized by line of business in Wisconsin:

Wisconsin Life Insurance Business

2008	Ordinary	Credit Life	Group	Industrial
Direct Premiums & Annuity Considerations				
Life Insurance	\$6,735,973		\$17,479,312	
Annuity Considerations	\$1,210,234		\$431,816	
Deposit Type Funds	\$891,021			
Other Considerations				
Direct Claims & Benefits Paid				
Death Benefits	\$6,699,336		\$4,174,489	
Annuity Benefits	\$2,807,890			
All Others	\$19,007,996		\$312,328	

Complaints

During 2007 OCI received 3 complaints against the company. During 2008 OCI received 7 complaints against the company. As of the February 28, 2009, 1 complaint had been received against this company in 2009.

During the examination period, the company received the majority of its complaints in Individual Life (8 of 11). In regards to the 8 Individual Life complaints:

4 involved Policyholder Services dealing with the transfer of ownership of a policy, a settlement involving the correction of a birthdate, annual statements being sent automatically, and cash surrender value.

2 involved Marketing & Sales – one dealing with advertising mailers and a complainant wanting his premiums back due to buyer's remorse.

2 involved Claims Handling – one dealing with a complaint that the company had rescinded a policy due to a preexisting condition. The second complaint was from a beneficiary who believed that because her father stopped paying premiums due to his medical condition, the company should honor the policy.

The one Group Life complaint was in regards to Marketing & Sales dealing with confusion about the free look period and Medicaid requirements.

The two Individual Annuity complaints were regarding Policyholder Services - one complaint about a \$252 surrender charge which the company settled as requested. In the second complaint, the complainants stated that the agent had misrepresented information to them when replacing their traditional life insurance policies with funeral policies.

The company had a slight increase in complaints (10 in 2007-08) compared to the previous exam (8 in 2001-02). NGL was not on the above average complaint list in 2007 or 2008.

The tables below summarize the complaints received broken down by coverage type and reason type:

Complaints Received

2009		Reason Type			
Coverage Type	Underwriting	Marketing & Sales	Claims	Policyholder Service	Other
Life					
Individual Life			1		
Group Life					
Individual Annuity					
Group Annuity					
Credit Life					
All Others					
Total			1		

2008		Reason Type			
Coverage Type	Underwriting	Marketing & Sales	Claims	Policyholder Service	Other
Life					
Individual Life		3		3	
Group Life		1			
Individual Annuity					
Group Annuity					
Credit Life					
All Others					
Total		4		3	

2007		Reason Type			
Coverage Type	Underwriting	Marketing & Sales	Claims	Policyholder Service	Other
Life					
Individual Life			1	1	
Group Life					
Individual Annuity				1	
Group Annuity					
Credit Life					
All Others					
Total			1	2	

II. PURPOSE AND SCOPE

The examination was conducted to determine compliance with recommendations made in the previous market conduct examination dated February 24, 2004, and to determine whether the company's practices and procedures comply with the Wisconsin insurance statutes and rules. The examination focused on the period from January 1, 2007 through February 28, 2009. In addition, the examination included a review of any subsequent events deemed important by the examiner-in-charge during the examination.

The examination was limited to a review of company operations and management, marketing, sales and advertising, policy forms, policyholder service and complaints, prearranged funeral plans, producer licensing, and underwriting , new business and replacement.

The report is prepared on an exception basis, and comments on those areas of the company's operations where adverse findings were noted.

III. PRIOR EXAMINATION RECOMMENDATIONS

The previous market conduct examination of National Guardian Life Insurance Company (NGL), as adopted February 24, 2004, contained 6 recommendations. Following are the recommendations and the examiners' findings regarding the company's compliance with each recommendation.

Marketing, Sales and Advertising

1. It is recommended that the company use the name of the insurance company in all advertisements to clearly identify the insurer in order to comply with s. Ins 2.16(8)(a), Wis. Adm. Code.

Action: Compliance

2. It is recommended that the company increase the size of the print in form USB 05/03 and all similar advertisements in order to clearly identify the insurer as required by s. Ins 2.16(8)(a), Wis. Adm. Code.

Action: Compliance

Producer Licensing

3. It is recommended that the company follow its established procedures for not accepting any business from any producer until the producer has been properly listed with the company as required by s. Ins 6.57(5), Wis. Adm. Code.

Action: Compliance

4. It is recommended that the company develop and implement procedures to annually reconcile the agent billing statement from OCI to ensure that the company's agent database is accurate and corresponds with OCI agent listing information, and to ensure that the company is in compliance with s. Ins 6.57 (1), Wis. Adm. Code.

Action: Compliance

Underwriting

5. It is recommended that the company follow its established procedures of creating an amendment to obtain an answer to a replacement question that is left unanswered on an application to ensure compliance with s. Ins 2.07(5)(a)1, Wis. Adm. Code.

Action: Compliance

6. It is recommended that the company follow its established procedures of sending written notification of replacement to the home office of the replaced insurer within five days of receipt of the application and prior to commencing any underwriting to ensure compliance with s. Ins 2.07(5)(a)4b, Wis. Adm. Code.

Action: Compliance

IV. CURRENT EXAMINATION FINDINGS

Company Operations and Management

The examiners reviewed the company's response to the company operations and management interrogatory.

NGL was an original charter member of the Insurance Marketplace Standards Association (IMSA). IMSA certification is given when a company can show its compliance with IMSA's principles and codes. In 2002, NGL made the decision not to maintain its IMSA membership and to not incur the cost of recertification. At the time, the company felt that the benefits received from its IMSA certification did not justify the financial cost involved in maintaining its certification. NGL continues to utilize the IMSA standards and practices in its business operations.

No exceptions were noted.

Marketing, Sales and Advertising

The Marketing Department, with oversight by the Legal/Compliance Department, is responsible for marketing, sales and advertising functions. The Marketing Department is responsible for developing and reviewing the content of each marketing/advertising piece for consistency and compliance with product specification, appropriate disclaimers and appropriate phrases and terms. The Legal/Compliance Department also reviews each advertisement to ensure its compliance with the state's regulation and to determine its suitability for the consumer. No marketing/advertising materials may be utilized until they have been approved by the Legal/Compliance Department.

NGL works with third-party marketers, who work with companies to provide product kits for producers. The product kits provide the producers with appropriate product information. NGL reviews all promotional materials using National Guardian Life Insurance Company's name and products.

NGL's website pages are printed out and kept in a paper advertising file just as any other advertisement. Changes to the website are handled the same as all other advertising requiring the review of the Legal/Compliance Department prior to use. All changes to the website pages are printed out and kept in the advertising file. All changes to the website are also logged and kept on file in a word document that records the changes made, date changes were approved by the Legal/Compliance Department, and the date the changes took effect.

All producer advertising must be approved by the company before use. The company does not reimburse producers for their advertising expenses.

The examiners reviewed the company's response to the marketing, sales and advertising interrogatory, the short-range and long-range marketing plans, sales reports, copies of newsletters and bulletins, and the compliance manual provided to producers.

The examiners reviewed 25 advertising files. The following exceptions were noted:

The examiners found that one advertisement, Ad # BPM 12/08, indicated a 2% daily growth on the policy. When questioned, the company stated that the 2% growth rate is an annual growth rate with only 1/365th of the 2% credited daily. The advertisement further disclosed that the daily growth rate is not guaranteed but the statement was not in close proximity and equal prominence to where the 2% annual rate was disclosed. Section Ins 2.16 (7), Wis. Adm. Code prohibits advertisements from containing words, phrases, or statements that have the capacity of misleading purchasers. Section Ins 2.16 (27), Wis. Adm. Code requires information contained in an advertisement to be presented clearly, conspicuously, and in close proximity to the statement to which the information relates so it can be readily noticed and is not minimized. The company indicated that it would change the wording in the advertisement and increase the font size of the disclosure relating to the growth rate.

- 1. Recommendation:** It is recommended that the company clearly indicate that the 2% growth rate is an annual growth rate with only 1/365th of the 2% credited daily and increase the size of the print which states that the growth rate is not guaranteed in advertisement #BPM 12/08 and all other similar advertisements as required by s. Ins 2.16(7), Wis. Adm. Code and s. Ins 2.16(27), Wis. Adm. Code.

During the review of the advertising files, the examiners noted that the cover sheet on each advertising file, NGL Sales and Advertising Material Review, did not include the form number of any policy, amendment, rider or endorsement form advertised. Section Ins 2.16(30), Wis. Adm. Code requires that each advertising file be maintained for three years, contain a notation in the file indicating the manner and extent of distribution, and the form number of any policy, amendment, rider, or endorsement form advertised.

2. **Recommendation:** It is recommended that the company keep a notation in each of the company's advertising files indicating the form number of the policy, amendment, rider, or endorsement form advertised as required by s. Ins 2.16(30), Wis. Adm. Code.

Policy Forms

The Legal/Compliance Department is responsible for rate and form filings. The examiners reviewed the company's response to the policy forms interrogatory.

National Guardian Life's primary market is providing life insurance to individuals to cover final burial expenses and to fund prearranged funeral plans. The company's policies include group funeral policies that are marketed on an individual basis, final expense policies, and supplemental policies providing dental, vision and pharmacy benefits.

The company also recently agreed to serve as a fronting carrier for certain products of Guarantee Trust Life (GTL). Products filed with OCI by National Guardian Life under this arrangement include a college blanket accident policy, a college blanket sickness and injury policy, a first diagnosis cancer benefit policy, and a group retiree major medical policy. The business is fully administered by GTL under an Administrative Agreement effective July 1, 2008.

The examiners reviewed all 17 policy filings submitted to OCI on or after July 1, 2008, when a change in s. 631.20, Wis. Stat. allowed most policy forms to be submitted to OCI on a "file and use" basis rather than prior approval basis.

Although the policy form filings were submitted to OCI with a Certificate of Compliance, as required by s. Ins 6.05, Wis. Adm. Code, and in which the company certified,

pursuant to s. 631.20 (1m) (a) 3., Wis. Stat., that the forms were in compliance with all applicable provisions of the Wisconsin insurance laws and regulations, the examiners noted the following exceptions:

Application forms 2800PN-WI 05/08, 2850PN-WI 05/08, and 2735PN-WI 05/08:

1) The application forms did not disclose the maximum number of premium payments to be made over the life of the policy and the frequency of the premium payments as required by s. 632.415 (4) (d), Wis. Stat.

2) The application forms contained questions concerning the presence of the HIV virus which is prohibited in group application forms by s. Ins 3.53 (7), Wis. Adm. Code.

The company stated the errors were not caught prior to filing the forms with OCI and indicated it would make the necessary corrections to the forms and refile them with OCI.

Policy form NGP-2002-WI:

1) The notification of a person's right to file a complaint with OCI as required by s. 631.28, Wis. Stat. is included in the policy text rather than a separate notice as required by s. Ins 6.85 (5)(b), Wis. Adm. Code.

The company agreed to remove the page from the policy and have it be a distinct and stand alone page to be included with the policy upon delivery.

*Policy forms: NPNFPA2008-WI (items 1 through 5 only),
NPNGRPFPA2008 (items 2, 3, 5 and 6 only),
NPNGRPFPA2008-WI AMEND 08/08 (item 1 only),
NPNCRTPFA2008-WI (items 1, 2, 5, and 6 only):*

1) The assignment provision in the policy failed to state that the rights of an assignee do not come before the rights of an irrevocable beneficiary that is designated prior to the assignment pursuant to s. 632.47 (2), Wis. Stat.

2) The policy form failed to include language that the company can only defer payment of a cash surrender benefit for 6 months if the company has received written approval

from OCI of the deferral's necessity and equitability to all policyholders pursuant to s. 632.435 (1)(b), Wis. Stat.

3) When originally submitting the policy form to OCI, the company failed to include an application form, consideration plan, and a specimen delivery receipt as required by s. Ins 23.30 (2), Wis. Adm. Code.

4) The policy form failed to include language that permits the policyholder to change the funeral director or funeral establishment that is to receive the assignment of proceeds after written notice to the current funeral director or funeral establishment as required by s. 632.415 (3), Wis. Stat.

5) The policy form failed to include language stating that death benefits exceeding the actual final costs of the burial expenses must be paid to the insured's beneficiary or, if no beneficiary is named, the insured's estate, as required by s. Ins 23.30 (1) (c), Wis. Adm. Code.

6) The policy form failed to include a statement that any paid-up annuity, cash surrender value or death benefits that may be available under the contract are not less than the minimum required by law, as required by s. 632.435 (1)(d), Wis., Stat.

The company stated the deficiencies occurred in error when drafting the policy forms using older policy forms that did not include the required language, and they would immediately revise the forms to bring them into compliance with the applicable laws and regulations.

Policy form NGP-1200-WI:

1) The policy form contained benefit exclusion for any injury received while violating or attempting to violate any duly enacted law. Such an exclusion is too restrictive to achieve the purposes for which the policy is sold pursuant to s. 631.20 (2) (a) 1., Wis. Stat.

The company stated that it would remove the exclusion from the policy.

Policy form MCP-2004(NGL)-WI (items 1, 2 only), MCC-2004(NGL)-WI (items 1 - 5):

1) The policy form included a termination provision that states the company will provide a 30-day written notice of nonrenewal rather than a 60-day notice as required by s. 631.36 (4), Wis. Stat.

2) The policy form included a premium rate change provision that does not contain language stating that premium increases of 25% or more require the insurer to provide at least a 60-day prior written notice of the change pursuant to s. 631.36 (5), Wis. Stat.

3) The policy form did not include language indicating the types of transitional treatment programs and services covered by the policy, as required by s. Ins 3.37 (5), Wis. Adm. Code.

4) The policy form did not include language describing the company's internal grievance procedure as required by s. 632.83, Wis. Stat and ch. Ins 18, Wis. Adm. Code.

5) The policy form did not include language describing the insured's rights under the independent review procedure as required by s. 632.835 (2)(bg)(1), Wis. Stat. and ch. Ins 18, Wis. Adm. Code

The company stated that the appropriate corrections would be made to the forms.

3. Recommendation: It is recommended that within 30 days of the adoption of this report, the company amend and refile with OCI all policy forms that are identified in this report as not being in complete compliance with Wisconsin insurance laws and/or administrative rules, certifying, as required by s. 631.20 (1m) (a) 3., Wis. Stat. that the forms have been brought into compliance.

4. Recommendation: It is recommended that the company develop, document, and implement a process and procedure to ensure that when submitting policy forms to OCI pursuant to s. 631.20, Wis. Stat., that the forms as certified under s. 631.20 (1m) (a) 3., Wis. Stat., comply with all applicable Wisconsin insurance laws and administrative rules.

Policyholder Service and Complaints

The NGL's Complaint Response Team is responsible for the handling of both Office of the Commissioner of Insurance (OCI) complaints and complaints made directly to the company. The Complaint Response Team is comprised of representatives of New Business, Customer Service, and Legal/Compliance Departments. The company distinguishes between

formal and informal complaints. A formal complaint is defined as a communication expressing an allegation of a violation of the Unfair Trade Practices such as misrepresentation, deceptive sales practices, replacement regulation violations, etc. Also, any complaint which is submitted through a state insurance department is automatically considered a formal complaint regardless of the circumstances.

The company defines an informal complaint, as any complaint which is generated and logged to track trends or internal issues such as a policyholder who did not receive his premium billing notice. The company would log this complaint so that it could track whether it was an isolated case or whether the company had an internal issue with the mailing of premium billing notices. The company reported only four informal complaints from Wisconsin citizens during the examination period.

The company's Marketing and Legal/Compliance departments work together to monitor complaints against producers, and producers having a high number of complaints are investigated.

The examiners reviewed the company's response to the policyholder service and complaint interrogatory and the eleven complaints filed with the Office of Commissioner of Insurance (OCI) complaints during the examination period. The company's complaint log had only nine formal complaints and four informal complaints listed for the examination period. The company's explanation for the difference between OCI's eleven complaints and NGL's nine formal complaints was that one complaint was against Trustmark which NGL only administers. The company believes this complaint should have been recorded against another insurer and not NGL. In regards to the other missing complaint, the company admitted this complaint should have been included in their complaint log.

The examiners found that in one of the Office of Commissioner of Insurance (OCI) complaints, it took the company 35 days to respond to the Office of the Commissioner of Insurance (OCI), which is longer than the time frames specified in the OCI 51-11 letter. The

OCI 51-11 letter is the initial letter to the company informing it of the complaint and requesting that the company respond to the complainant within 10 days and to the Office of the Commissioner of Insurance (OCI) within 20 days. Section 601.42(1g)(a), Wis. Stat., allows the commissioner to require insurers to provide information within a reasonable time frame. National Guardian Life Insurance Company does have procedures in place that comply with the Office of the Commissioner of Insurance's timeline for handling complaints, but failed to follow the procedures in this one complaint. The company was not able to provide an explanation why extra time was required to respond in this one case. No other exceptions were noted.

Prearranged Funeral Plans

The company issued its first prearranged funeral policy in Wisconsin on NGL paper on May 15, 2003. NGL's Preneed Service Department is responsible for the administration of funeral policies. The Preneed Service Department handles all new funeral policy applications as well as ongoing administration and claims processing on existing funeral policies.

The examiners reviewed the company's response to the prearranged funeral plans interrogatory, preneed compliance manual, new business and claims handling procedures, disclosure statements, delivery receipt, revocable and irrevocable assignment forms, and National Guardian Life Insurance Company Funeral Expense Trust agreement.

No exceptions noted.

Producer Licensing

The Contract Administration division of the Policy Administration Department is responsible for the management of producer contracts and producer licensing, appointments and terminations. All the company's producers hold a producer type contract with the company. The contract types for the preneed lines are producer, managing producer and supervisor. The producers are segmented mainly by product line: Preneed, Final Expense and Voluntary Benefits (dental, vision, and pharmacy benefits). Each product line has an assigned manager associated with it, who is responsible for overall product and producer performance. The

product line managers drive the producer management process and use systematically generated reports on business produced by each producer and agency to determine the quality of business written and to determine if any action should be taken with a particular producer.

The examiners reviewed the company's response to the producer licensing interrogatory, its agency producer manual, appointment and termination procedures, agent contracts, and 50 producer files that included 25 active and 25 terminated producers.

NGL has procedures relating to producers who have not met their continuing education requirements. When the company receives notification from OCI that a producer's license has been terminated for not complying with continuing education requirements, it changes the producer's status to pending with a description of the license issue. This prevents any new business from being processed until the license is brought into good standing again. The company does not follow up with producers regarding their failure to meet continuing education requirements.

The examiners requested from NGL a listing of all producers licensed and appointed in Wisconsin. The producer licensing data provided by NGL was compared to the producer database maintained by the Office of the Commissioner of Insurance (OCI). The examiners requested an explanation for discrepancies between the company data and the OCI database. Although many of the reasons for the discrepancies were due to timing issues, in the case of 30 agents, the company included on their list of active agents, agents who do not hold an active license but are considered active by the company because they are allowed access to certain information through the company website and are being paid over-ride commissions. No additional exceptions were noted.

Underwriting

Although the major products marketed by NGL (group preneed, final expense, and voluntary benefits) require only a simplified underwriting form and therefore are not individually

reviewed by the Underwriting department, the NGL Underwriting Department is responsible for individually reviewing all traditional life and annuity applications received by the company from its own employee/agent groups and current policy conversions or reinstatements.

For all product lines, NGL utilizes an automated computer system (ID3) to process and track new applications. When an application is put into ID3, the system automatically checks for an active license status of the producer in the application state. If the producer is not licensed and appointed with the company, the application cannot be processed. A service representative handles the applications from receipt to policy issue.

Traditional life applications (from employee/agent groups) are processed by a service representative and reviewed by an underwriter with authority to approve coverage up to \$25,000 – higher amounts require approval by the Director of Underwriting. A request for medical information is based on the age and amount of insurance applied for. The temporary insurance agreement allows coverage to be effective at the time of application up to \$250,000.

Currently, the company is not able to accept business submitted electronically but is working on a project to allow producers to submit business via Web based applications.

The examiners reviewed the company's response to the New Business and Underwriting Interrogatory and Replacement Interrogatory. Question #12 of the interrogatory requested a copy of the written suitability standards the company has established to ensure that inappropriate, unsuitable or excessive insurance is not sold or issued to fund prearranged funeral plans as required by s. Ins 23.80, Wis. Adm. Code. The company response was:

"We do not have additional written procedures regarding suitability of our preneed policies. As contracted and appointed agents with NGL, we rely on our field force to ensure that the products being sold are appropriate for the client they are working with and that they are meeting the needs of that client."

Section Ins 23.80, Wis. Adm. Code requires that insurers establish written suitability standards that include at a minimum the appropriateness of using a funeral policy to fund a prearranged funeral plan, the appropriateness of using an existing insurance policy to fund the

prearranged funeral plan, and the appropriateness of replacing any existing policy with a funeral policy. In addition, insurers are required to train and monitor its agents to ensure their sales practices are in compliance with the company's suitability standards. The company's failure to have written suitability standards, to have an agent training program, and to monitor the prearranged funeral plan sales practices of its agents does not comply with s. Ins 23.80, Wis. Adm. Code.

- 5. Recommendation:** It is recommended that the company develop, document and implement written suitability standards, an agent training program, and a system to monitor the sales practices of its agents to ensure that inappropriate, unsuitable or excessive insurance is not sold or issued to fund prearranged funeral plans as required by s. Ins 23.80, Wis. Adm. Code.

The examiners reviewed 100 life new business issued files and 21 replacement life new business files – which was all the replacement business done by NGL during the examination period. No exceptions were noted.

V. CONCLUSION

The prior examination report contained six market conduct recommendations in the areas of advertising, producer licensing, and underwriting. The company was found to be in compliance with all of the prior recommendations. Five new recommendations were written in the areas of policy forms, advertising, and underwriting. The examiners found numerous errors in the policy forms submitted to OCI for use, and recommended that the company implement procedures to ensure that all policy forms submitted to OCI are in compliance with applicable Wisconsin insurance laws and regulations.

VI. SUMMARY OF RECOMMENDATIONS

Marketing, Sales & Advertising

Page 9 1. It is recommended that the company clearly indicate that the 2% growth rate is an annual growth rate with only 1/365th of the 2% credited daily and increase the size of the print which states that the growth rate is not guaranteed in advertisement #BPM 12/08 and all other similar advertisements as required by s. Ins 2.16(7), Wis. Adm. Code and s. Ins 2.16(27), Wis. Adm. Code.

Page 10 2. It is recommended that the company keep a notation in each of the company's advertising files indicating the form number of the policy, amendment, rider, or endorsement form advertised as required by s. Ins 2.16(30), Wis. Adm. Code.

Policy Forms

Page 13 3. It is recommended that within 30 days of the adoption of this report, the company amend and refile with OCI all policy forms that are identified in this report as not being in complete compliance with Wisconsin insurance laws and/or administrative rules, certifying, as required by s. 631.20 (1m) (a) 3., Wis. Stat. that the forms have been brought into compliance.

Page 13 4. It is recommended that the company develop, document, and implement a process and procedure to ensure that when submitting policy forms to OCI pursuant to s. 631.20, Wis. Stat., that the forms as certified under s. 631.20 (1m) (a) 3., Wis. Stat., comply with all applicable Wisconsin insurance laws and administrative rules

Underwriting

Page 18 5. It is recommended that the company develop, document and implement written suitability standards, an agent training program, and a system to monitor the sales practices of its agents to ensure that inappropriate, unsuitable or excessive insurance is not sold or issued to fund prearranged funeral plans as required by s. Ins 23.80, Wis. Adm. Code.

VII. ACKNOWLEDGEMENT

The courtesy and cooperation extended to the examiners during the course of the examination by the officers and employees of the company is acknowledged.

In addition to the undersigned, the following representative of the Office of the Commissioner of Insurance (OCI), State of Wisconsin, participated in the examination.

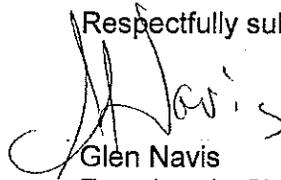
Name

John Kitslaar

Title

Insurance Examiner

Respectfully submitted,



Glen Navis
Examiner-in-Charge