

**REPORT ON**  
**TARGET MARKET CONDUCT EXAMINATION**  
**OF**  
**PRIMERICA LIFE INSURANCE COMPANY**  
**AS OF DECEMBER 31, 2010**

Conducted from April 10, 2012

through

December 18, 2013

By

Market Conduct

Life and Health Market Regulation Division

BUREAU OF INSURANCE

STATE CORPORATION COMMISSION

COMMONWEALTH OF VIRGINIA

FEIN: 04-1590590  
NAIC: 65919

# COMMONWEALTH OF VIRGINIA

JACQUELINE K. CUNNINGHAM  
COMMISSIONER OF INSURANCE  
STATE CORPORATION COMMISSION  
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I, Jacqueline K. Cunningham, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Market Conduct Examination of Primerica Life Insurance Company, conducted at the State Corporation Commission's Bureau of Insurance in Richmond, VA, as of December 31, 2010, is a true copy of the original Report on file with this Bureau, and also includes a true copy of the Company's response to the findings set forth therein, the Bureau's review letter, the Company's offer of settlement, and the State Corporation Commission's Settlement Order in Case No. INS-2014-00096.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of this Bureau at the City of Richmond, Virginia this 30<sup>th</sup> day of June, 2014.

Jacqueline K. Cunningham  
Commissioner of Insurance

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## I. SCOPE OF EXAMINATION

The Target Market Conduct Examination of Primerica Life Insurance Company, (hereinafter referred to as “Primerica”), was conducted under the authority of various sections of the Code of Virginia (hereinafter referred to as “the Code”) and regulations found in the Virginia Administrative Code (hereinafter referred to as “VAC”), including but not necessarily limited to the following: §§ 38.2-200, 38.2-515, 38.2-614, 38.2-1317, 38.2-1317.1, and 38.2-1809 of the Code, as well as 14 VAC 5-40-60 B.

The period of time covered for the current examination, generally, was October 1, 2010 through December 31, 2010. The desk examination was initiated on April 10, 2012, at the office of the State Corporation Commission's Bureau of Insurance in Richmond, Virginia, and concluded on December 18, 2013. The violations cited and the comments included in this Report are the opinions of the examiners. The examiners may not have discovered every unacceptable or non-compliant activity in which the company is engaged. Failure to identify, comment on, or criticize specific company practices in Virginia or in other jurisdictions does not constitute acceptance of such practices.

The purpose of the examination was to determine whether Primerica was in compliance with various provisions of the Code and regulations found in the Virginia Administrative Code. Compliance with the following regulations was considered in this examination process:

- |                        |   |
|------------------------|---|
| 14 VAC 5-30-10 et seq. | Rules Governing Life Insurance and Annuity Replacements;        |
| 14 VAC 5-40-10 et seq. | Rules Governing Life Insurance and Annuity Marketing Practices; |

14 VAC 5-70-10 et seq.	Rules Governing Accelerated Benefit Provisions;
14 VAC 5-100-10 et seq.	Rules Governing the Submission for Approval of Life, Accident and Sickness, Annuity, Credit Life and Credit Accident and Sickness Policy Forms;
14 VAC 5-180-10 et seq.	Rules Governing Underwriting Practices and Coverage Limitations and Exclusions for Acquired Immunodeficiency Syndrome (AIDS); and
14 VAC 5-400-10 et seq.	Rules Governing Unfair Claim Settlement Practices.

The examination included the following areas:

- Marketing Communications
- Policy and Other Forms
- Agents
- Underwriting/Unfair Discrimination/Insurance Information and Privacy Protection Act
- Premium Notices/Reinstatements
- Cancellations/Nonrenewals
- Complaints
- Claim Practices

**Examples referred to in this Report are keyed to the numbers of the examiners' Review Sheets furnished to Primerica during the course of the examination.**

## II. COMPANY HISTORY

Primerica Life Insurance Company was founded as the Fraternal Protective Association of Boston in 1903. In 1927, the company incorporated in the Commonwealth of Massachusetts under the name Fraternal Protective Insurance Company. The name was changed in 1931 to Massachusetts Indemnity Insurance Company; in 1956 to Massachusetts Indemnity and Life Insurance Company; and in July 1992 to Primerica Life Insurance Company.

American Can Company acquired ownership of Primerica in January of 1983. In December of 1988, Primerica Corporation (fka American Can Company) was merged into a wholly-owned subsidiary of Commercial Credit Group, Inc., and the name was changed to Primerica Corporation. Prior to the merger, both organizations were primarily financial service institutions, with Commercial Credit Group, Inc. conducting consumer finance business and Primerica Corporation engaging in financial services, which included life insurance, mutual funds, and brokerage operations.

In December of 1993, The Travelers Corporation merged into Primerica Corporation, and the latter's name was changed to The Travelers Inc. Additionally, Primerica Insurance Holdings, Inc., at that time the direct parent of the company, was contributed to The Travelers Insurance Company (TIC). On April 26, 1995, the name of The Travelers Inc. was changed to Travelers Group Inc.

In October 1998, Travelers Group merged with Citicorp to form Citigroup Inc. In March of 2002, Citigroup Inc. completed the sale of a minority interest in Travelers Property Casualty Corp. (TPC), formerly The Travelers Insurance Group Inc. and the parent company of TIC. On June 30, 2005, Citigroup sold its domestic life insurance



and annuity life, consisting of primarily TIC and essentially all of its international insurance subsidiaries, to MetLife. As a result, the company and its subsidiaries were distributed to TIC's immediate parent, Citigroup Insurance Holding Corporation, an indirect subsidiary of Citigroup.

Effective April 1, 2010, Citigroup restructured the ownership of certain subsidiaries, including the company, through an initial public offering. As a result, the company's direct and ultimate parent became Primerica, Inc., a new publicly-traded company on the NYSE under the symbol "PRI".

With the exception of New York, the company is currently licensed to sell insurance in all states, as well as the District of Columbia, Guam, Puerto Rico, the Northern Mariana Islands, and the U.S. Virgin Islands.

Net Admitted Assets as of December 31, 2010, totaled \$1,777,592,447. As of December 31, 2010, total direct life insurance premiums in Virginia were \$43,255,443.

### III. MARKETING COMMUNICATIONS

A review was conducted of Primerica's marketing materials to determine compliance with the Unfair Trade Practices Act, to include §§ 38.2-502, 38.2-503 and 38.2-504 of the Code, as well as 14 VAC 5-40-10 et seq., Rules Governing Life Insurance and Annuity Marketing Practices. Effective July 1, 2011, 14 VAC 5-40-10 et seq. was repealed and replaced with 14 VAC 5-41-10 et seq., Rules Governing Advertisement of Life Insurance and Annuities.

14 VAC 5-40-60 B (currently 14 VAC 5-41-150 C) requires an insurer to maintain at its home or principal office a complete file of all marketing communications with a notation indicating the manner and extent of distribution and the form number of any policy referred to in the marketing communication. The review revealed that Primerica failed to include a notation in the file indicating the form numbers of policies referred to in 7 of the sample marketing communications examined.

Primerica disagreed with the examiners' observations in each instance. As discussed in Review Sheet AD01, Primerica responded that:

...BOI Item Numbers 4, 8, 10, 11 and 16 are not policy advertisements. Regardless, Item Numbers 8 (Protection Management), 10 (Right Protection: Cash Value vs. Term), 17 (Custom Advantage Mini Client Brochure), and 18 (IBR Client Brochure) have the applicable form numbers listed within the footnote section of each piece...

The examiners responded that as each of these pieces refers to a name and/or description of a policy, the form number(s) must be included in the file. As the file fails to include the complete policy form number(s) approved for use in Virginia in regard to each of the pieces in question, Primerica is in violation of 14 VAC 5-40-60 B.

The examiners reviewed the total population of 18 marketing communications distributed in Virginia during the examination time frame. The review of the sample advertisements revealed that Primerica was in substantial compliance.

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## **IV. POLICY AND OTHER FORMS**

A review was conducted to determine if Primerica complied with various statutory, regulatory and administrative requirements governing the filing and approval of forms. Section 38.2-316 of the Code sets forth the filing and approval requirements for forms and rates that are to be issued or issued for delivery in Virginia. 14 VAC 5-100-50 3 states that a form must be submitted in the final form in which it is to be marketed or issued.

### **TERM LIFE INSURANCE**

The examiners reviewed a sample of 85 from the total population of 675 term life policies issued during the examination time frame. The sample included standard and rated policies.

Sections 38.2-316 A and 38.2-316 C 1 of the Code set forth the requirements that policies or contracts must be filed with and approved by the Commission prior to issue. The review revealed 84 violations of each of these sections where Primerica issued the 2 policy forms listed in the table below that were not filed with and approved by the Commission as required.

<b>FORM NUMBER</b>	<b>DESCRIPTION OF FORM</b>	<b>VIOLATIONS</b>
C5VA	Term Life Insurance to Age 95	72
C525VA	Term Life Insurance to Age 95	12

Sections 38.2-316 B and 38.2-316 C 1 of the Code set forth the requirements that riders or endorsements that are attached to policies or contracts must be filed with and approved by the Commission prior to issue. The review revealed 133 violations of

each of these sections where Primerica issued the 7 riders listed in the table below that were not filed with and approved by the Commission as required.

<b>FORM NUMBER</b>	<b>DESCRIPTION OF FORM</b>	<b>VIOLATIONS</b>
C5SR	Spouse Term Insurance Rider	22
C525SR	Spouse Term Insurance Rider	4
C5IBR	Increasing Benefit Rider on Insured	42
C5SBR	Increasing Benefit Spouse Rider	13
C5IR	Insured Term Insurance Rider	5
CP-CH	Children's Term Insurance Rider	29
DWPVA	Disability Waiver of Premium Rider	18

Examples of each are discussed in Review Sheet PF01, where the referenced policies and riders were altered from the filed and approved form and issued to the policyholder. The columns labeled as "SCHEDULED ANNUAL PREMIUMS" and "MAXIMUM ANNUAL PREMIUMS" found on Page 3A of both the policy and rider were modified when the applicant requested any modal premium other than the annual option. Primerica disagreed with the examiners' observations, stating in part that "...the brackets were inadvertently left off of the noted Policy/Rider Page 3A filings..." and "...No clients were confused or harmed by accurately describing the premium mode requested by the client..." The examiners responded that 14 VAC 5-100-50 3 requires a form to be submitted in its final form, and each of the policies and riders referenced had been modified from the filed and approved format that did not allow for such variability.

### **APPLICATIONS**

Sections 38.2-316 B and 38.2-316 C 1 of the Code set forth the requirements for the filing and approval of application forms prior to use.

The review revealed 51 violations of §§ 38.2-316 B and 38.2-316 C 1 of the Code where Primerica used the applications listed below that had not been filed with and approved by the Commission, as required.

<b>FORM NUMBER</b>	<b>DESCRIPTION OF FORM</b>	<b>VIOLATIONS</b>	<b>REVIEW SHEET EXAMPLE</b>
SFA-41 VA	Application for Life Insurance (Electronic Version)	49	PF02
SFA-41 NC	Application for Life Insurance	1	PF03
PLA-AMD1 NC	Amendment to Application	1	PF03

An example is discussed in Review Sheet PF02, where the electronic TurboApps Life Insurance Application, Form # SFA-41 VA, was used after being altered from the filed and approved form. Additional disclosure language was displayed at the end of each application on the page entitled “TurboApps Life Insurance Application: Signatures Record,” and additional screens regarding replacements generated when existing insurance was indicated on the application.

Primerica disagreed with the examiners’ observations and stated that “The Signature Record Page is not part of the application or policy. Consequently, it is the company’s position that this page need not be filed.” The examiners responded that as this Signature Record Page contains additional required content to be used in connection with the application, this document is part of the application and subject to the filing and approval requirements of §§ 38.2-316 B and 38.2-316 C 1 of the Code.

## **V. AGENTS**

The purpose of this review was to determine compliance with various sections of Title 38.2 of Chapter 18 of the Code. A sample of 16 from a total population of 162 agents and agencies appointed during the examination timeframe was selected for review. In addition, the writing agents or agencies designated in the 85 sample new business files were also reviewed.

### **LICENSED AGENT REVIEW**

Section 38.2-1822 A of the Code requires that a person be licensed prior to soliciting contracts. The review revealed that Primerica was in substantial compliance with this section.

### **APPOINTED AGENT REVIEW**

Section 38.2-1833 A 1 of the Code requires that an insurer, within 30 calendar days of the date of execution of the first application submitted by a licensed but not yet appointed agent, either reject such application or appoint the agent.

The review revealed that Primerica was in substantial compliance with this section.

### **Administrative Letters**

Administrative Letter 2002-2 was sent to all insurers conducting business in Virginia with the request that insurers insert a separate document in each new agent's packet directing the new agent to be aware of certain administrative letters specifically applicable to licensed agents in Virginia, and advising that a complete listing of these administrative letters is available on the Bureau of Insurance website.

Administrative Letter 2002-9, which addresses insurance activities requiring persons to be licensed, was sent to all insurers conducting business in Virginia with the request that they instruct currently appointed and newly appointed agents to review the letter by accessing it via the Bureau of Insurance website.

The review revealed that Primerica was in substantial compliance with the Commissioner's requests.

### **COMMISSIONS**

Section 38.2-1812 A of the Code prohibits the payment of commission or other valuable consideration to an agent that was not appointed at the time of the transaction.

The review revealed that Primerica was in substantial compliance with this section.

### **TERMINATED AGENT APPOINTMENT REVIEW**

Section 38.2-1834 D of the Code requires that an insurer notify the agent within 5 calendar days, and the Commission within 30 calendar days, upon termination of the agent's appointment. A sample of 6 was selected from the total population of 58 agents whose appointments terminated during the examination time frame.

The review revealed that Primerica was in substantial compliance with this section.



## **VI. UNDERWRITING/UNFAIR DISCRIMINATION/INSURANCE INFORMATION AND PRIVACY PROTECTION ACT/ INSURANCE REPLACEMENT**

The examination included a review of Primerica's underwriting practices to determine compliance with the Unfair Trade Practices Act, §§ 38.2-500 through 38.2-514 and the Insurance Information and Privacy Protection Act, §§ 38.2-600 through 38.2-620 of the Code, as well as 14 VAC 5-30-10 et seq., Rules Governing Life Insurance and Annuity Replacements, and 14 VAC 5-180-10 et seq., Rules Governing Underwriting Practices and Coverage Limitations and Exclusions for Acquired Immunodeficiency Syndrome (AIDS).

### **UNDERWRITING/UNFAIR DISCRIMINATION**

The review was conducted to determine whether Primerica's underwriting guidelines were unfairly discriminatory, whether applications were underwritten in accordance with Primerica's procedures, and that correct premiums were being charged.

#### **UNDERWRITING REVIEW**

##### **Term Life Insurance**

The examiners reviewed a sample of 50 from a population of 640 standard term life policies and the total population of 35 rated term life policies issued during the examination time frame.

According to the underwriting guidelines, an applicant between the ages of 41 and 50 with an annual income of \$15,001 to \$25,000 is eligible for a face amount of 10 to 14 times the individual's annual income.

The review revealed 1 instance of non-compliance with Primerica's established underwriting guidelines. As discussed in Review Sheet UN09, a 41 year old applicant with an annual income of \$20,760 was issued a policy with a face amount higher than 16 times the individual's annual income. Primerica acknowledged that the face amount guidelines were exceeded and informed the examiners that these procedures were reiterated to the underwriting staff.

**Declined**

A sample of 35 from a total population of 95 applications for term life insurance that were declined during the examination time frame was reviewed.

According to the underwriting guidelines, an applicant accumulating between 50 and 74 debits qualifies for a policy issued on a rated basis under a table 2 premium class and a 150 percent mortality ratio.

Subsection 1 of § 38.2-508 of the Code states that no person shall unfairly discriminate between individuals of the same class and equal expectation of life (i) in the rates charged for any life insurance policy or annuity contract, or (ii) in the dividends or other benefits payable on the contract, or (iii) in any other of the terms and conditions of the contract.

The review revealed 1 violation of this section and 1 instance of non-compliance with Primerica's established underwriting guidelines. As discussed in Review Sheet UN03, Primerica declined/postponed an applicant who should have accumulated between 50 and 74 debits, qualifying for a rated policy. Primerica acknowledged that the underwriter "may not have applied" the exact guidelines due to "human error" and stated in part that "...the identification of this one instance is not evidence of unfair

discrimination....” The examiners responded that 2 other sample new business files were identified where the applicants met the same debit accumulation criteria as the applicant from the file in question but were correctly assessed between 50 and 74 debits and issued rated policies. As the individual from the file in question qualified for the same coverage issued at a rated table 2 premium class and a 150 percent mortality ratio but was declined/postponed, Primerica unfairly discriminated between individuals of the same class and expectation of life.

### **UNDERWRITING PRACTICES – AIDS**

14 VAC 5-180-10 et seq. sets forth rules and procedural requirements that the Commission deems necessary to regulate underwriting practices and policy limitations and exclusions with regard to HIV infection and AIDS.

The review revealed that Primerica was in substantial compliance.

### **MECHANICAL RATING REVIEW**

The review revealed that Primerica calculated premium amounts in accordance with its established guidelines.

## **INSURANCE INFORMATION AND PRIVACY PROTECTION ACT**

Title 38.2, Chapter 6 of the Code requires a company to establish standards for collection, use and disclosure of personal/privileged information gathered in connection with insurance transactions.

### **NOTICE OF INSURANCE INFORMATION PRACTICES (NIP)**

Section 38.2-604 of the Code sets forth the requirements for a NIP, either full or abbreviated, to be provided to all applicants that are individually underwritten. Primerica initially provided an abbreviated notice to all individuals at the beginning of the

application process and to all active clients by mail, and a more extensive version of the form was made available online or in writing upon request.

**Full Notice**

Section 38.2-604 B 3 of the Code states that a NIP form shall include the types of disclosures made under subdivisions 1, 2, 3, 4, 5, 8, 10, and 12 of subsection B and subdivision 2 of subsection C of § 38.2-613 of the Code and the circumstances under which such disclosures may be made without prior authorization.

As discussed in Review Sheet UN25, the review revealed that Primerica's notice failed to fully include these disclosures and circumstances, in violation of § 38.2-604 B 3 of the Code. Primerica disagreed, stating that the language included "...addresses both the types of disclosures and the circumstances under which the disclosures may be made and therefore satisfies the requirements of §38.2-604 B 3." The examiners responded that Primerica's notice states that information may be disclosed without prior authorization "...in processing and servicing your existing business, to detect and prevent fraud and to report illegal activities..." which would be categorized under subdivisions 1, 2, and 5 of § 38.2-613 B of the Code. However, this notice fails to include the complete language of these subdivisions, which also specify disclosures "To a person other than an insurance institution, agent, or insurance-support organization," "To an insurance institution, agent, or insurance-support organization," and "To a law-enforcement or other government authority."

Section 38.2-604 B 4 of the Code states that a NIP form shall include a description of the rights established under §§ 38.2-608 and 38.2-609 of the Code and the manner in which those rights may be exercised.

The review revealed that Primerica failed to include a complete description of these rights and the manner exercised, placing the company in violation of § 38.2-604 B 4 of the Code. An example is discussed in Review Sheet UN25, where the notice includes only an address where questions may be directed regarding right of access or correction of information. Primerica disagreed, stating that this notice "...makes it clear how a policyholder may contact us regarding both the right to access and the right to correct his or her file..." and that the abbreviated notice "...has similar instructions...." The examiners responded that § 38.2-604 B 4 of the Code requires the notice to state a description of the manner in which the rights may be exercised. Allowing the individual to write in and obtain this description does not satisfy the Code's requirements, and the information contained in the abbreviated notice is not relevant to the requirements placed on the full notice.

### **Abbreviated Notice**

Section 38.2-604 C 2 of the Code states that an abbreviated notice must inform the applicant or policyholder that personal information collected from persons other than an individual proposed for coverage, as well as other personal or privileged information subsequently collected by the insurance institution or agent, in certain circumstances, may be disclosed to third parties without authorization.

As discussed in Review Sheet UN23, Primerica's abbreviated notice failed to contain the complete language required regarding disclosure of personal information without authorization, placing Primerica in violation of § 38.2-604 C 2 of the Code. Primerica disagreed, indicating that the Request Form section of the notice explains this practice by giving the individual the option to request that information not be disclosed

except to the extent disclosure is permitted by law or authorized by them. The examiners responded that as this language is embedded in a section of the form specific to the Request Form and that the method of presentation requires the individual to infer that disclosures would otherwise be made without authorization, the company has failed to clearly communicate the required information.

Section 38.2-604 C 4 of the Code states that an abbreviated notice must inform the applicant or policyholder that the full notice will be furnished to them upon request.

As discussed in Review Sheet UN23, Primerica's abbreviated notice failed to contain this information, in violation of § 38.2-604 C 4 of the Code. Primerica disagreed based on the position that their notice contains the sentence "For Additional Information about our privacy practices, you may write us or go to the privacy link on [www.primerica.com](http://www.primerica.com)." The examiners responded that § 38.2-604 of the Code requires insurers to provide a NIP form including all of the requirements outlined in subsection B, but the option is also given to initially provide an abbreviated notice informing the applicant that the complete notice is available. As Primerica's abbreviated notice provides only the means to obtain "Additional Information," it fails to directly inform the applicant that the full notice is available.

### **NOTICE OF FINANCIAL INFORMATION PRACTICES**

Section 38.2-604.1 of the Code sets forth the requirements for a notice of financial information collection and disclosure practices, either long form or short form, to be provided to all applicants that are individually underwritten.

Section 38.2-604.1 B 5 of the Code states that the notice shall include an explanation of the right to direct that financial information not be disclosed to

nonaffiliated third parties as provided in § 38.2-612.1 of the Code. Section 38.2-612.1 A 3 of the Code states that an individual must be given a reasonable means to exercise the right to direct that financial information not be disclosed as well as an explanation that such right may be exercised at any time and that such right remains effective until revoked by the individual.

As discussed in Review Sheet UN26, Primerica's notice failed to state that the individual's right to limit disclosure of financial information may be exercised at any time, in violation of § 38.2-604.1 B 5 of the Code. Primerica disagreed, claiming that the required language appears in a separate notice. However, the separate notice that Primerica referred to can only be accessed via the company's website or upon written request from the applicant. It is not provided with or incorporated into the privacy notice required by § 38.2-604.1 of the Code.

### **DISCLOSURE AUTHORIZATION FORMS**

Section 38.2-606 of the Code sets forth standards for the content and use of the disclosure authorization forms to be used when collecting personal or privileged information about individuals.

The review revealed that Primerica's disclosure authorization forms were in substantial compliance with this section.

### **ACCELERATED BENEFITS**

14 VAC 5-70-80 requires that a written disclosure, including a brief description of the provisions of an Accelerated Benefit Rider, be given to each applicant and an acknowledgment of the disclosure shall be signed by the applicant and agent.

The review revealed that Primerica was in substantial compliance with this section.

### **ACCESS TO RECORDED PERSONAL INFORMATION**

Section 38.2-608 of the Code sets forth the requirements of providing access to personal information and the correction or amendment of such information.

The review revealed that Primerica was in substantial compliance in handling requests for access to recorded personal information.

### **ADVERSE UNDERWRITING DECISIONS (AUD)**

Section 38.2-610 A of the Code requires that, in the event of an adverse underwriting decision, the insurance institution responsible for the decision shall give a written notice in a form approved by the Commission. Administrative Letter 1981-15 provides life and health insurers with a prototype Adverse Underwriting Decision (AUD) notice. An AUD notice containing wording substantially similar to the wording in the prototype notice is deemed to be approved for use in Virginia.

The examiners reviewed a sample of 35 from a total population of 95 applications that were declined during the examination time frame. The review revealed that Primerica was in substantial compliance with this section.

In addition to the declined applications, the examiners reviewed 44 policies that were rated or issued other than as applied for.

Section 38.2-610 A 1 of the Code states that, in the event of an adverse underwriting decision, the insurer shall give a written notice that either provides the applicant with the specific reason or reasons for the adverse underwriting decision in writing or advises such person that upon written request he may receive the specific



reason or reasons in writing. As discussed in Review Sheet UN05, the review revealed 44 violations of this section. Primerica disagreed with the examiners' observations and stated that:

...Primerica Letter ML-45001 is substantially similar to the 1981 prototype. The substance of the phrase "by submitting a written request to the company" is present in the phrase and sentence: "submit a written request. ...Please send your request to [address of company]."...

The examiners responded that while Primerica's notice includes a sentence referencing the right to know the items supporting the reason for the decision, it does not include the reason for the action or language referencing the right to obtain the reason, as required by § 38.2-610 A 1 of the Code.

The review also revealed that the AUD notice used in connection with policies issued rated or other than as applied for included an additional sentence relating to the disclosure of medical record information to a medical professional designated by the individual. While this practice is not prohibited by § 38.2-610 of the Code, Primerica is advised that the inclusion of this sentence modifies the format of the notice from that of the prototype outlined in Administrative Letter 1981-15 and requires submission to the Commission for approval.

### **INSURANCE REPLACEMENT**

A review was conducted to determine if Primerica was in compliance with the requirements of 14 VAC 5-30-10 et seq., Rules Governing Life Insurance and Annuity Replacements.

A sample of 17 replacements, in addition to the new business files where existing insurance was indicated, was reviewed for compliance.

## TERM LIFE INSURANCE

14 VAC 5-30-40 B requires that an agent present and read to the applicant a notice regarding replacements (Form 30-A) or other substantially similar form approved by the Commission. However, no approval shall be required when amendments to the notice are limited to the omission of references not applicable to the product being sold or replaced. The review revealed 11 violations of this section. As discussed in Review Sheet UN22, Primerica modified Form 30-A by excluding one required paragraph altogether and displaying other required content on pages generated electronically with the application instead of on the replacement notice. Primerica disagreed, taking the position that the company's replacement notice was approved by the Commission on February 13, 2007, and that the disclosure process was explained as part of the submission of an earlier version of the electronic application approved on August 10, 2004. The examiners responded that the submission of an earlier version of the application did not describe the method of replacement notice disclosure in question, the approval of the previous application does not extend to this method, and the Commission's approval of the replacement notice does not absolve the company of its obligation to comply with the Code's requirements throughout the application process. The method of including part of the required replacement language in additional application pages and part of it in the replacement notice does not present the information in a format substantially similar to Form 30-A, placing Primerica in violation of 14 VAC 5-30-40 B.

## **VII. PREMIUM NOTICES/REINSTATEMENTS**

The examiners reviewed Primerica's procedures and practices for processing premium notices and reinstatements.

### **PREMIUM NOTICES**

Primerica's procedures for its term life policies state that there are 4 possible bills a client could receive with a frequency that can be scheduled for monthly, quarterly, semi-annually, or annually. A Premium Due Notice is generated 21 days prior to the due date informing the policyholder that any premium 31 days past due will cause the policy to lapse. A Late Pay Offer is generated 32 days after the due date advising that the policy is lapsed and extending the grace period. A Lapse Notice is generated 61 days after the due date, which includes a reinstatement application. A Returned Item Notice is generated when a premium payment is returned unpaid.

The review revealed that Primerica was in substantial compliance with its established procedures.

### **REINSTATEMENTS**

Primerica's procedures require a completed policy change application and reinstatement form to consider reinstating a policy. A policy may be reinstated by original date, by redate, or by conversion. Upon receipt of the required documentation, Policy Owner Services verifies whether the reinstatement will be an auto issue or require an underwriting review. Reinstatements that require proof of insurability/underwriting review will systematically generate "18 letter 20021" to advise the policy owner of the reinstatement review status, and reinstatements that require no

proof of insurability/underwriting review will systematically generate “18 letter 22009” or new issue documents.

The examiners reviewed a sample of 40 from a total population of 72 approved and the total population of 4 denied reinstatement requests received during the examination time frame. The review revealed 2 instances of non-compliance with Primerica’s established internal procedures. An example is discussed in Review Sheet PB06, where Primerica failed to issue 18 letter 20021 for a reinstatement that required underwriting review. Primerica acknowledged that this letter was not generated.

COPY

## **VIII. CANCELLATIONS/NONRENEWALS**

The examination included a review of Primerica's cancellation practices and procedures to determine compliance with its policy provisions and the requirements of § 38.2-508 of the Code covering unfair discrimination.

The examiners reviewed a sample of 116 from a total population of 1,037 policies that were cancelled, lapsed, or rescinded during the examination time frame.

The review revealed that Primerica was in substantial compliance.

COPY

## **IX. COMPLAINTS**

Primerica's complaint records were reviewed for compliance with § 38.2-511 of the Code. This section sets forth the requirements for maintaining complete records of complaints to include the number of complaints, the classification by line of insurance, the nature of each complaint, the disposition of each complaint, and the time it took to process each complaint. A "complaint" is defined by this section as "any written communication from a policyholder, subscriber or claimant primarily expressing a grievance."

A review of the total population of 17 complaints received during the examination time frame revealed that Primerica was in substantial compliance with this section.

COPY

## **X. CLAIM PRACTICES**

The examination included a review of Primerica's claim practices for compliance with §§ 38.2-510 and 38.2-3115 of the Code and 14 VAC 5-400-10 et seq., Rules Governing Unfair Claim Settlement Practices.

### **GENERAL HANDLING STUDY**

The review consisted of a sampling of closed term life claims. The examiners were provided a copy of Primerica's claim handling procedures.

### **PAID CLAIM REVIEW**

A sample of 50 was selected from a total population of 92 term life claims paid during the examination time frame. The review revealed that the claims were paid in accordance with the policy provisions.

### **Interest on Life Claims**

Section 38.2-3115 B of the Code states that interest upon the principal sum shall be paid at an annual rate of 2.5% or the annual rate currently paid by the insurer on proceeds left under the interest settlement option, whichever is greater. The review revealed that Primerica was in substantial compliance with this section.

### **TIME PAYMENT STUDY**

The time payment study was computed by measuring the time it took Primerica, after receiving the properly executed proof of loss, to issue a check for payment. The term "working days" does not include Saturdays, Sundays, or holidays. The study was conducted on the total sample of 50 paid claims.

Of the 50 paid claims reviewed for the time study, 100% of the claims were settled within 15 working days from receipt of proof of loss.

### **DENIED CLAIM REVIEW**

The total population of 2 term life claims denied during the examination time frame was reviewed. The review revealed that the claims were denied in accordance with the terms of the policy and Primerica's established procedures.

### **UNFAIR CLAIM SETTLEMENT PRACTICES REVIEW**

A total sample of 52 paid and denied claims was also reviewed for compliance with 14 VAC 5-400-10 et seq., Rules Governing Unfair Claim Settlement Practices.

The review revealed that Primerica was in substantial compliance.

### **THREATENED LITIGATION**

There were no claims that involved threatened litigation received during the examination time frame.

COPY



## **XI. CORRECTIVE ACTION PLAN**

Based on the findings of the Report, it is recommended that Primerica shall:

1. Establish and maintain procedures to ensure that a notation indicating the form number of any policy referred to in any marketing communication is included in the advertising file as required by 14 VAC 5-41-150 C (previously 14 VAC 5-40-60 B);
2. Establish and maintain procedures to ensure all policy, rider/endorsement, and application forms are filed with and approved by the Commission prior to use, as required by §§ 38.2-316 A, 38.2-316 B and 38.2-316 C 1 of the Code;
3. Review all approved policy, rider/endorsement, and application forms, and compare to the forms being used or issued for delivery in Virginia to determine if any changes have been made subsequent to approval and inform the examiners of all such changes. Prior to taking any action, submit a remediation plan to the Forms and Rates section of the Life and Health Market Regulation division. The company shall clearly indicate in the letter(s) of transmittal that the submission is a result of Primerica's efforts to comply with this examination's corrective action plan;
4. Implement and maintain appropriate controls and personnel training in regard to its underwriting guidelines to ensure that correct face amounts are calculated relative to age and income;
5. Implement and maintain appropriate controls and personnel training to ensure compliance with subsection 1 of § 38.2-508 of the Code and established underwriting guidelines in order to prevent individuals of the same class and

- equal expectation of life from being unfairly discriminated against in the rates charged for any life insurance policy or in any other of the terms and conditions of the contract, as required by subsection 1 of § 38.2-508 of the Code;
6. Establish and maintain procedures to ensure that NIP forms given to applicants and policyholders comply with all requirements set forth in § 38.2-604 of the Code;
  7. Establish and maintain procedures to ensure that Notice of Financial Information Practices forms given to applicants and policyholders comply with all requirements set forth in § 38.2-604.1 of the Code;
  8. Establish and maintain procedures to ensure that the AUD notice required by § 38.2-610 A 1 of the Code is provided to applicants in accordance with the guidelines established by Administrative Letters 1981-15 and 2003-6;
  9. Establish and maintain procedures to ensure a notice regarding replacements (Form 30-A) or other substantially similar form is presented and read to the applicant as required by 14 VAC 5-30-40 B; and
  10. Implement and maintain appropriate controls and personnel training regarding established internal procedures to ensure that the required documentation is issued to and received from the individual in the handling of requests for reinstatement; and
  11. Within 90 days of this Report being finalized, furnish the examiners with documentation that each of the above actions has been completed.

## **XII. ACKNOWLEDGMENT**

The courteous cooperation extended to the examiners by Primerica's officers and employees during the course of this examination is gratefully acknowledged.

Brant Lyons, MCM, Laura Wilson, MCM, Bill Benson, FLMI, AIE, ACS, AIRC, MCM, and Melissa Gerachis, FLMI, AIRC, MCM of the Bureau of Insurance participated in the work of the examination and writing of the Report.

Respectfully submitted,

Julie Fairbanks, FLMI, AIE, AIRC, MCM  
Principal Insurance Market Examiner  
Market Conduct Section  
Life and Health Market Regulation Division  
Bureau of Insurance

CONFIDENTIAL

### XIII. AREA VIOLATIONS SUMMARY BY REVIEW SHEET

<b>MARKETING COMMUNICATIONS</b>
14 VAC 5-40-60 B, 1 violation, AD01
<b>POLICY AND OTHER FORMS</b>
§§ 38.2-316 A and 38.2-316 C 1, <b>84</b> violations, PF01
§§ 38.2-316 B and 38.2-316 C 1, <b>184</b> violations, PF01 (133), PF02 (49), PF03 (2)
<b>UNDERWRITING/UNFAIR DISCRIMINATION/INSURANCE INFORMATION AND PRIVACY PROTECTION ACT/INSURANCE REPLACEMENT</b>
Non-compliance with established guidelines, <b>2</b> instances, UN03, UN09
Subsection 1 of § 38.2-508, <b>1</b> violation, UN03
§ 38.2-604 B 3, <b>1</b> violation, UN25
§ 38.2-604 B 4, <b>1</b> violation, UN25
§ 38.2-604 C 2, <b>1</b> violation, UN23
§ 38.2-604 C 4, <b>1</b> violation, UN23
§ 38.2-604.1 B 5, <b>1</b> violation, UN26
§ 38.2-610 A 1, <b>44</b> violations, UN05
14 VAC 5-30-40 B, <b>11</b> violations, UN22
<b>PREMIUM NOTICES/REINSTATEMENTS</b>
Non-compliance with established procedures, <b>2</b> instances, PB06, PB14

# COMMONWEALTH OF VIRGINIA

JACQUELINE K. CUNNINGHAM  
COMMISSIONER OF INSURANCE  
STATE CORPORATION COMMISSION  
BUREAU OF INSURANCE



P.O. BOX 1157  
RICHMOND, VIRGINIA 23218  
TELEPHONE: (804) 371-9741  
TDD/VOICE: (804) 371-9206  
[www.scc.virginia.gov/boi](http://www.scc.virginia.gov/boi)

March 11, 2014

**CERTIFIED MAIL 7012 2210 0000 4815 4140**  
**RETURN RECEIPT REQUESTED**

Ms. Vickie R. Bulger, FLMI, AIRC, CCP, ACP  
VP/Insurance Chief Compliance Officer  
Insurance Compliance  
Primerica Life Insurance Company  
1 Primerica Parkway  
Duluth, GA 30099

RE: Market Conduct Examination Report  
**Exposure Draft**

Dear Ms. Bulger:

Recently, the Bureau of Insurance conducted a Market Conduct Examination of Primerica Life Insurance Company for the period of October 1, 2010, through December 31, 2010. A preliminary draft of the Report is enclosed for your review.

Since it appears from a reading of the Report that there have been violations of Virginia Insurance Laws and Regulations on the part of Primerica Life Insurance Company, I would urge you to read the enclosed draft and furnish me with your written response within 30 days of the date of this letter. Please specify in your response those items with which you agree, giving me your intended method of compliance, and those items with which you disagree, giving your specific reasons for disagreement. Primerica Life Insurance Company response(s) to the draft Report will be attached to and become part of the final Report.

Once we have received and reviewed your response, we will make any justified revisions to the Report and will then be in a position to determine the appropriate disposition of this matter.

Thank you for your prompt attention to this matter.

Yours truly,

Julie Fairbanks, AIE, AIRC, FLMI, MCM  
Principal Insurance Market Examiner  
Market Conduct  
Life and Health Division  
Bureau of Insurance  
(804) 371-9385

JRF:mhh  
Enclosure  
cc: Althelia Battle



STATE CORP COMMISSION  
BUREAU OF INSURANCE  
14 APR 21 PM 10: 27

Primerica Life Insurance Company  
Office of the General Counsel  
Insurance Compliance  
1 Primerica Parkway  
Duluth, GA 30099

470 564 6146 Phone  
470 564 5644 Fax

NAIC# 4750-65919

April 18, 2014

**SENT VIA EMAIL &  
UPS NEXT DAY MAIL**

Ms. Julie Fairbanks, AIE, AIRC, FLMI, MCM  
Principal Insurance Market Examiner  
Life and Health Market Conduct  
Virginia State Corporation Commission  
Bureau of Insurance  
Tyler Building  
1300 East Main Street  
Richmond, VA 23219

RE: Market Conduct Examination - Primerica Life Insurance Company (NAIC# 65919)  
Your Letter Dated March 11, 2014  
Market Conduct Examination Report – **Exposure Draft**

Dear Ms. Fairbanks:

We received your letter dated March 11, 2014 regarding the Draft Proposed Market Conduct Examination Report for Primerica Life Insurance Company. Thank you for the extended response due date of April 21, 2014 granted in your email of April 4, 2014. The Company has reviewed the Report, the Summary of Violations and the corresponding proposed Corrective Action Plan. We are providing in accordance with the amended due date and your letter dated March 11, 2014, the following responses:

**MARKETING COMMUNICATIONS**

**BOI Recommendation:** Establish and maintain procedures to ensure that a notation indicating the form number of any policy referred to in any marketing communication is included in the advertising file as required by 14 VAC 5A1 150 C (previously 14 VAC 5 40 60 B).

(14 VAC 5-40-60 B, 1 violation, AD01)

**Company Response:**

**In policy advertisements printed after the final report, we will include a notation indicating state specific forms and review for any typographical errors.**

## **POLICY AND OTHER FORMS**

**BOI Recommendation:** Establish and maintain procedures to ensure all policy, rider/endorsement, and application forms are filed with and approved by the Commission prior to use, as required by §§ 38.2-316 A, 38.2-316 B and 38.2-316 C 1 of the Code.

Review all approved policy, rider/endorsement, and application forms, and compare to the forms being used or issued for delivery in Virginia to determine if any changes have been made subsequent to approval and inform the examiners of all such changes. Prior to taking any action, submit a remediation plan to the Forms and Rates section of the Life and Health Market Regulation division. The company shall clearly indicate in the letter(s) of transmittal that the submission is a result of Primerica's efforts to comply with this examination's corrective action plan.

(§§ 38.2-316 A and 38.2-316 C 1, 84 violations, PF01)

### **Company Response:**

**A corrective filing will be submitted for the filings identified that lacked the variable brackets on the specifications page. The Company will review prior form approvals to ensure no brackets were inadvertently omitted. If any are identified, a corrective filing will be submitted.**

(§§ 38.2-316 B and 38.2-316 C 1, 184 violations, PF01 (133), PF02 (49), PF03 (2))

### **Company Response:**

**A corrective filing will be submitted for the filings identified that lacked the variable brackets on the specifications page. The Company will review prior form approvals to ensure no brackets were inadvertently omitted. If any are identified, a corrective filing will be submitted.**

**The part of the Signature Record relating to replacement compliance will be filed for approval.**

**The Company has enhanced procedures to identify instances where a state of issue changes subsequent to an initial application and will require new forms appropriate for the new issue state.**

## **UNDERWRITING/UNFAIR DISCRIMINATION/INSURANCE INFORMATION AND PRIVACY PROTECTION ACT/INSURANCE REPLACEMENT**

**BOI Recommendation:** Implement and maintain appropriate controls and personnel training in regard to its underwriting guidelines to ensure that correct face amounts are calculated relative to age and income.

Implement and maintain appropriate controls and personnel training to ensure

compliance with subsection 1 of § 38.2-508 of the Code and established underwriting guidelines in order to prevent individuals of the same class and equal expectation of life from being unfairly discriminated against in the rates charged for any life insurance policy or in any other of the terms and conditions of the contract, as required by subsection 1 of § 38.2-508 of the Code.

(Non-compliance with established guidelines, 2 instances, UN03, UN09)  
(Subsection 1 of § 38.2-508, 1 violation, UN03)

**Company Response:**

**Systematic alerts will advise the Underwriter if coverage face amount falls outside guidelines. Regularly scheduled team and training meetings will also include discussion of amount guidelines.**

BOI Recommendation: Establish and maintain procedures to ensure that NIP forms given to applicants and policyholders comply with all requirements set forth in § 38.2-604 of the Code.

Establish and maintain procedures to ensure that Notice of Financial Information Practices forms given to applicants and policyholders comply with all requirements set forth in § 38.2-604.1 of the Code.

(§ 38.2-604 B 3, 1 violation, UN25)  
(§ 38.2-604 B 4, 1 violation, UN25)  
(§ 38.2-604 C 2, 1 violation, UN23)  
(§ 38.2-604 C 4, 1 violation, UN23)  
(§ 38.2-604.1 B 5, 1 violation, UN26)

**Company Response:**

**Our Notice of Financial Practices and Notice of Insurance Information Practices have been updated and will be distributed for use with all applicants within 90 days of issuance of the final report.**

BOI Recommendation: Establish and maintain procedures to ensure that the AUD notice required by § 38.2-610 A 1 of the Code is provided to applicants in accordance with the guidelines established by Administrative Letters 1981-15 and 2003-6.

(§ 38.2-610 A 1, 44 violations, UN05)

**Company Response:**

**Revised AUD notices will be filed for approval and implemented following approval by the VA BOI.**



Ms. Julie Fairbanks  
April 18, 2014  
Page 4

BOI Recommendation: Establish and maintain procedures to ensure a notice regarding replacements (Form 30-A) or other substantially similar form is presented and read to the applicant as required by 14 VAC 5-30-40 B.

(14 VAC 5-30-40 B, 11 violations, UN22)

**Company Response:**

**The Company will re-file the replacement form for approval. If not approved, the Company will present the replacement form in a format substantially similar to Form 30-A.**

**PREMIUM NOTICES/REINSTATEMENTS**

BOI Recommendation: Implement and maintain appropriate controls and personnel training regarding established internal procedures to ensure that the required documentation is issued to and received from the individual in the handling of requests for reinstatement.

(Non-compliance with established procedures, 2 instances, PB06, PB14)

**Company Response:**

**The Company has controls to ensure that policies which are reinstated receive the appropriate reinstatement letter. This topic will be addressed during Team meetings.**

The Company would like to thank the Department for the professional and courteous manner in which the examination was conducted.

Please feel free to contact me, if you need any additional information. Your acknowledgement of this correspondence would be greatly appreciated.

Sincerely,



Vickie R. Bulger, MPA, FLMI, AIRC, CCP  
Vice President and Insurance Chief Compliance Officer  
Corporate and Insurance Compliance  
[Vickie.Bulger@primerica.com](mailto:Vickie.Bulger@primerica.com)  
(470) 564-6108 – Direct Number  
(470) 564-5644 – Fax Number



May 7, 2014

**CERTIFIED MAIL 7012 2210 0000 4815 4072  
RETURN RECEIPT REQUESTED**

Vickie R. Bulger, MPA, FLMI, AIRC, CCP  
Vice President and Insurance Chief Compliance Officer  
Corporate and Insurance Compliance  
Primerica Life Insurance Company  
1 Primerica Parkway  
Duluth, GA 30099

**RE: Response to Primerica Life Insurance Company for the Target Market  
Conduct Examination Exposure Draft**

Dear Ms. Bulger:

The examiners have received and reviewed Primerica Life Insurance Company's (Primerica) response to the Draft Report dated April 18, 2014. This response will only address those areas of the response where the examiners wish to provide additional clarification.

**XI. Corrective Action Plan**

- 1. Establish and maintain procedures to ensure that a notation indicating the form number of any policy referred to in any marketing communication is included in the advertising file as required by 14 VAC 5-41-150 C (previously 14 VAC 5-40-60 B).**

The examiners acknowledge Primerica's proposed method of compliance. Please be advised that it is the company's responsibility to bring the advertising file into compliance by adding the required notations for any policy referred to in marketing communications currently used in addition to making any necessary updates related to the introduction of new marketing materials going forward.

- 4. Implement and maintain appropriate controls and personnel training in regard to its underwriting guidelines to ensure that correct face amounts are calculated relative to age and income.**
- 5. Implement and maintain appropriate controls and personnel training to ensure compliance with subsection 1 of § 38.2-508 of the Code and established**

**underwriting guidelines in order to prevent individuals of the same class and equal expectation of life from being unfairly discriminated against in the rates charged for any life insurance policy or in any other of the terms and conditions of the contract, as required by subsection 1 of § 38.2-508 of the Code.**

Regarding the systematic alerts referenced in the company's response, please document any updates made to ensure that underwriting guidelines are followed and that unfair discrimination does not occur.

**6. Establish and maintain procedures to ensure that NIP forms given to applicants and policyholders comply with all requirements set forth in § 38.2-604 of the Code.**

**7. Establish and maintain procedures to ensure that Notice of Financial Information Practices forms given to applicants and policyholders comply with all requirements set forth in § 38.2-604.1 of the Code.**

In order to ensure compliance, please provide the examiners with copies for review of the NIP form and Notice of Financial Information Practices form Primerica plans to use prior to distribution.

**10. Implement and maintain appropriate controls and personnel training regarding established internal procedures to ensure that the required documentation is issued to and received from the individual in the handling of requests for reinstatement.**

The examiners acknowledge Primerica's statement that the company has controls in place to ensure the appropriate reinstatement letter is sent. As the examination revealed that these controls did not prevent deviation from established internal procedures, please be advised that they will need to be strengthened to satisfy this Corrective Action. Appropriate measures should also be taken to ensure that required documentation is received from the individual as part of the reinstatement process.

As an additional note, the examiners would remind Primerica that Corrective Action Item 11 requires the company to furnish the examiners with documentation that each of the Corrective Actions has been completed within 90 days of the Report being finalized. This documentation should also include the procedures established to address the requirements of Corrective Action Items 1, 2, 6, 7, 8, and 9.

We do not plan to make any revisions before the Report becomes final.

On the basis of our review of the entire file, it appears that Primerica has violated §§ 38.2-316 A, 38.2-316 B, 38.2-316 C 1, 38.2-508, 38.2-604 B 3, 38.2-604 B 4, 38.2-604 C 2, 38.2-604 C 4, 38.2-604.1 B 5, and 38.2-610 A 1 of the Code, as well as

14 VAC 5-30-40 B, Rules Governing Life Insurance and Annuity Replacements, and  
14 VAC 5-40-60 B, Rules Governing Life Insurance and Annuity Marketing Practices.

Violations of the above sections of the Code can subject Primerica to monetary penalties of up to \$5,000 for each violation and suspension or revocation of its license to transact business in the Commonwealth of Virginia.

In light of the foregoing, this office will be in further communication with you shortly regarding the appropriate disposition of this matter.

Very truly yours,

Robert Grissom  
Chief Insurance Market Examiner  
Market Regulation  
Bureau of Insurance  
(804) 371-9152

RG/mhh

COPY

Vickie R. Bulger, MPA, FLMI, AIRC, CCP  
Senior Vice President and Insurance Chief Compliance Officer  
Corporate and Insurance Compliance  
Primerica Life Insurance Company  
1 Primerica Parkway  
Duluth, GA 30099

Althelia P. Battle, FLMI, HIA, AIE, MHP, AIRC, ACS  
Deputy Commissioner  
Bureau of Insurance  
Post Office Box 1157  
Richmond, VA 23218

530106

**RE: Alleged Violations of §§ 38.2-316 A, 38.2-316 B, 38.2-316 C 1, 38.2-508, 38.2-604 B 3, 38.2-604 B 4, 38.2-604 C 2, 38.2-604 C 4, 38.2-604.1 B 5, and 38.2-610 A 1 of the Code, as well as 14 VAC 5-30-40 B, Rules Governing Life Insurance and Annuity Replacements, and 14 VAC 5-40-60 8, Rules Governing Life Insurance and Annuity Marketing Practices.**

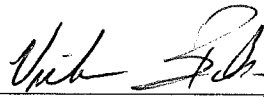
Dear Ms. Battle:

This will acknowledge receipt of your letter dated May 22, 2014, concerning the above-captioned matter.

Primerica wishes to make a settlement offer for the alleged violations cited above. Enclosed with this letter is a check (certified, cashier's or company) in the amount of \$9,000 payable to the Treasurer of Virginia. The Company further understands that as part of the Commission's Order accepting the offer of settlement, it is entitled to a hearing in this matter and waives its right to such a hearing and agrees to comply with the Corrective Action Plan contained in the Target Market Conduct Examination Report as of December 31, 2010.

This offer is being made solely for the purpose of a settlement and does not constitute, nor should it be construed as, an admission of any violation of law.

Yours very truly,



Company Representative

6/4/14

Date

Enclosure (check)

STATE CORPORATION COMMISSION

AT RICHMOND, JUNE 18, 2014, SCC-CLERK'S OFFICE  
DOCUMENT CONTROL CENTER

2014 JUN 18 P 1: 54

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2014-00096

PRIMERICA LIFE INSURANCE COMPANY,  
Defendant

SETTLEMENT ORDER

Based on a target market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that Primerica Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Commonwealth"), in certain instances violated §§ 38.2-316 A, 38.2-316 B and 38.2-316 C (1) of the Code of Virginia ("Code") by failing to comply with policy and form filing requirements; violated § 38.2-508 of the Code by unfairly discriminating or permitting any unfair discrimination between individuals of the same class; violated §§ 38.2-604 B (3), 38.2-604 B (4), 38.2-604 C (2), 38.2-604 C (4); and 38.2-604.1 B (5) of the Code by failing to accurately provide the required notices to insureds; violated § 38.2-610 A (1) of the Code by failing to accurately provide the required adverse underwriting decision and reasons to insureds; violated 14 VAC 5-30-40 B of the Commission's Rules Governing Life Insurance and Annuity Replacements, 14 VAC 5-30-10 *et seq.*, by failing to present and read to applicants for insurance the proper notice regarding replacements; and violated

14 VAC 5-40-60 (8) of the Commission's Rules Governing Life Insurance and Annuity Marketing Practices, 14 VAC 5-40-10 *et seq.*, by failing to maintain files and record documentation as required by the Commission.<sup>1</sup>

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of its right to a hearing in this matter whereupon the Defendant, without admitting any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has tendered to the Commonwealth the sum of Nine Thousand Dollars (\$9,000), waived its right to a hearing, and agreed to comply with the corrective action plan contained in the Target Market Conduct Examination Report as of December 31, 2010.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

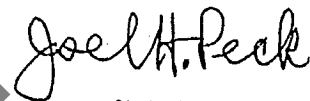
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<sup>1</sup> 14 VAC 5-40-60 (8) has been repealed; this requirement is now located at 14 VAC 5-41-150 (C) of the Commission's Rules Governing Advertisement of Life Insurance and Annuities, 14 VAC 5-41-10 *et seq.*

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:  
Vickie R. Bulger, Senior Vice President and Insurance Chief Compliance Officer, Corporate and Insurance Compliance, Primerica Life Insurance Company, 1 Primerica Parkway, Duluth, Georgia 30099; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Althelia P. Battle.

A True Copy  
Teste:



Clerk of the  
State Corporation Commission

COPY