

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF THE EXAMINATION OF

NATIONWIDE LIFE INSURANCE COMPANY
ONE WEST NATIONWIDE PLAZA
COLUMBUS, OH 43215-2220

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/401.5, 5/402, 5/403, and 5/425) do hereby appoint Iain D. Johnston, Andrew R. Greene, Philip Ackerman, Erika Kruse, and Gabriela D'Adamo at Johnston Greene LLC as Examiners to assist the Illinois Department of Insurance ("Department") in the completion of the market conduct examination of Nationwide Life Insurance Company, NAIC # 66869, (the "Company") by reviewing and completing the examination report prepared by Examiner in Charge Max R. Weaver, and associate John Staples, including the review of any objections or rebuttals submitted by the Company regarding the findings of such reports, and drafting of any related Stipulation and Consent Order for the review and approval of the Director. The costs of this examination shall be borne by the Company.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of the Company.



IN TESTIMONY WHEREOF, I hereto set my hand and cause to be affixed this Seal.

Done at the City of Chicago, this 26th day of September, 2012.

Andrew Boron

Andrew Boron

Director



Department of Insurance

IN THE MATTER OF
THE EXAMINATION OF:

NATIONWIDE LIFE INSURANCE COMPANY
ONE NATIONWIDE PLAZA
COLUMBUS, OHIO 43215-2220

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, pursuant to Sections 5/131.21, 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425) do hereby appoint Max Weaver, Examiner-In-Charge, John Staples, and associates as the proper persons to examine the insurance business and affairs of Nationwide Life Insurance Company of Columbus, Ohio, and to make a full and true report to me of the examination made by them of Nationwide Life Insurance Company with a full statement of the condition and operation of the business and affairs of Nationwide Life Insurance Company with any other information as shall in their opinion be requisite to furnish me a statement of the condition and operation of its business and affairs and the manner in which it conducts its business.

The persons so appointed shall also have the power to administer oaths and to examine any person concerning the business, conduct, or affairs of Nationwide Life Insurance Company.



IN TESTIMONY WHEREOF,

I hereto set my hand and cause to be affixed the Seal of my office.
Done at the City of Springfield, this 13th day of Nov. 2009.

Michael T. McRaith
Michael T. McRaith

Director

STATE OF)
) ss
COUNTY OF)

Max R. Weaver, being first duly sworn upon his oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Nationwide Life Insurance Company, NAIC #66869;

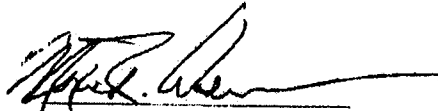
That, as Examiner-In-Charge, he was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither he nor any other persons designated as examiners nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as policyholders, and that neither he nor any other persons designated as examiners nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

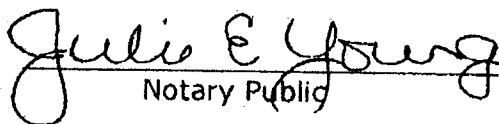
That he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the company.



Max R. Weaver
Examiner-In-Charge

Subscribed and sworn to before me
this 15 day of MARCH, 2013.


Notary Public



This Market Conduct Examination was conducted pursuant to Sections 5/132, 5/401, 5/402, 5/403 and 5/425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403 and 5/425). It was conducted in accordance with standard procedures of the Market Conduct Examination Section by duly qualified examiners of the Illinois Department of Insurance.

This report is divided into five parts. They are as follows: Summary, Background, Methodology, Findings and Technical Appendices. All files reviewed were reviewed on the basis of the files' contents at the time of the examination. Unless otherwise noted, all overcharges (underwriting) and/or underpayments (claims) were reimbursed during the course of the examination.

No company, corporation, or individual shall use this report or any statement, excerpt, portion, or section thereof for any advertising, marketing or solicitation purpose. Any company, corporation or individual action contrary to the above shall be deemed a violation of Section 149 of the Illinois Insurance Code (215 ILCS 5/149).

The Examiner-in-Charge was responsible for the conduct of this examination. The Examiner-in-Charge did approve of each criticism contained herein and has sworn to the accuracy of this report.

Helen C. Gibbons
Staff Attorney

STATE OF ILLINOIS)
) SS
COUNTY OF SANGAMON)

I personally served a copy of the within Warrant by leaving
said copy with DON ROOKSTOOL, at the hour of 330PM
on DECEMBER 9, A.D., 2009.


Examiner

NATIONWIDE LIFE INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION December 7, 2009 through August 6, 2010

EXAMINATION OF: Nationwide Life Insurance Company,
NAIC # 66869

LOCATION OF EXAMINATION: One Nationwide Plaza
Columbus, Ohio 43215

PERIOD COVERED BY EXAMINATION: Claims,
September 1, 2008 through August 31, 2009

Department of Insurance Complaints,
January 1, 2007 through October 31, 2009

EXAMINERS: John J. Staples
Mike Hager
Max R. Weaver, Examiner-In-Charge

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I. SUMMARY

The Illinois Department of Insurance (“Department”) issued warrants for a Market Conduct Examination of Nationwide Life Insurance Company, Nationwide Life and Annuity Insurance Company, and Nationwide Life Insurance Company of America. Only Nationwide Life Insurance Company (“Company”) had active business relevant to this examination. The Department examined the Company’s life annuity death settlement, hospital indemnity and group sports accident claims. The period covered by the examination was September 1, 2008 through August 31, 2009 for general company data and January 1, 2007 through October 31, 2009 for Department complaints.

The Department’s findings are as follows:

1. The Company was criticized under 215 ILCS 5/224(1)(I) for failing to disclose to the beneficiaries, at the time of claim, that nine percent (9%) interest would accrue if the claim was not paid within fifteen (15) days of receipt of proof of loss (note: payment within fifteen (15) days and interest at nine percent (9%) was the statutory requirement at the time of the market conduct examination).
2. The Company was criticized under 50 Ill. Adm. Code 919.70(a)(2) for failure to include Notice of Availability of the Department with letters explaining the reasons for delay in processing of claims.
3. The Company was criticized under 215 ILCS 5/224(1)(I), for an interest overpayment in the amount of \$24.65 on one (1) life claim not paid within fifteen (15) days.
4. The Company was criticized under 215 ILCS 5/500-80 for payment of first year commissions of \$98,819.54 on 59 applications to ten (10) entities and two (2) individuals not duly licensed in Illinois.
5. The Company was criticized under 50 Ill. Adm. Code 919.50(a)(1) for failing to include a Notice of Availability of the Department with the denial of claims.
6. The Company was criticized under 50 Ill. Adm. Code 926.50 for failure to record all Department complaints on the Company complaint register.
7. The Company was criticized under 215 ILCS 5/234.1 for failure to explain to the policy owner all available options prior to enactment of a non-forfeiture option.
8. The Company was criticized under 215 ILCS 5/368a(c) for underpayment of interest on six (6) claims totaling \$44.41 due to delayed payment of claim.

9. The Company was criticized under 215 ILCS 5/368a(c) for failure to pay claims within 30 days of receipt of proof of loss on fourteen (14) other claims. The interest on each of these claims was less than one dollar (\$1.00).
10. The Company was criticized under 215 ILCS 5/143(1) and 50 Ill. Adm. Code 1407.20 for utilizing a definition of "Terminal Illness" not meeting the current standards (24 months is the current standard, rather than 12 months).

II. BACKGROUND

Nationwide Life Insurance Company ("Company"), NAIC # 66869, a foreign stock company, organized and authorized under the laws of the State of Ohio was incorporated on March 21, 1929. Originally incorporated as American Insurance Union, Inc. in 1935, the name was changed to The Life Insurance Company of America, and in 1935, the title changed to Cooperative Life Insurance Company of America. During 1939, the name became Farm Bureau Life Insurance Company, with the present title adopted in 1955.

Control of the Company was acquired October 8, 1935, by Nationwide Mutual Insurance Company. In September 1955, it transferred this interest to the Nationwide Corporation, a holding company. Effective May 10, 1983, via a merger, the Company became privately held with Nationwide Corporation, Nationwide Mutual Insurance Company and Nationwide Mutual Fire Insurance Company each owning a portion. Effective October 1, 1993, Nationwide Corporation obtained 100% ownership of the Company. In March 1997, ownership was transferred to Nationwide Financial Services, Inc. ("NFSI") in connection with an initial public offering of approximately 20% of NFSI.

Mergers: Pacific Life Insurance Company, Ohio 1986; Employers Life Insurance Company of Wausau, Wisconsin 1999.

Through the impact of various transactions, the ownership interest of NFSI held by Nationwide Corporation was 66.29% as of year end 2008.

The Company is currently licensed to do business in the District of Columbia, American Samoa, Guam, Northern Mariana Island, Puerto Rico, U.S. Virgin Islands and all states. The Company became licensed to do business in Illinois on October 25, 1995.

The Company's 2008 and 2009 Annual Statements (Schedule T) reflect the following Illinois premium volume:

Year	Life Insurance Premiums Direct	Annuity Considerations Direct	Accident and Health Insurance Premiums Direct	Other Considerations Direct	Deposit type Contracts Direct
2008	24,066,814	7,547,285	981,053	455,289,802	0
2009	31,176,866	13,773,771	1,563,858	389,199,979	10,149,482

Nationwide Life and Annuity Insurance Company, NAIC # 92657, is an Ohio domestic stock insurance company. It was incorporated on February 9, 1981. It was first licensed in Illinois on March 21, 1988. It adopted its present name on April 13, 1995.

The Company's 2008 and 2009 Annual Statements (Schedule T) reflect the following Illinois premium volume:

Year	Life Insurance Premiums Direct	Annuity Considerations Direct	Accident and Health Insurance Premiums Direct	Other Considerations Direct	Deposit type Contracts Direct
2008	7,450,127	286,382	0	11,567,532	0
2009	9,160,667	281,331	0	9,301,979	0

Nationwide Life Insurance Company of America, NAIC # 68225, was a Pennsylvania domestic insurer. It was incorporated on March 3, 1882. It merged into Nationwide Life Insurance Company effective December 31, 2009. The latter company was the surviving entity. Business written in the Company's name in 2009 was included in the 2009 Annual Statement of Nationwide Life Insurance Company.

The Company's 2008 Annual Statement (Schedule T) reflects the following Illinois premium volume:

Year	Life Insurance Premiums Direct	Annuity Considerations Direct	Accident and Health Insurance Premiums Direct	Other Considerations Direct	Deposit type Contracts Direct
2008	9,246,192	71,062	63,337	0	7,865,988

III. METHODOLOGY

The Market Conduct Examination places emphasis on evaluating an insurer's systems and procedures used in dealings with insureds and claimants.

The Market Conduct Examination did not examine all systems and procedures used in dealing with insureds and claimants. The following categories are the general areas examined:

1. Producer Licensing and Production Analysis
2. Non-Forfeiture Analysis
3. Claims Analysis
4. Policy Forms and Advertising Material Analysis
5. Replacement Policy Analysis
6. Complaint Analysis

The review of these categories is accomplished through examination of producer files, cash surrendered policies, extended term insurance and reduced paid-up insurance, policy forms, endorsements and riders, underwriting methods and advertising materials. Each of these categories is examined for compliance with selected Department rules and regulations and applicable state law. The Market Conduct Examination did not examine:

- a. The Company's use of the Social Security Death Master File in connection with the Company's settlement practices, procedures and policy administration relating to claims, including the Company's efforts to identify the owners and beneficiaries of proceeds, or
- b. Compliance with the Uniform Disposition of Unclaimed Property Act, 765 ILCS 1025/1, *et seq.*

The report concerns itself with improper practices performed with such frequency as to indicate general business practices. Individual criticisms are identified and communicated to the insurer but are not cited in the report if not indicative of a general trend, except if there were underpayments and/or overpayments in claims surveys or undercharges and/or overcharges in underwriting surveys.

The following methods were used to obtain the required samples to assure a methodical selection.

Producer Licensing and Production Analysis

Populations for the producer file reviews were determined by whether or not the producers were licensed by the State of Illinois. New business listings were retrieved from Company records selecting newly solicited insurance applications that reflected Illinois addresses for the applicants.

The examination period for the producer licensing and production analysis was September 1, 2008 through August 31, 2009.

Non-Forfeiture Analysis

Listings were requested of all policies cash surrendered, placed on extended term insurance status, or converted to reduced paid-up insurance during the survey period covered by the examination. These listings were retrieved by a search of Illinois life policies that either lapsed for nonpayment of premium or were requested non-forfeiture option conversions made by the policyholders.

The examination period for the non-forfeiture analysis was September 1, 2008 through August 31, 2009.

Claims Analysis

Claim surveys were selected using the following criteria:

1. Paid Claims - Payment for coverage made during the examination period.
2. Denied Claims - Denial of benefits for losses not covered by policy provisions.
3. Individual or Franchise Claims - Determine whether the contracts were issued on an individual or franchise basis.

All median payment periods were measured from the date necessary proofs of loss were received to the date of payment or denial to the insured or the beneficiary.

The examination period for the claims survey was September 1, 2008 through August 31, 2009.

Policy Forms and Advertising Material Analysis

The Company was requested to provide specimen copies of all policy forms and samples of all advertising material in use during the survey period.

The examination period for the policy forms and advertising material analysis was September 1, 2008 through August 31, 2009.

Replacement Policy Analysis

The Company was requested to provide listings of all annuity and life policy replacements, both internal and external, transacted during the survey period. A sample listing of each category was compiled and the policy files were requested

for review to determine compliance with Department rules and regulations and applicable State laws.

The examination period for the replacement policy analysis was September 1, 2008 through August 31, 2009.

Complaints

The Company was requested to provide all files relating to complaints which had been received via the Department as well as those received directly by the Company from the insured or his/her representative. A copy of the Company's complaint register was also reviewed.

Median periods were measured from the date of notification of the complaint to the date of response to the Department.

The examination period for the complaint analysis was January 1, 2007 through October 31, 2009.

SELECTION OF SAMPLE

SURVEY	POPULATION	# REVIEWED	% REVIEWED
Producer Licensing and Production Analysis			
Terminated Producers	1,458	1,458	100
Producer Production	4,172	4,172	100
Non-Forfeiture Analysis			
Life Cash Surrender	174	88	51
Extended Term Insurance and Reduced Paid-Up	11	11	100
Annuity Cash Surrender	3,351	105	3
Claims Analysis			
Paid Individual Life	39	39	100
Paid Annuity Death Settlements	449	91	20
Paid Group Hospital Indemnity	448	132	29
Denied Group Hospital Indemnity	254	111	44
Paid Group Sports Accident	374	92	25
Denied Group Sports Accident	538	96	18
Policy Forms and Advertising Material Analysis			
Policy and Advertising Forms	404	404	100
Replacement Policy Analysis			
Internal and External Life Replacement	175	83	47
Internal and External Annuity Replacement	718	120	17
Complaint Analysis			
Department Complaints	8	8	100
Consumer Complaints	11	11	100

IV. FINDINGS

A. Producer Licensing and Production Analysis

1. Terminated Producers

A review of the producer termination files revealed that no producers were terminated for cause.

2. Producer Production

A review of the producer production files resulted in a general criticism. The criticism made under 215 ILCS 5/500-80 was for payment of first year commissions in the amount of \$98,819.54 to two (2) individuals and ten (10) entities, not duly licensed at the time 59 applications were taken.

B. Non-Forfeiture Analysis

1. Life Cash Surrender

The review of 88 of the 174 life cash surrender files produced no criticisms.

The median for surrender was seven (7) days.

2. Extended Term and Reduced Paid-Up

A review of ten (10) extended term and one (1) reduced paid-up policy files produced a general criticism.

All eleven (11) of the files were criticized under 215 ILCS 5/234.1 for failure to advise policy owners of all available options prior to enactment of a non-forfeiture provision. The non-forfeiture notice used by the Company did not include all options available and policy owners were referred to their policy for other options.

3. Annuity Cash Surrender

The review of 105 of the 3,351 annuity cash surrender files produced no criticisms.

The median for surrender was seven (7) days.

C. **Claims Analysis**

1. **Paid Individual Life**

A review of all 39 paid life claim files produced two (2) general criticisms and one (1) individual criticism.

A general criticism of all 39 life files was made under 215 ILCS 5/224(1)(1) for failure to advise beneficiaries that nine percent (9%) interest is payable if the claim is not paid within fifteen (15) days of receipt of proof of loss (note: payment within fifteen (15) days and interest at nine percent (9%) was the statutory requirement at the time of the market conduct examination. The statute has since been amended to require payment within 31 days and interest at ten percent (10%)).

A general criticism was made of five (5), or 14%, of the claim files under 50 Ill. Adm. Code 919.70(a)(2) for failing to provide the insured's beneficiary with a Notice of Availability of the Department with the delay letters explaining the reason for delay of payment. One (1) individual claim file was criticized for overpayment of interest in the amount of \$24.65.

The median for payment was eight (8) days.

2. **Paid Annuity Death Settlement**

A review of 91 of the 449 annuity death settlement claim files produced no criticisms.

The median for payment was six (6) days.

3. **Paid Group Hospital Indemnity**

A review of 132 of the 448 paid group hospital indemnity claim files produced no criticisms.

The median for payment was eleven (11) days.

4. **Denied Group Hospital Indemnity**

A review of 111 of the 254 denied group hospital indemnity claim files produced a general criticism.

The criticism was made under 50 Ill. Adm. Code 919.50(a)(1) for failure to include a Notice of Availability of the Department with the claim denial.

The median for denial was eleven (11) days.

5. Paid Group Sports Accident

A review of 92 of the 374 paid group sports accident claim files produced seven (7) criticisms. Six (6) claim files were individually criticized under 215 ILCS 5/368a(c) for interest underpayments totaling \$44.41 resulting from delayed payment of claims. A general criticism was also made under 215 ILCS 5/368a(c) for failure to pay fourteen (14) other separate claims within thirty (30) days. None of the underpayments on these fourteen (14) additional claims resulted in interest amounting to one dollar (\$1.00) or more.

The median for payment was eighteen (18) days.

6. Denied Group Sports Accident

A review of 96 of the 538 denied group sports claim files produced a general criticism. The criticism was made under 50 Ill. Adm. Code 919.50(a)(1) for failure to include a Notice of Availability of the Department with the claim denial.

The median for denial was fourteen (14) days.

D. Policy Forms and Advertising Material Analysis

The review of policy forms and advertising material produced a general criticism under 215 ILCS 5/143(1) for language that does not meet current standards for the definition of "Terminal Illness." Title 50 Illinois Administrative Code 1407.20 defines "Terminal Illness" as a medical condition which, in the opinion of a physician who is licensed to practice medicine in all of its branches, would generally result in the insured's death within 24 months. The Company forms reviewed contained a 12-month limitation.

E. Replacement Policy Analysis

1. Life Policy Replacement

A review of 83 of the 175 internal and external life replacement policy files produced no criticisms.

2. Annuity Policy Replacement Analysis

A review of 120 of the 718 internal and external annuity replacement policy files produced no criticisms.

F. Complaint Analysis

1. Department Complaints

The analysis of eight (8) Department complaint files produced a general criticism. Three (3), or 38%, of the complaint files were criticized under 50 Ill. Adm. Code 926.50 for not having been recorded on the Company complaint register as required.

The median for response was nineteen (19) days.

2. Consumer Complaints

The analysis of eleven (11) consumer complaint files produced no criticisms.

The median for response was twenty-three (23) days.

V. INTERRELATED FINDINGS

Although, the Company was cooperative, there were long delays in returning requested information. Several of the listings contained inaccurate information and prolonged the examination time. One particular area was producer production and commissions. The first listing provided for review revealed a large number of producers and entities that did not appear to be licensed. The examiner expressed concern that so many individuals and entities appeared to be unlicensed. The examiners met with Company personnel and discussed the situation. The Company determined that incorrect fields were used to compile the listing that produced incorrect information. The Company then provided a new listing said to be accurate. The new listing for producer production listed fifteen (15) entities and individuals not duly licensed that were paid commissions. The Company's response to the criticism provided the examiners with additional information from which the examiners concluded that two (2) individuals and ten (10) entities receiving commissions were not duly licensed in Illinois.

Although the Company failed to notify claimants that nine percent (9%) interest would accrue on death benefits not paid within fifteen (15) days of due proof of loss, it was noted that nine percent (9%) interest was actually paid on those claims not paid within fifteen (15) days for those claims reviewed.

VI. TECHNICAL APPENDICES

None

SWAMP OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

Nationwide Life Insurance Company, NAIC #66869
One Nationwide Plaza
Columbus, Ohio 43215

STIPULATION AND CONSENT ORDER

WHEREAS, the Director ("Director") of the Illinois Department of Insurance ("Department") is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of the State of Illinois ("State"); and

WHEREAS, Nationwide Life Insurance Company of America, NAIC # 68225, was a Pennsylvania domestic stock insurance company that was authorized by the Director to engage in the business of soliciting, selling and issuing insurance policies in the State, and that merged into Nationwide Life Insurance Company effective December 31, 2009 with the latter company being the surviving entity; and

WHEREAS, Nationwide Life Insurance Company, NAIC # 66869, is an Ohio domestic stock insurance company authorized by the Director to engage in the business of soliciting, selling and issuing insurance policies in the State; and

WHEREAS, Nationwide Life and Annuity Insurance Company, NAIC # 92657, is an Ohio domestic stock insurance company, authorized by the Director to engage in the business of soliciting, selling and issuing insurance policies in the State (Nationwide Life Insurance Company and Nationwide Life and Annuity Insurance Company are hereinafter collectively referred to herein as "Nationwide Life"); and

WHEREAS, a Market Conduct Examination ("Examination") of Nationwide Life Insurance Company, NAIC # 66869 ("Company") was conducted by duly qualified examiners appointed by the Director pursuant to Sections 131.21, 132, 401, 402 and 425 of the Illinois Insurance Code (215 ILCS 5/131.21, 5/132, 5/401, 5/402 and 5/425); and

WHEREAS, the appointed examiners have filed an examination report ("Report") as an official document of the Department as a result of the Examination; and

WHEREAS, the Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands its various rights in connection with the Examination and Report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407 and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, it waives any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the Report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, it is agreed by and between the Company and the Director as follows:

1. That the Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and/or Department Regulations; and
2. That the Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and/or Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company:

1. Institute and maintain procedures that comply with 215 ILCS 5/224(1)(I), which provides that Nationwide Life shall notify the beneficiary that interest shall accrue on the proceeds payable because of the death of the insured, from the date of death, at the rate of ten percent (10%) annually for claims not paid within 31 days from the latest of the following to occur: (1) the date that due proof of death is received by the Company; (2) the date that the Company receives sufficient information to determine its liability, the extent of the liability, and the appropriate payee legally entitled to the proceeds; or (3) the date that legal impediments to payment of proceeds that depend on the action of parties other than the Company are resolved and sufficient evidence of the same is provided to the Company. For purposes of this Order, legal impediments include, but are not limited to, (i) the establishment of guardianships and conservatorships, (ii) the appointment and qualification of trustees, executors, and administrators, and (iii) the submission of information required to satisfy State and federal reporting requirements.
2. Institute and maintain procedures that comply with 50 Ill. Adm. Code 919.70(a)(2), which requires insurers to include a Notice of Availability of the Department with letters explaining the reasons for delay in the processing of claims.
3. Institute and maintain procedures whereby interest payments are accurately calculated avoiding overpayments or underpayments on claims so as to comply with 215 ILCS 5/224(1)(I).

4. Institute and maintain procedures consistent with 215 ILCS 5/500-80 that will ensure that Nationwide Life will not pay a commission, service fee, brokerage, or other valuable consideration to a person for selling, soliciting, or negotiating insurance in Illinois if that person is required to be licensed under the Illinois Insurance Code and is not so licensed at the time of selling, soliciting, or negotiating the insurance.
5. Institute and maintain procedures consistent with 50 Ill. Adm. Code 919.50(a)(1), which requires insurers to provide a Notice of Availability of the Department with letters explaining the reasons for denial of claims.
6. Institute and maintain procedures that comply with the requirements of 50 Ill. Adm. Code 926.50, which requires that insurers maintain complaint records listing all complaints and containing specified information on each complaint.
7. Institute and maintain procedures consistent with 215 ILCS 5/234.1, which requires that:
 - a. prior to enactment of a non-forfeiture option, the insurer give a notice to the policy owner that explains the non-forfeiture action and refers the policyowner to the other available options, if any, under the provisions of the policy, and
 - b. that evidence of this notice shall be maintained by the insurer.
8. Institute and maintain procedures that comply with 215 ILCS 5/368a(c), which states that if a claim is not paid within thirty (30) days after receipt of due written proof of such loss, interest shall be paid at the rate of nine percent (9%) per year from the 30th day after receipt of such proof of loss to the date of late payment, provided that interest amounting to less than one dollar (\$1.00) need not be paid.
9. Institute and maintain procedures that comply with 215 ILCS 5/368a(c), which requires that all claims and indemnities concerning health care services, other than for any periodic payment, shall be paid within thirty (30) days after receipt of due written proof of such loss.
10. Discontinue the use of all Accelerated Death Benefit Riders, applications and disclosure forms containing language that defines "Terminal Illness" to mean a medical condition that, in the opinion of a physician would generally result in the insured's death within twelve (12) months and revise and refile with the Director for approval all such riders, applications and disclosure forms so that the definition of "Terminal Illness" complies with Title 50 Ill. Admin. Code 1407.20, which defines "Terminal Illness" as a medical condition that, in the opinion of a physician who is licensed to practice medicine in all of its branches, would generally result in the insured's death within twenty-four (24) months, or any condition that requires continuous confinement in an eligible institution as defined by the contract if the insured is expected to remain there until death.
11. Submit to the Director of Insurance, proof of compliance with the above ten (10) Orders within thirty (30) days of this Stipulation and Consent Order.

12. Pay to the Director a civil forfeiture of seventy-five thousand and no. 100 (\$75,000) paid within thirty (30) days of the date of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code, including but not limited to levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of:

Nationwide Life Insurance Company

Daniel Kanney
Signature

Daniel C. Kanney
Name

AVP - Life Underwriting
Title

Subscribed and sworn to before me this
27th day of June A.D. 2013.

Kimberly J. Kester
Notary Public



KIMBERLY J. KESTER

**Notary Public
State of Ohio**

Delaware County

**My Commission Expires
October 15, 2017**

DEPARTMENT OF INSURANCE of the
State of Illinois;

DATE July 1, 2013

Andrew Boron
Andrew Boron
Director



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

July 31, 2013

Sent via USPS Certified Mail and Email

*return receipt requested

Dave Reynolds, MCM
Consultant, Market Conduct Group
Office of Compliance, Nationwide
One Nationwide Plaza 1-35-102
Columbus, OH 43215-2220

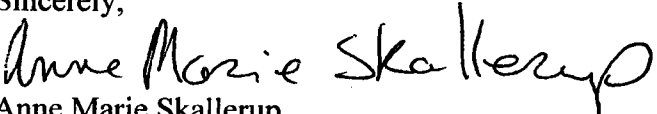
Re: Nationwide Life Insurance Company Market Conduct Examination

Dear Mr. Reynolds,

The Department has reviewed the proof of compliance submitted by Nationwide Life Insurance Company (Nationwide) received July 29, 2013 and has determined it is satisfactory. Nationwide has submitted satisfactory proofs of compliance with Orders #1 through 12 of the Stipulation and Consent Order. The Department will now be closing its file on this exam.

Please be advised that I intend to request that the Director make the Market Conduct Examination report public pursuant to Section 132 of the Illinois Insurance Code. (215 ILCS 5/132).

Sincerely,


Anne Marie Skallerup
Associate General Counsel