

STATE OF ILLINOIS  
DEPARTMENT OF INSURANCE



IN THE MATTER OF  
THE EXAMINATION OF:

REASSURE AMERICA LIFE INSURANCE COMPANY  
1670 MAGNAVOX WAY  
FORT WAYNE, IN 46804

MARKET CONDUCT EXAMINATION WARRANT

I, the undersigned, Director of Insurance of the State of Illinois, 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 and 5/425) do hereby appoint Danny Talkington, Examiner-In-Charge, and associates as the proper persons to examine the insurance business and affairs of Reassure America Life Insurance Company, NAIC # 70211, of Fort Wayne, Indiana, and to make a full and true report to me of the examination made by them of Reassure America Life Insurance Company with a full statement of the condition and operation of the business and affairs of Reassure America Life Insurance Company with any other information as shall in my opinion be necessary to examine the condition and operation of its business and affairs and the manner in which it conducts its business. 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 Reassure America Life Insurance Company.



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

Done at the City of Springfield, this 28<sup>th</sup> day of July, 2011.

*Jack Messmore*  
Jack Messmore

Acting Director

REASSURE AMERICA LIFE INSURANCE COMPANY

---

## MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: November 14, 2011 through February 17, 2012

EXAMINATION OF: Reassure America Life Insurance Company

COMPANY ADDRESS: 1670 Magnavox Way  
Fort Wayne, Indiana 46804

PERIOD COVERED  
BY EXAMINATION: July 1, 2010 through June 30, 2011

EXAMINERS: Danny L. Talkington  
Examiner in Charge

---

## INDEX

	<u>Page #</u>
I. SUMMARY	1
II. BACKGROUND	2
III. METHODOLOGY	3 - 4
IV. FINDINGS	6 - 9
A. Producer Analysis	
B. Claims Analysis	
C. Nonforfeiture Analysis	
D. Policy Forms & Advertising Material	
E. Complaint Analysis	
V. INTERRELATED FINDINGS	10
VI. TECHNICAL APPENDICES	11

I. SUMMARY

1. The Company was criticized under Company Over Payment (COP) for the overpayment of thirteen claims.
2. The Company was criticized under Section 5/234.1 of the Illinois Insurance Code (215 ILCS 5/234.1) for failure to provide a Notice of Enactment of the Nonforfeiture Options as required.

## II. BACKGROUND

Reassure America Life Insurance Company, NAIC #70211, (Company) is an Indiana domiciled insurance company and is a wholly – owned subsidiary of SRLC America Holding Corp., which in turn is a wholly – owned indirect subsidiary of Swiss Re Ltd. (Swiss Re). The Company maintains its home office at 1670 Magnavox Way, Fort Wayne, Indiana 46804.

On September 30, 2006, Sage Life Assurance of America, Inc. merged with and into Valley Forge Life Insurance Company (VFL). Southwestern Life Insurance Company merged with and into VFL effective December 28, 2006. On September 30, 2007, the former Reassure America Life Insurance Company, an Illinois domiciled affiliate, was merged with and into VFL, with VFL being the surviving entity to such merger. Immediately following the merger, VFL changed its name to Reassure America Life Insurance Company. The transaction was accounted for as a statutory merger.

The Company's primary business activity is based upon the Swiss Re business model entitled Admin Re®, which involves the acquisition of generally closed blocks of in-force life and health insurance, including term, whole, universal, and corporate owned (COLI) life insurance, disability income, and annuity contracts. The company has obtained its Admin Re® business through purchases of life insurance companies and through indemnity coinsurance or assumption reinsurance agreements with ceding insurers. The Company typically assumes responsibility for policy administration for business obtained through these transactions, which it then outsources to third party administrators.

The Company is licensed to do business in the all states of the United States (except New York), Guam, Puerto Rico and Canada.

The Company was originally licensed to do business in Illinois in 1957.

Company merged into Jackson National Life Insurance Company, NAIC # 65056, (Jackson National) effective December 31, 2012. Jackson National is the surviving entity. The merger was effective after the examination concluded but prior to the issuance of this Report. This Report relates to the business of Company prior to the merger. It does not relate to the business of Jackson National before or after the merger.

### III. METHODOLOGY

The Market Conduct Examination places emphasis on evaluating an insurer's system and procedures used in dealing with insured and claimants. The following categories are the general areas examined.

1. Producer Licensing and Production
2. Claims Analysis
3. Nonforfeiture Analysis
4. Policy Forms and Advertising Materials Review
5. Insurance Department and Consumer Complaints

The review of these categories was accomplished through examination of producer files, claim files, cash surrendered policy files, policy forms, advertising material, and Department of Insurance and consumer complaint files. Each of these categories was examined for compliance with Department Regulations and applicable State laws.

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

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

#### Producer Licensing and Production

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 by selecting newly solicited insurance applications that reflected Illinois addresses for applicants.

The examination period for the producer analysis was July 1, 2010 through June 30, 2011.

## Claims

1. Paid Claims - Payment for claims made during the examination period.
2. Denied Claims - Denial of benefits for losses not covered by policy provisions.

All claims were reviewed for compliance with policy contracts and endorsements, and applicable Sections of the Illinois Insurance Code (215 ILCS), and 50 Illinois Administrative Code (50 Ill. Adm. Code).

Median payment periods were measured from the date all necessary proofs of loss were received to the date of payment to the insured or the beneficiary. The examination period of the claims survey was July 1, 2010 through June 30, 2011.

## Non-Forfeiture Analysis

Listings were requested of all life and annuity policies that were cash surrendered, placed on extended term insurance status, or converted to reduced paid-up insurance during the examination period. These listings were retrieved by a search of Illinois life policies that were 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 July 1, 2010 through June 30, 2011.

## Policy Forms and Advertising Material Review

All policy forms, form letters, riders and advertising materials used in Illinois during the examination period were requested. These were reviewed for compliance as to format, content and terminology as required by Illinois Law. The examination period for the Policy Forms and Advertising Material Review was July 1, 2010 through June 30, 2011.

## Insurance Department and Consumer Complaints

The Company was requested to provide all files relating to complaints 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 by the complainant to the date of response to the Department. The examination period of this survey was July 1, 2010 through November 14, 2011.



<u>SELECTION OF SAMPLE</u>			
<u>Survey</u>	<u>Population</u>	<u># Reviewed</u>	<u>% Reviewed</u>
<u>Producers Analysis</u>			
Producers/Applications	0	0	.00
Terminated Agents Review	0	0	.00
<u>Claims Analysis</u>			
Paid Individual Life	970	104	10.72
Paid Group Life	4	4	100.00
Paid Individual Hospital Indemnity	2	2	100.00
Paid Individual Medicare Supplement	1700	111	6.52
Denied Individual Medicare Supplement	10	10	100.00
Paid Individual Nursing Home (LTC)	8	8	100.00
Denied Individual Nursing Home (LTC)	20	20	100.00
Paid Individual Disability Income	32	32	100.00
Paid Individual Cancer	72	72	100.00
Denied Individual Cancer	10	10	100.00
Annuity Death Settlements	15	15	100.00
<u>Non-Forfeiture Analysis</u>			
Extended Term/Reduced Paid Up Insurance	103	103	100.00
Life Cash Surrenders	1176	100	8.50
Annuity Cash Surrenders	412	103	25.00
<u>Policy Forms and Advertising</u>	0	0	.00
<u>Complaint Analysis</u>			
Department of Insurance Complaints	26	26	100.00
Consumer Complaints	16	16	100.00

#### IV. FINDINGS

##### A. Producer Analysis

1. The Company does not sell insurance products, it only services blocks of business that it has purchased, therefore no producers or commissions were reviewed.
2. The Company does not have any producing agents, therefore no agents were terminated for cause during the survey period.

##### B. Claims Analysis

###### 1. Paid Individual Life

One hundred four paid individual life claim files were reviewed. Thirteen files or 13% of the paid individual life claim files reviewed were criticized. Thirteen individual criticisms were written under COP for the overpayment of thirteen claims totaling \$4,000.50. The Company agreed that they did overpay thirteen claims in the total amount of \$4,000.50. See (215 ILCS 5/132).

The median for payment was eight (8) days.

###### 2. Paid Group Life

A review of four (4) paid group life claim files produced no criticisms.

The median for payment was four (4) days.

###### 3. Paid Individual Hospital Indemnity

A review of two (2) paid individual hospital indemnity claim files produced no criticisms.

The median for payment was twelve days.

4. Paid Individual Medicare Supplement

A review of one hundred eleven paid individual Medicare supplement claim files produced no criticisms.

The median for payment was four (4) days.

5. Denied Individual Medicare Supplement

A review of ten (10) denied individual Medicare supplement claim files produced no criticisms.

The median for denial was two (2) days.

6. Paid Individual Nursing Home (LTC)

A review of eight (8) paid individual nursing home claim files produced no criticisms.

The median for payment was one (1) day.

7. Denied Individual Nursing Home (LTC)

A review of twenty denied individual nursing home claim files produced no criticisms.

The median for denial was one (1) day.

8. Paid Individual Disability Income

A review of thirty two paid individual disability income claim files produced no criticisms.

The median for payment was one (1) day.

9. Paid Individual Cancer

A review of seventy two paid individual cancer claim files produced no criticisms.

The median for payment was three (3) days.

10. Denied Individual Cancer

A review of ten (10) denied individual cancer claim files produced no criticisms.

The median for denial was four (4) days.

11. Paid Annuity Death Settlements

A review of fifteen paid annuity death settlement claim files produced no criticisms.

The median for payment was two (2) days.

C. Nonforfeiture Analysis

1. Life Cash Surrenders

A review of one hundred life cash surrender files produced no criticisms.

The median for payment was three (3) days.

2. Annuity Cash Surrenders

A review of one hundred three annuity cash surrender files produced no criticisms.

The median for payment was four (4) days.

3. Extended Term/Reduced Paid Up Insurance

One hundred three extended term/reduced paid up insurance files were reviewed. One hundred three files or 100% of the files reviewed were criticized. A general trend criticism was written under Section 5/234.1 of the Illinois Insurance Code for failure to provide a Notice of Enactment of Nonforfeiture Options as required.

The Company disagreed that they failed to provide the Notice of Enactment of Nonforfeiture Options as required, however they did agree to change the Notice of Enactment of Nonforfeiture Options letter to

comply with Section 234.1. The revised Notice letter was provided to the Department and is sufficient to satisfy the Department's general trend criticism.

See (215 ILCS 5/234.1).

D. Policy Forms and Advertising Material

Since the Company does not sell any insurance products (they only service blocks of business acquired by the Company), they had no advertising to review.

E. Complaint Analysis

1. Department of Insurance Complaints

A review of twenty six Department of Insurance Complaints produced no criticisms.

The median for response was twenty days.

2. Consumer Complaints

A review of sixteen consumer complaints produced no criticisms.

The median for response was fifteen days.

V. INTERRELATED FINDINGS

None

VI. TECHNICAL APPENDICES

None

STATE OF *New York* )  
COUNTY OF *Bronx* ) ss

Danny Talkington, 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 Reassure America Life Insurance Company NAIC # 70221;

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;

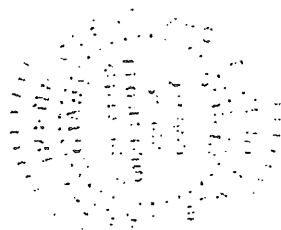
That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance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

*Danny Talkington*  
Danny Talkington  
Examiner-In-Charge

Subscribed and sworn to before me  
this *4* day of *December*, 2012.

*Marta Irene Glenn*  
Notary Public

MARTHA IRENE GLENN  
NOTARY PUBLIC-STATE OF NEW YORK  
No. 01GL6181895  
Qualified in Bronx County  
My Commission Expires March 14, 2016





# Illinois Department of Insurance

---

PAT QUINN  
Governor

ANDREW BORON  
Director

January 8, 2013

Joni Carteaux  
Reassure America Life Insurance  
1670 Magnavox Way  
Fort Wayne, Indiana 46804

*sent via USPS certified mail  
return receipt requested*

Dear Ms Carteaux:

A Market Conduct Examination of your companies was conducted by authorized examiners designated by the Director of Insurance pursuant to Illinois Insurance Code Sections 132, 401, 402, 403 and 425 of the Illinois Insurance Code. The examination covered the period July 1, 2010 through June 30, 2011.

As required by Illinois Insurance Code Section 132, the Director must notify the company made the subject of any market conduct examination of the contents of the verified examination report before filing it and making the report public of any matters relating thereto, and must afford the company an opportunity to demand a hearing with reference to the facts and other evidence therein contained. A copy of the examination report is accordingly enclosed with this letter. The company may request a hearing within 10 days after receipt of the examination report by giving the Director written notice of the request, together with a statement of its objections. The examination report will generally not be filed until hearing is completed.

Companies that do not demand a formal hearing may submit their rebuttal with respect to any matters in the examination report. The rebuttal will be considered by the Director before the examination report is filed. Please provide any rebuttals to the undersigned by close of business, Thursday, February 7, 2013.

Once the report of examination has been filed, the exam report, the company's rebuttal, if any, and corresponding Orders (if applicable) are public documents under the Freedom of Information Act (5 ILCS 140/1 *et al.*) and may be posted on the Department's website. In the event of a formal hearing, the record of the hearing, the Hearing Officer Recommendations and the Director's final Order are also public documents and may be posted on the Department's website.

Please contact me if you have any questions. I may be reached at 312-814-5410.

Sincerely,

  
Anne Marie Skallerup  
Staff Attorney

AnneMarie.Skallerup@illinois.gov

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.

Anne Marie Skallerup  
Staff Attorney  
Illinois Department of Insurance



Joni Carteaux  
Assistant Vice President

January 30, 2013

Anne Marie Skallerup  
Staff Attorney  
Illinois Department of Insurance  
100 West Randolph, Suite 9-301  
Chicago, Illinois 60601-3395

RE: Market Conduct Examination Report  
Reassure America Life Insurance Company (NAIC #70211)

Dear Ms. Skallerup:

We are in receipt of the verified Market Conduct Examination Report for Reassure America Life Insurance Company ("REALIC") covering the examination period of July 1, 2010 through June 30, 2011.

The examination report has been reviewed and REALIC accepts the report as written. However, please note that effective December 31, 2012, REALIC merged with and into Jackson National Life Insurance Company (NAIC #65056). With the merger occurring after the examination period, we were not certain if the Department would revise the Company Background information contained in the report. If a change is made, please forward a revised report to my attention.

If you should have any questions, please do not hesitate to contact me.

Best regards,



Joni Carteaux, ACS, AIRC, HIA  
Compliance Consultant  
joni.carteaux@jackson.com



# Illinois Department of Insurance

---

PAT QUINN  
Governor

ANDREW BORON  
Director

February 7, 2013

Joni Carteaux  
Reassure America Life Insurance  
1670 Magnavox Way  
Fort Wayne, Indiana 46804

*sent via USPS certified mail  
return receipt requested*

Dear Ms. Carteaux:

Thank you for your letter dated January 30, 2013 confirming Reassure America Life Insurance Company's acceptance of the Market Conduct Examination Report, covering the period of July 1, 2010 through June 30, 2011, as written. The Department has revised the 'Background' section of the report to reflect the Company's merger with Jackson National Life Insurance Company. As requested, you will find the revised report enclosed. The Department will now be closing its file on this exam.

I would like to take this opportunity to thank both yourself and the employees of Reassure Life Insurance Company for the courtesy and professionalism shown to the Department and its examiners throughout the examination process. Please be advised that I intend to request that the Director to make the Market Conduct Market Conduct Examination public pursuant to Section 132 of the Illinois Insurance Code (215 ILCS 5/132).

Please contact me if you have any questions. I may be reached at 312-814-5410.

Sincerely,

  
Anne Marie Skallerup  
Staff Attorney

AnneMarie.Skallerup@illinois.gov

Enclosures: Exam Report