

1 3. a. West Coast failed to obtain with the application a replacement
2 notice in a form approved by the director on seven of the 67 life internal and external
3 replacement files reviewed;

4 b. West Coast failed to obtain with the application a replacement
5 notice in a form approved by the director and either failed to notify the producer and
6 applicant that outstanding requirements needed to be fulfilled or did not fulfill the
7 incomplete requirement on six of the 67 life internal and external replacement files
8 reviewed;

9 c. West Coast failed to require, with the application, a statement
10 signed by the producer stating that the producer used only sales material which had
11 been approved by the Company and that copies were provided to the applicants on 66
12 of the 67 life internal and external replacement files reviewed;

13 d. West Coast failed to notify the applicant within ten days of the
14 issuance of the policy that the producer made a representation that only approved
15 sales materials were used and that the producer had provided copies of those sales
16 materials to the applicant on 67 of the 67 life internal and external replacement files
17 reviewed;

18 e. West Coast failed when notified by another insurer of possible
19 replacement of an existing policy to have procedures in place to send a letter to the
20 policy owner within five business days of receipt of the notice of replacement advising
21 the owner of the right to receive information about the existing policy or contract values
22 including, if available, an in-force illustration or a policy summary if an in-force
23 illustration cannot be produced;

24 f. West Coast failed to have procedures in place to notify the policy
25 owner upon receipt of a request to borrow, surrender, or withdraw any policy values

1 that a release of policy values may affect the guaranteed elements, nonguaranteed
2 elements, face amount or surrender value of the policy from which the values are
3 released;

4 g. West Coast failed upon receipt of a request to borrow, surrender
5 or withdraw life insurance policy values or annuity contract values to have procedures
6 in place to send the required notice separate from the check if the check was sent to
7 anyone other than the policy owner.

8 **CONCLUSION OF LAW**

9 1. a. West Coast violated A.R.S. § 20-1241.04 (E) by failing to obtain
10 with life applications a replacement notice in a form approved by the director;

11 b. West Coast violated A.R.S. § 20-1241.04 (H) by failing on life
12 applications to notify the producer and applicant of the outstanding replacement
13 requirements that needed to be fulfilled or did not fulfill the incomplete requirement;

14 c. West Coast violated A.R.S. § 20-1241.05 (G)(1) by failing on life
15 applications to obtain a statement signed by the producer stating that the producer
16 used only sales material which had been approved by the Company.

17 d. West Coast violated A.R.S. § 20-1241.05 (G)(2) by failing on life
18 applications to notify the applicant within ten days of the issuance of the contract that
19 the producer made a representation that only approved sales materials were used and
20 that the producer had provided copies of those sales materials to the applicant;

21 e. West Coast violated A.R.S. § 20-1241.06 (A)(2) by failing when
22 notified by another insurer of possible replacement of an existing policy to have
23 procedures in place to send a letter to the policy owner within five business days of
24 receipt of the notice of replacement advising the owner of the right to receive
25

1 information about the existing policy or contract values including, if available, an in-
2 force illustration or a policy summary if an in-force illustration cannot be produced;

3 f. West Coast violated A.R.S. § 20-1241.06 (A)(3) by failing to have
4 procedures in place to notify the policy owner upon receipt of a request to borrow,
5 surrender, or withdraw any policy values that a release of policy values may affect the
6 guaranteed elements, nonguaranteed elements, face amount or surrender value of the
7 policy from which the values are released;

8 g. West Coast violated A.R.S. § 20-1241.06 (B) by failing upon
9 receipt of a request to borrow, surrender or withdraw life insurance policy to have
10 procedures in place to send the required notice separate from the check if the check
11 was sent to anyone other than the policy owner.

12 ORDER

13 **IT IS ORDERED THAT:**

14 1. West Coast Life Insurance Company shall cease and desist from:

15 a. failing to obtain with life applications a replacement notice in a form
16 approved by the director;

17 b. failing to obtain with life applications a replacement notice in a form
18 approved by the director, and then either failing to notify the producer and applicant
19 that outstanding requirements need to be fulfilled, or not fulfilling the incomplete
20 requirements;

21 c. failing on life applications to obtain a statement signed by the
22 producer stating that the producer used only sales material which had been approved
23 by the Company;

24 d. failing on life applications to notify the applicant within ten days of the
25 issuance of the contract that the producer made a representation that only approved

1 sales materials were used and that the producer had provided copies of those sales
2 materials to the applicant;

3 e. failing to send a letter to the policy owner within five business days of
4 receipt of the notice of replacement from another insurer, advising the owner of the
5 right to receive information about the existing policy or contract values including, if
6 available, an in-force illustration or a policy summary if an in-force illustration cannot be
7 produced;

8 f. failing upon receipt of a request to borrow, surrender, or withdraw any
9 policy values to notify the policy owner that a release of policy values may affect the
10 guaranteed elements, nonguaranteed elements, face amount or surrender value of the
11 policy from which the values are released;

12 g. failing upon receipt of a request to borrow, surrender or withdraw life
13 insurance policy values to send the required notice separate from the check if the
14 check was sent to anyone other than the policy owner;

15 2. Within 90 days of filed date of this Order, West Coast shall submit to the
16 Arizona Department of Insurance, for approval, evidence that corrections have been
17 implemented and communicated to the appropriate personnel, regarding all of the
18 items listed above in Paragraph 1 of the Order section of this Consent Order.
19 Evidence of corrective action includes but is not limited to memos, bulletins, E-mails,
20 correspondence, procedures manuals, print screens and training materials.

21 3. The Department shall be permitted, through authorized representatives,
22 to verify that West Coast has complied with all provisions of this Order.

23 4. West Coast shall pay a civil penalty of \$19,840.00 to the Director for
24 deposit in the State General Fund in accordance with A.R.S. § 20-220(B). This civil
25

1 penalty shall be provided to the Market Conduct Examinations Section of the
2 Department prior to the filing of this Order.

3 5. The Report of Examination of the Market Conduct Affairs of West Coast
4 Life Insurance Company dated March 31, 2005 including the letter submitted in
5 response to the Report of Examination, shall be filed with the Department after the
6 Director has filed this Order.

7 DATED Arizona this 9th day of May, 2007.

8 

9
10 Christina Urias
11 Director of Insurance
12
13
14
15
16
17
18
19
20
21
22
23
24
25

1 **CONSENT TO ORDER**

2 1. West Coast Life Insurance Company has reviewed the foregoing Order.

3 2. West Coast Life Insurance Company admits the jurisdiction of the
4 Director of Insurance, State of Arizona, admits the foregoing Findings of Fact, and
5 consents to the entry of the Conclusions of Law and Order.

6 3. West Coast Life Insurance Company is aware of its right to a hearing, at
7 which it may be represented by counsel, present evidence, and cross-examine
8 witnesses. West Coast Life Insurance Company irrevocably waives its right to such
9 notice and hearing and to any court appeals related to this Order.

10 4. West Coast Life Insurance Company states that no promise of any kind
11 or nature whatsoever was made to it to induce it to enter into this Order and that it has
12 entered into this Consent Order voluntarily.

13 5. West Coast Life Insurance Company acknowledges that the acceptance
14 of this Order by the Director of Insurance, State of Arizona, is solely to settle this
15 matter against it and does not preclude any other agency or officer of this state or its
16 subdivisions or any other person from any other civil or criminal proceedings, whether
17 civil, criminal, or administrative, as may be appropriate now or in the future.

18 6. Lynn W. Williams, who holds the office of
19 Senior Associate Counsel of West Coast Life Insurance Company, is
20 authorized to enter into this Order for it and on its behalf.

21 **WEST COAST LIFE INSURANCE COMPANY**

22 May 7, 2007

23 Date

24 By: 

1 COPY of the foregoing mailed/delivered
2 this 18th day of May, 2007, to:

3 Gerrie Marks
4 Deputy Director
5 Mary Butterfield
6 Assistant Director
7 Consumer Affairs Division
8 Paul J. Hogan
9 Market Oversight Administrator
10 Market Oversight Division
11 Dean Ehler
12 Assistant Director
13 Rates & Regulations Division
14 Steve Ferguson
15 Assistant Director
16 Financial Affairs Division
17 Alan Griffieth
18 Chief Financial Examiner
19 Alexandra Schafer
20 Assistant Director
21 Life and Health Division
22 Terry L. Cooper
23 Fraud Unit Chief

24 DEPARTMENT OF INSURANCE
25 2910 North 44th Street, Suite 210
Phoenix, AZ 85018

Lynn W. Williams, Sr. Associate Counsel
West Coast Life Insurance Company
P. O. Box 2606
Birmingham, AL 25202

23
24 
25