

OCT 26 2007

DEPT OF INSURANCE
BY CB

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

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| In the Matter of: |) | Docket No. 07A-188-INS |
| |) | |
| HARTFORD LIFE AND ANNUITY INSURANCE |) | |
| |) | |
| COMPANY, |) | CONSENT ORDER |
| |) | |
| NAIC # 71153, |) | |
| |) | |
| Respondent |) | |

Examiners for the Department of Insurance (the "Department") conducted a market conduct examination of Hartford Life and Annuity Insurance Company ("Hartford"). The Report of Examination of the Market Conduct Affairs of Hartford Life and Annuity Insurance Company alleges that Hartford has violated A.R.S. §§ 20-1233 (A) and (B), 20-1241.04 (D) and (H) and 20-1241.05 (C).

Hartford wishes to resolve this matter without formal proceedings, admits that the following Findings of Fact are true and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Hartford is authorized to transact life and disability insurance pursuant to a Certificate of Authority issued by the Director.

2. The Director authorized the Examiners to conduct a targeted market examination of Hartford. The examination covered the time period from October 1, 2004 through March 31, 2005 and concluded on August 22, 2006. Based on the examination findings, the Examiners prepared the "Report of Targeted Examination of Hartford Life And Annuity Insurance Company", dated March 31, 2005.

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1 3. a. Hartford used 27 annuity application forms and four annuity
2 contract forms that either failed to contain a Free Look notice, or contained a Free
3 Look notice that failed to included a statement notifying contract holders that, upon
4 written request, the insurer is required to provide within a reasonable time reasonable
5 factual information regarding the benefits and provisions of the annuity contract to the
6 contract holder;

7 b. Hartford used three variable annuity contract forms that failed to
8 contain a Free Look notice that offered the right to return the annuity contract for a
9 refund of the value of the separate accounts plus the fees and other charges that were
10 paid;

11 c. Hartford failed to require, with the application, an answer the
12 question as to whether the applicant had any other annuities or life insurance currently
13 in force or applied for on 17 of the 108 annuity issued, internal replacement and
14 external replacement files reviewed;

15 d. Hartford failed to require, with the application, an answer the
16 question as to whether the applicant had any other annuities or life insurance currently
17 in force or applied for and either failed to notify the producer and applicant that
18 outstanding requirements needed to be fulfilled or did not fulfill the incomplete
19 requirement on 17 of the 108 annuity issued, internal replacement and external
20 replacement files reviewed;

21 e. Hartford failed to notify the existing insurer that may be affected by
22 the proposed replacement within five business days of the receipt of a completed
23 application indicating replacement on three of the 40 annuity external replacement files
24 reviewed;

25

1 **CONCLUSIONS OF LAW**

2 1. a. Hartford violated A.R.S. § 20-1233 (A) by using application and
3 contract forms that either failed to contain a Free Look notice, or contained a Free
4 Look notice that failed to included a statement notifying contract holders that, upon
5 written request, the insurer is required to provide within a reasonable time reasonable
6 factual information regarding the benefits and provisions of the annuity contract to the
7 contract holder;

8 b. Hartford violated A.R.S. § 20-1233 (B) by using contract forms that
9 failed to contain a Free Look notice that offered the right to return the annuity contract
10 for a refund of the value of the separate accounts plus the fees and other charges that
11 were paid.

12 2. a. Hartford violated A.R.S. § 20-1241.04 (D) by failing to obtain an
13 answer to the question on the application as to whether the applicant had any other
14 annuities or life insurance currently in force or applied for;

15 b. Hartford violated A.R.S. § 20-1241.04 (H) by failing to notify the
16 producer and applicant the outstanding replacement requirements on the application
17 that needed to be fulfilled or did not fulfill the incomplete requirement;

18 c. Hartford violated A.R.S. § 20-1241.05 (C) by failing to notify the
19 existing insurer that may be affected by the proposed replacement within five business
20 days of the receipt of a completed application indicating replacement.

21 **ORDER**

22 **IT IS ORDERED THAT:**

23 1. Hartford Life and Annuity Insurance Company shall cease and desist
24 from:
25

1 a. failing to use application forms that either failed to contain a Free
2 Look notice, or contained a Free Look notice that failed to included a statement
3 notifying contract holders that, upon written request, the insurer is required to provide
4 within a reasonable time reasonable factual information regarding the benefits and
5 provisions of the annuity contract to the contract holder;

6 b. failing to use contract forms that failed to contain a Free Look notice
7 that offered the right to return the annuity contract for a refund of the value of the
8 separate accounts plus the fees and other charges that were paid;

9 c. failing to obtain an answer to the question on the application as to
10 whether the applicant had any other annuities or life insurance currently in force or
11 applied for;

12 d. failing to notify the producer and applicant of the outstanding
13 replacement requirements on the application that needed to be fulfilled or did not fulfill
14 the incomplete requirement;

15 e. failing to notify the existing insurer that may be affected by the
16 proposed replacement within five business days of a completed application which
17 indicated replacement.

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

24 3. The Department shall be permitted, through authorized representatives,
25 to verify that Hartford has complied with all provisions of this Order.

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4. Hartford shall pay a civil penalty of \$16,100.00 to the Director for deposit in the State General Fund in accordance with A.R.S. § 20-220(B). This civil penalty shall be provided to the Market Conduct Examinations Section of the Department prior to the filing of this Order.

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

DATED Arizona this 29th day of October, 2007.



Christina Urias
Director of Insurance

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1 CONSENT TO ORDER

2 1. Hartford Life and Annuity Insurance Company has reviewed the
3 foregoing Order.

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

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

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

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

20 6. Anne Iezzi, who holds the office of
21 VP and Chief Compliance Officer of Hartford Life and Annuity Insurance Company, is
22 authorized to enter into this Order for it and on its behalf.

23 Hartford Life and Annuity Insurance Company

24 By: Anne M. Iezzi


25 10/11/07
Date

1 COPY of the foregoing mailed/delivered
2 this 26th day of October , 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

Carla I. Zahner, Assistant Counsel
Law Department
Hartford Life and Annuity Insurance Company
200 Hopmeadow Street
Simsbury, CT 06089

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