



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 43819-01-CO

GUARANTEE RESERVE LIFE INSURANCE COMPANY
Life and Health Target Market Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between GUARANTEE RESERVE LIFE INSURANCE COMPANY, hereinafter referred to as "GUARANTEE RESERVE" and the FLORIDA DEPARTMENT OF INSURANCE, hereinafter referred to as the "DEPARTMENT". Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the Treasurer and Insurance Commissioner, as head of the Florida Department of Insurance, hereby finds as follows:

1. The Treasurer and Insurance Commissioner, as head of the DEPARTMENT, has jurisdiction over the matter of, and parties to, this proceeding.
2. GUARANTEE RESERVE is a foreign insurer authorized to transact insurance business in Florida and is subject to the jurisdiction and regulation of the DEPARTMENT pursuant to the Florida Insurance Code.

3. The DEPARTMENT has conducted a market conduct examination of GUARANTEE RESERVE, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the DEPARTMENT determined that GUARANTEE RESERVE committed the following violations of the Florida Statutes.

a. Used advertisements in conjunction with the sale of its modified benefit whole life policies which contained wording such as "No Health Qualifications", "No Medical Examination" in violation of Rule 4-150.107(2)(b), Florida Administrative Code.

b. Failed to pay interest from the date of receipt of written proof of death of the insured as required by Section 627.4615, Florida Statutes.

4. The DEPARTMENT and GUARANTEE RESERVE expressly waive a hearing in this matter, and the making of Findings of Fact and Conclusions of Law by the DEPARTMENT and all further and other proceedings herein to which the parties may be entitled by law or rules of the DEPARTMENT. GUARANTEE RESERVE hereby knowingly and voluntarily waives all rights to challenge or to contest this Order, in any forum now available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

5. GUARANTEE RESERVE agrees that the failure to adhere to one or more of the terms and conditions of this Order shall constitute a violation of lawful order of the DEPARTMENT, and shall subject GUARANTEE RESERVE to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

6. GUARANTEE RESERVE agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

a. GUARANTEE RESERVE shall pay an administrative penalty of \$3,500 and administrative costs of \$500 on or before the 30th day after this Consent Order is executed.

b. GUARANTEE RESERVE shall immediately develop and implement a procedure for monitoring the accuracy and completeness of the medical answers submitted on applications for coverage. The procedures shall be communicated to the company's agency force and a copy furnished to the DEPARTMENT within ninety (90) days of the execution of this Consent Order.

c. GUARANTEE RESERVE shall immediately develop and implement procedures for reducing the number of policy rescissions and partial claims settlements due to incomplete or inaccurate medical information on applications. A copy of this procedure shall also be submitted to the DEPARTMENT within ninety (90) days of the execution of this Consent Order.

d. GUARANTEE RESERVE shall henceforth pay interest on all death claims from the date the due proof of death is received by the company as required by Section 627.4615, Florida Statutes at the rate of interest required by that statute.

e. GUARANTEE RESERVE shall review all Florida death claims paid from January 1, 1997 to June 30, 2000 to determine if interest has been paid from the date the due proof of death was received by the company as required by Section 627.4615, Florida Statutes. If the interest has not been paid as required by the statute, the interest shall be paid to the appropriate beneficiary.

f. GUARANTEE RESERVE shall immediately commence paying a reasonable rate of interest on all premium refunds on rescinded policies from date of issue to date of return of premium at the same rate of interest which the company charges on policy loans.

g. GUARANTEE RESERVE shall henceforth comply with all of the provisions of the Florida Insurance Code and Florida Statutes.

h. GUARANTEE RESERVE is hereby placed on notice of the requirements of the above referenced sections of law and agrees that any future violations of these sections by GUARANTEE RESERVE may be deemed willful, subjecting GUARANTEE RESERVE to appropriate penalties.

7. Except as noted above each party to this action shall bear its own costs and attorney's fees.

8. THEREFORE, the agreement between GUARANTEE RESERVE and the DEPARTMENT, the terms and conditions of which are set forth above, is approved.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE and ORDERED this 8th day of April, 2002.



KEYVIN McCARTY
Deputy Insurance Commissioner

By execution hereof GUARANTEE RESERVE LIFE INSURANCE COMPANY
consents to entry of this Order, agrees without reservation to all of the above terms and
conditions, and shall be bound by all provisions herein. I am authorized to execute this
document.

GUARANTEE RESERVE LIFE
INSURANCE COMPANY

By:

James Hertz
(Typed or Printed Name)

Title: Vice President

Date: 3/11/02

COPIES FURNISHED TO:

Steven Paul Weiss, President
Guarantee Reserve Life Insurance Company
530 River Oak West
Calumet City, IL 60409

Jack McDermott, Management Review Specialist
Florida Department of Insurance
Life & Health Market Conduct
200 East Gaines Street
Tallahassee, FL 32399-0327

Robin Hall, Insurance Analyst
Florida Department of Insurance
Life & Health Market Conduct
200 East Gaines Street
Tallahassee, FL 32399-0327

John L. Swyers, Esquire
Florida Department of Insurance
Division of Legal Services
200 East Gaines Street
Tallahassee, FL 32399-0333