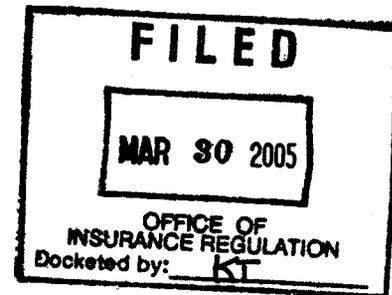


Received by Office of
Insurance Regulation

MAR 31 2005

Bureau of
Market Investigations



OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 63232-02-CO

GUARANTEE TRUST 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 TRUST LIFE INSURANCE COMPANY, (hereinafter referred to as "GUARANTEE TRUST"), and the OFFICE OF INSURANCE REGULATION, (hereinafter referred to as the "OFFICE"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the OFFICE hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter of, and parties to, this proceeding.
2. GUARANTEE TRUST is a foreign insurer authorized to transact insurance business in Florida and is subject to the jurisdiction and regulation of the OFFICE pursuant to the Florida Insurance Code.
3. The OFFICE has conducted a target market conduct examination of GUARANTEE TRUST covering the period from April 1, 2000 to March 31, 2002 pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the

OFFICE determined that GUARANTEE TRUST committed the following violations of the Florida Statutes:

a. Failure to create a record or certified statement that the company conducted a background investigation of the moral character, fitness and reputation of certain agents appointed to represent the company in violation of Section 626.451(2), Florida Statutes.

b. Failure to return promptly the unearned premium on certain medicare supplement policies in which the insured had requested cancellation or had died in violation of Section 627.6741(4), Florida Statutes.

c. Failure to make available all records necessary to conduct the examination in violation of Section 624.318, Florida Statutes.

d. Failure to deliver a policy to the policyholder within sixty (60) days after effectuation of coverage in violation of Section 627.421(1), Florida Statutes.

e. Failure to pay interest on cash surrender payment requests in which the payment is made after 30 days of the request in violation of Section 627.482, Florida Statutes.

4. The OFFICE and GUARANTEE TRUST expressly waive a hearing in this matter, and the making of Findings of Fact and Conclusions of Law by the OFFICE and all further and other proceedings herein to which the parties may be entitled by law or rules of the OFFICE. GUARANTEE TRUST 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 TRUST agrees that the failure to adhere to one or more of the terms and conditions of this Order shall constitute a violation of a lawful order of the OFFICE, and shall subject GUARANTEE TRUST to such administrative action as the OFFICE may deem appropriate.

6. GUARANTEE TRUST 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 TRUST may be deemed willful, subjecting GUARANTEE TRUST to appropriate penalties.

7. GUARANTEE TRUST agrees that upon the execution of this Consent Order, it shall be subject to the following terms and conditions.

a. GUARANTEE TRUST shall pay a penalty of \$24,000 and administrative costs of \$1,000 on or before the 30th day after this Consent Order is executed.

b. GUARANTEE TRUST shall develop database(s) and/or procedures for tracking individual agent activity, persistency, multiple policy sales, and consumer complaints to the Company to facilitate the Company's requirement to monitor the marketing activities of individual agents.

c. GUARANTEE TRUST shall instruct agents to obtain signed delivery receipts for policyholder files to ensure delivery of policy within sixty (60) days as required by Section 627.421, Florida Statutes.

d. GUARANTEE TRUST shall henceforth calculate and pay unearned premiums on medicare supplement policies either on a pro rata basis, if the company cancels or in accordance with the appropriate short rate table, if the insured cancels.

Furthermore, the company's liability for the unearned premium shall be calculated from date of cancellation request or the date of death occurred.

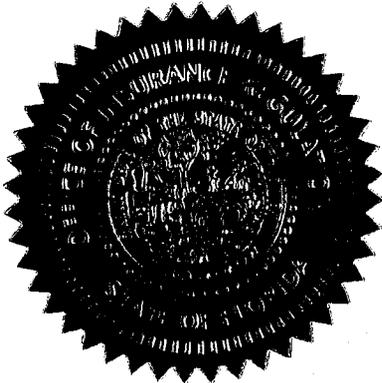
e. GUARANTEE TRUST shall review all requests for cancellations applicable to medicare supplement policies submitted to the company by Florida residents between April 1, 2000 and March 31, 2002 and pay the required interest on those policies in which unearned premium was not paid within thirty (30) days from the date of the cancellation or date of death. The actual date of receipt of the request for cancellation or date of death shall be used to calculate the thirty (30) day period.

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

THEREFORE, the agreement between GUARANTEE TRUST and the OFFICE, 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 30th day of March, 2005.



Kevin M. McCarty
Commissioner
Office of Insurance Regulation

By execution hereof GUARANTEE TRUST 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 TRUST LIFE
INSURANCE COMPANY,

By: Allan J. Heindl

Allan J. Heindl
(Typed or Printed Name)

Title: Vice President, Product Approval
and Compliance

Date: February 4, 2005

Corporate Seal

State of Illinois

County of Cook

On February 4, 2005 before me, Mary M. Kole,

personally appeared Allan J. Heindl,

personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon whose behalf the person acted, executed the instrument.

Subscribed and sworn to before me this 4th day of February, 2005.

Signature Mary M. Kole [NOTARIAL SEAL]
(Signature of Notary Public)

My Commission Expires: 2/16/07



COPIES FURNISHED TO:

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