



THE TREASURER OF THE STATE OF FLORIDA  
DEPARTMENT OF INSURANCE

BILL NELSON

IN THE MATTER OF:

CASE NO.: 29714-99-0000

**JC PENNEY LIFE INSURANCE COMPANY**

Life and Health Market Conduct  
Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **JC PENNEY LIFE INSURANCE COMPANY**, hereinafter referred to as "**JC PENNEY LIFE**" 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 subject matter of, and parties to, this proceeding.

2. **JC PENNEY LIFE** is a foreign life and health 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 conducted a market conduct examination of JC PENNEY LIFE, for the period January 1, 1994 through December 31, 1996 pursuant to Section 624.3161, Florida Statutes. Prior to conducting the on-site examination, the Department initiated an investigation in 1993 of the company's telemarketing practices. As a result of this investigation, in November 1995 the Department required certain changes to the Company's telemarketing scripts to bring them into compliance with Section 626.12, Florida Statutes as follows: (a) unlicensed telemarketers may not refer to available benefit limits or premium of the policy; (b) the word "Bonus" may not be used to describe an initial coverage period during which premium is paid by the master policyholder; and (c) unlicensed telemarketers must identify the supervisor as a licensed Florida insurance agent.

Following the on-site examination, the Department requested and reviewed seven (7) telemarketing scripts, identified in Exhibit "A" of this Consent Order which were in use by the Company at some point during the examination period. The Department determined that three (3) of these scripts violated Section 626.112, Florida Statutes because the unlicensed telemarketer referred to the available benefit limits of the policy or referred to the appointed agent as a "supervisor". They were the MEAD3 Bank One Dayton (Money Express), Capitol One CREDIT2 and Capitol One NBC2 scripts. The Company voluntarily discontinued using the MEAD3 script in April 1995, prior to the Department's requested changes in November 1995, and has since voluntarily discontinued using the Capitol One CREDIT 2 and NBC2

scripts. The remaining scripts complied with the requirements of Section 626.112, Florida Statutes.

4. The DEPARTMENT and JC PENNEY LIFE 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. JC PENNEY LIFE 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. JC PENNEY LIFE agrees that the failure to adhere to the terms and conditions of this Order shall, constitute a violation of a lawful order of the DEPARTMENT, and shall subject JC PENNEY LIFE to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

6. This Consent Order also addresses and closes the 1993 market conduct investigation of JC PENNEY LIFE covering the same subject matter.

7. JC PENNEY LIFE agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) JC PENNEY LIFE shall pay an administrative penalty of \$2,500 and administrative costs of \$500 on or before the 30th day after this Consent Order is executed.

(b) JC PENNEY LIFE shall henceforth adhere to the telemarketing script changes required by the Department in November 1995.

(c) JC PENNEY LIFE is hereby placed on notice of the telemarketing script changes required by the Department in November 1995 are necessary to comply with the requirements of the above referenced sections of law and any future violations of these sections by JC PENNEY LIFE may be deemed willful, depending on the circumstances, subjecting JC PENNEY LIFE to appropriate penalties.

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

9. THEREFORE, the agreement between JC PENNEY LIFE 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 30<sup>th</sup> day of June,

2000.



BILL NELSON  
Treasurer and  
Insurance Commissioner

By execution hereof JC PENNEY 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.

JC PENNEY LIFE INSURANCE COMPANY

By:

Title: Executive Vice President

Date: 6-9-00

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