

THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 42450-01-CO

THE MEGA LIFE AND HEALTH
INSURANCE COMPANY
Life and Health Market Conduct Investigation

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between THE MEGA LIFE AND HEALTH INSURANCE COMPANY, (hereafter referred to as "MEGA"), 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. MEGA is an Oklahoma 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. On or about October 26, 1995, MEGA and First Life Assurance Company, (First Life Assurance), an Oklahoma insurer, entered into a Bulk Reinsurance Agreement in

which MEGA assumed a block of credit life and credit accident and health policies from First Life Assurance. Those policies are the subject of this Consent Order.

4. MEGA, although licensed to transact credit life and credit accident and health business in Florida, does not write those lines in Florida. The only credit life, credit accident and health premium which MEGA has in force in Florida is that described in Paragraph 3, above.

5. The DEPARTMENT has conducted an investigation of MEGA, pursuant to Section 624.318, Florida Statutes. As a result of such investigation, the DEPARTMENT determined that MEGA has committed the following violations of the Florida Insurance Code, to wit:

a. Failure, in certain instances, to maintain loan records relating to the amount and term of the loan for which credit life and credit accident and health coverage was issued in violation of Section 624.3161, Florida Statutes.

b. Failure, in a limited number of instances, to correctly calculate and make payment of credit life claims in accordance with Sections 627.6785(3) and 627.681(3), Florida Statutes, and Rule 4-163.010, Florida Administrative Code. In those instances, MEGA determined the amount of the claim at date of death through a calculation of dividing the number of months of the coverage into the original amount of insurance to determine the monthly payment, rather than using the insured's monthly payment. The monthly payment is critical as it is multiplied by the remaining number of months to determine the amount of the claim.

6. The DEPARTMENT and MEGA 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. MEGA 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.

7. MEGA 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 DEPARTMENT.

8. MEGA agrees that upon execution of this Consent Order, it shall be subject to the following terms and conditions, to wit:

a. MEGA shall contact, within 30 days of the execution of this Consent Order, either the estate or the appropriate beneficiary of each decedent-insured identified in Exhibit A attached to this Consent Order. The correspondence shall request that the recipient forward to MEGA any documentation available relating to the loan which was the basis for the issuance of the credit life policy by First Life Assurance covering the insured indicated. Upon receipt of such documentation, MEGA shall recalculate the claim payment in accordance with the methodology described in Paragraph 5(b), above. If the calculation results in a greater amount owed than the amount previously paid by MEGA, MEGA shall be entitled to deduct from such amount (1) payments previously paid to the lender, (2) payments previously made to the second beneficiary or surviving spouse and (3) any additional premium if the insured amount has been increased. MEGA shall, within 90 days of the execution of this Consent Order, furnish the DEPARTMENT with a listing indicating name of insured and amount and to whom payment was made.

b. MEGA shall in the future calculate credit life claim payments in accordance with the methodology described in Paragraph 5(b), above.

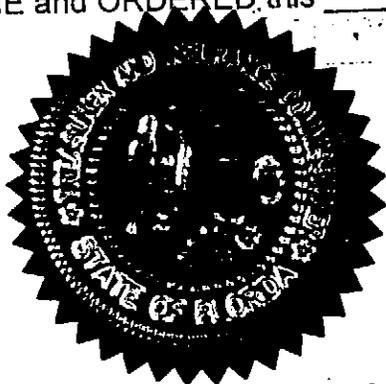
9. MEGA is hereby placed on notice of the requirements of the above referenced sections of law and agrees that any future violations of these sections by MEGA may be deemed willful, subjecting MEGA to appropriate penalties.

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

THEREFORE, the agreement between MEGA 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 5th day of June, 2002.



KEVIN McCARTY
Deputy Insurance Commissioner

By execution hereof THE MEGA LIFE AND HEALTH 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.

THE MEGA LIFE AND HEALTH
INSURANCE COMPANY

By: _____

Robert J. Thomas, Jr.
(Typed or Printed Name)

Title: Vice President

Date: April 8, 2002

COPIES FURNISHED TO:

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