



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO. 60281-02-CO

PRINCIPAL LIFE INSURANCE COMPANY
_____ /

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between PRINCIPAL LIFE INSURANCE COMPANY, (hereinafter referred to as "PRINCIPAL") 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 agency head of the DEPARTMENT, has jurisdiction over the subject matter and of the parties herein.
2. PRINCIPAL is an Iowa insurer authorized to transact life and health 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 target market conduct examination of PRINCIPAL, pursuant to Section 624.3161, Florida Statutes. As a result of the examination, the DEPARTMENT has determined that PRINCIPAL has committed the following violations of the Florida Statutes:

a. Misrepresented certain policy provisions relating to the coverage at issue in violation of Section 626.9541(1)(i)(3)(b), Florida Statutes.

b. Failed to acknowledge and act promptly upon communications with respect to claims in violation of Section 626.9541(1)(i)(3)(c), Florida Statutes.

c. Failed to provide in writing a reasonable explanation to the insured for the denial of a claim or for an offer of a compromise settlement in violation of Section 626.9541(1)(i)(3)(f), Florida Statutes.

d. Failed to promptly notify the insured of any additional information necessary for the processing of a claim in violation of Section 626.9541(1)(i)(3)(g), Florida Statutes.

e. Failed to include interest on all overdue claim payments in violation of Section 627.613(6), Florida Statutes.

f. Failed to maintain a complete record of all complaints received since the date of last examination in violation of Section 627.9541(1)(j), Florida Statutes.

4. The DEPARTMENT and PRINCIPAL 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. PRINCIPAL 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. PRINCIPAL 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, and shall subject PRINCIPAL to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

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

(a) PRINCIPAL shall pay an administrative penalty of \$5,500 and administrative cost of \$1,000 on or before the 30th day after this Consent Order is executed.

(b) PRINCIPAL shall establish an audit procedure which insures that the standards for requesting additional information relating to a claim and for the timely payment of a claim are met as required by Section 627.613, Florida Statutes. The procedure shall also address the payment of interest on overdue claims as required by that statute. A copy of the procedure shall be filed with the DEPARTMENT within ninety (90) days of the execution of this Consent Order. PRINCIPAL shall also audit all pending Florida claims to ascertain that interest has been paid as required by Section 626.613(6), Florida Statutes.

(c) PRINCIPAL shall henceforth comply with all of the provisions of the Florida Insurance Code and the Florida Administrative Rules.

(d) PRINCIPAL 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 PRINCIPAL may be deemed willful, subjecting PRINCIPAL to the 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 PRINCIPAL 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 4th day of March, 2002.



KEVIN MCCARTHY
Deputy Insurance Commissioner

By execution hereof, PRINCIPAL LIFE INSURANCE COMPANY consents to entry of this Consent 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.

PRINCIPAL LIFE
INSURANCE COMPANY

By:

Debra West
(Typed or Printed Name)

Name: Debra West

Title: Counsel

COPIES FURNISHED TO:

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