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Market Investigations



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DEC 22 2004

OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

Booked by: oaw

IN THE MATTER OF:

CASE NO.: 77046-04-CO

ZALE LIFE INSURANCE COMPANY

Life and Health Market Investigations

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **ZALE LIFE INSURANCE COMPANY** (hereinafter referred to as "**ZALE LIFE**") 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** finds as follows:

1. The **OFFICE** has jurisdiction over the subject matter of, and parties to this proceeding.

2. **ZALE LIFE** is a foreign insurer authorized to transact insurance business in the State of Florida and is subject to the jurisdiction and regulation of the **OFFICE** in accordance with the Florida Insurance Code and Florida Administrative Code.

3. The **OFFICE** conducted an investigation pursuant to Section 624.318, Florida Statutes. As a result of such investigation, the **OFFICE** determined that **ZALE LIFE** violated the following provisions of the Florida Insurance Code and the Florida Administrative Code:

(a) **ZALE LIFE** failed to comply with Section 626.9541(1)(o)2,

Florida Statutes, by charging rates to residents of Florida that exceed the maximum allowable rate promulgated by the **OFFICE** for credit life and credit disability insurance during the period beginning July 1, 2003 through the present.

(b) **ZALE LIFE** failed to comply with revisions to the Credit Life and Disability Rule (Rule 4-163.002, F.A.C.), effective July 1, 2003, by failing to file with the **OFFICE** a rate filing reducing its prima facie rates for its credit life and credit disability insurance.

(c) **ZALE LIFE** failed to comply with revisions to the Credit Life and Disability Rule (Rule 4-163.0045, F.A.C.), effective July 1, 2003, by failing to file with the **OFFICE** all applicable forms related to credit life and credit disability insurance.

ZALE LIFE and the **OFFICE** hereby agree:

(a) **ZALE LIFE** shall file its credit life insurance and credit disability insurance forms and rates for approval within thirty (30) days from the date this Consent Order is executed.

(b) **ZALE LIFE** shall further identify all Florida certificate holders beginning July 1, 2003, who were charged inappropriate rates and issue refunds to these certificate holders within sixty (60) days from the date of the **OFFICE**'s approval of its forms and rates.

(c) **ZALE LIFE** shall further provide the **OFFICE** with a report confirming the total number of affected residents in this state, the certificate holders last name, the amount of their refund and the date returned to the certificate holder, concluding with the total amount of overpayment returned. This shall be provided to the **OFFICE** within ninety (90) days from the date this Consent Order is executed.

(d) **ZALE LIFE** shall pay a penalty of Four Thousand Five Hundred Dollars (\$4,500.00) and administrative costs of Five Hundred Dollars (\$500.00) within thirty (30) days from the date this Consent Order is executed.

(e) **ZALE LIFE** 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 **ZALE LIFE** may be deemed willful, subjecting **ZALE LIFE** to appropriate penalties.

5. The **OFFICE** and **ZALE LIFE** 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**. **ZALE 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.

6. **ZALE LIFE** 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 **ZALE LIFE** to such administrative action as the **OFFICE** may deem appropriate.

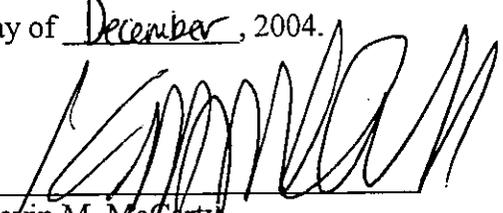
7. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

THEREFORE, the agreement between **ZALE LIFE** and the **OFFICE**, consisting of the terms and conditions set forth above, is approved.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 22 day of December, 2004.





Kevin M. McCarty
Commissioner
Office of Insurance Regulation

By execution hereof, ZALE 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. The undersigned represents, pursuant to Section 624.310, Florida Statutes, that he/she has the authority to bind ZALE LIFE INSURANCE COMPANY to the terms and conditions of this Consent Order.

ZALE LIFE INSURANCE COMPANY

By: Glenn G. Herbst

GLENN G. HERBST

Print or Type Name

Corporate Seal

Title: SENIOR VICE PRESIDENT & COO

Date: NOVEMBER 29, 2004

County of Dallas

State of Texas

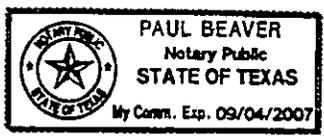
On Nov 29, 2004 before me, Paul Beaver, personally appeared Glenn Herbst, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, 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 29 day of November, 2004.

Signature Paul Bern
(Signature of Notary Public)

[NOTARIAL SEAL]

My Commission Expires: Sept 4, 2007



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