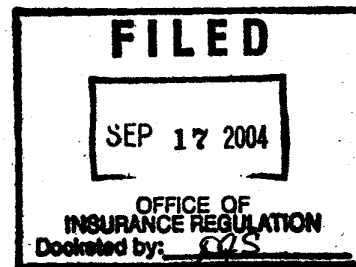


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Bureau of
Market Investigations

OFFICE OF INSURANCE REGULATION



KEVIN M. McCARTY
COMMISSIONER

IN THE MATTER OF:

CASE NO: 63235-02-CO

PIONEER 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 PIONEER LIFE INSURANCE COMPANY, (hereinafter referred to as "PIONEER LIFE"), and the OFFICE OF INSURANCE REGULATION, (hereinafter referred to as "OFFICE"). PIONEER LIFE was on July 1, 2003 merged into WASHINGTON NATIONAL INSURANCE COMPANY (WASHINGTON NATIONAL) with WASHINGTON NATIONAL being the surviving company. For purposes of this agreement both parties will be referred to as PIONEER LIFE. 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. PIONEER LIFE was during the scope of the examination a foreign insurer authorized to transact insurance business in Florida and was subject to the jurisdiction and regulation of the OFFICE pursuant to the Florida Insurance Code. WASHINGTON NATIONAL is subject to the jurisdiction and regulation of the OFFICE, pursuant to the Florida Insurance Code.

3. The OFFICE conducted a market conduct examination of PIONEER LIFE beginning April 17, 2002 and continuing through June 18, 2002, during which time it reviewed PIONEER LIFE's operations from March 1, 1999 to December 31, 2001.
4. The OFFICE's examination found that PIONEER LIFE and its agents committed certain violations of the Florida Insurance Code during the period of examination as described more particularly herein. The OFFICE recognizes that the examination took place while the company was under different management and current management has taken steps to remedy the violations identified in the report.
5. As a result of the OFFICE's examination, it was alleged that PIONEER LIFE did during the scope of the examination commit the following violations of the Florida Statutes:
 - a. In certain instances, failed to make available all records necessary to conduct the examination in violation of Section 624.318(2), Florida Statutes.
 - b. In certain instances, failed to keep a complete record of all complaints in violation of Section 626.9541(1)(j), Florida Statutes.
 - c. In certain instances, failed to monitor its agents to prevent them from knowingly making misleading representations for the purpose of inducing applicants to take out a policy of insurance with another insurer in violation of Section 626.9541(1)(l), Florida Statutes. PIONEER LIFE was responsible for the acts of its agents under the provisions of Section 626.451(3), Florida Statutes. In addition, such failure to monitor its agents to prevent the violations of Section 626.9541 (1)(l), Florida Statutes was hazardous and injurious to the policyholders and the insurance public of

the State of Florida in violation of Section 624.418(1)(b), Florida Statutes.

- d. In certain instances, failed to monitor its agents to prevent them from knowingly making false representations for the purpose of obtaining a fee or commission in violation of Section 626.9541 (1)(k), Florida Statutes. PIONEER LIFE was responsible for the acts of its agents under Section 626.451(3), Florida Statutes. In addition, such failure to monitor its agents to prevent the violations of Section 626.9541 (1)(k), Florida Statutes was hazardous and injurious to policyholders and the insurance public of the State of Florida in violation of Section 624.418(1)(b), Florida Statutes.
- e. In certain instances, failed to keep on file a full detailed credit and character report on agents in violation of Sections 626.521 (1), and (2), Florida Statutes.
- f. In certain instances, failed to create a certified statement or affidavit and to have conducted a background investigation of moral character, fitness and reputation of agents appointed to represent the company in violation of Section 626.451 (2), Florida Statutes.
- g. In certain instances, failed to file the reasons for termination when terminating agents as required by Sections 626.471 (2) and (3) and 626.511, Florida Statutes.
- h. In certain instances, accepted applications from agents not properly appointed with the company in violation of Section 626.112, Florida Statutes.
- i. In certain instances, failed to file agent appointments of agents writing business with the company in violation of Section 626.451 (1), Florida Statutes.

- j. In certain instances, failed to file annual rate certifications with the OFFICE relating to long term care policies in violation of Section 627.410(7)(a), Florida Statutes.
- k. In certain instances, failed to file with the OFFICE the required certification indicating that the governing state of certain out of state group long term care policies have substantially similar requirements for regulating such policies as Florida and that those requirements have been met. Failure to file the certification is a violation of Sections 627.9406 and 627.410, Florida Statutes.
- l. In certain instances, failed to file forms with the OFFICE for medicare supplement, hospital expenses and major medical policies issued in Florida in violation of Section 627.410(1), Florida Statutes.
- m. In certain instances, failed to file rate information with the OFFICE for certain long-term care policies in violation of Section 627.410(6)(a), Florida Statutes.
- n. In certain instances, failed to indicate on the face of group certificates issued to Florida residents, the statement that benefits covered by the certificate are governed by the laws of a state other than Florida in violation of Section 627.6515(2)(b), Florida Statutes.
- o. In certain instances, failed to pay interest on cash values paid 30 days after the receipt of a request from the policyholder to surrender the policy in violation of Section 627.482, Florida Statutes.
- p. In certain instances, failed to refund unearned premiums on individual health and life policies in violation of Section 627.6043(2), Florida Statutes.
- q. In certain instances, failed to file policy forms, particularly Forms No.: 8672, 8802, 8809, 8926, GHC 9085 and GHC 9110 with the OFFICE for approval in violation of

Section 627.410(1), Florida Statutes.

- r. In certain instances, failed to file policy forms, particularly Forms No.: 8672, 8802, 8809, 8926, GHC 9085 and GHC 9110 with the OFFICE for approval in violation of Section 627.410(1), Florida Statutes.
6. The OFFICE and PIONEER 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. PIONEER 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.
7. PIONEER 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 PIONEER LIFE to such administrative action as the OFFICE may deem appropriate.
8. PIONEER LIFE agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:
 - a. PIONEER LIFE shall pay an administrative penalty of \$68,500 and administrative costs of \$2,000 on or before the 30th day after this Consent Order is executed.
 - b. PIONEER LIFE is hereby placed on notice of the requirements of the above referenced sections of law and agrees that any future violations will

be considered willful and will subject PIONEER LIFE to appropriate penalties.

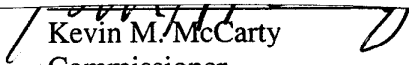
9. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

THEREFORE, the agreement between PIONEER LIFE 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 17th day of September 2004.




Kevin M. McCarty
Commissioner
Office of Insurance Regulation

By execution hereof PIONEER 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

PIONEER LIFE INSURANCE COMPANY
WASHINGTON NATIONAL
INSURANCE COMPANY

By:

MATTHEW J. ZIMPFER

(Typed or Printed Name)

Title: VICE PRESIDENT, ASSOCIATE
GENERAL COUNSEL, ASSISTANT SECRETARY

Date: 9-2-04

Corporate Seal

State of INDIANA

County of MARION

On SEPTEMBER 3, 2004 before me STEPHANIE GUPTA personally

Appeared MATTHEW J. ZIMPFER, 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 3 day of September, 2004.

Signature Stephanie Gupta (NOTARIAL SEAL)
(Signature of Notary Public)

My Commission Expires: 9/7/2011

COPIES FURNISHED TO:

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