

FLORIDA DEPARTMENT OF INSURANCE



TARGET MARKET CONDUCT REPORT OF PIONEER LIFE INSURANCE COMPANY AS OF JUNE 30, 2000

DIVISION OF INSURER SERVICES

**BUREAU OF LIFE AND HEALTH
INSURER SOLVENCY & MARKET CONDUCT REVIEW**

MARKET CONDUCT SECTION

**BY ROBERT D. FLEGE, CIE, CFE, FLMI, ALHC, AIRC, ASF, LPCS
INDEPENDENT CONTRACTOR ANALYST**

ROBERT D. FLEGE
CIE, CFE, FLMI, ALHC, AIRC, ASF, LPCS*
IMSA Certified Independent Assessor (98-00)
6888 Glen Arbor Drive
Florence, Ky., 41042

Phone No. (859) 283-5366
Fax No. (859) 283-0696

EMail: rflege@aol.com

March 8, 2001

Honorable Tom Gallagher
Treasurer and Insurance Commissioner
State of Florida
The Capitol, Plaza Level Eleven
Tallahassee, Florida 32390-0300

Dear Commissioner Gallagher:

Pursuant to the provisions of Section 624.3161, Florida Statutes, and in accordance with the Agreement for Market Conduct Services dated August 16, 2000 a Target Market Conduct Examination has been performed on:

Pioneer Life Insurance Company
303 North Main Street
Rockford, Illinois
61101

The report of such examination is herein respectfully submitted.

Sincerely,

Robert D. Flege
CIE, CFE, FLMI, ALHC, AIRC, ASF, LPCS
Independent Contract Analyst

***Certified Insurance Examiner (CIE), Certified Fraud Examiner (CFE)**
Fellow Life Management Institute (FLMI), Associate Life & Health Claims (ALHC)
Associate Insurance Regulatory Compliance (AIRC)
Associate in State Filings (ASF)
Legal Principles Claims Specialist (LPCS)
Past President - Insurance Regulatory Examiners Society (IRES)

TABLE OF CONTENTS

INTRODUCTION 4

SCOPE OF EXAMINATION..... 4

DESCRIPTION OF COMPANY 6

CERTIFICATE OF AUTHORITY..... 6

ADVERTISING..... 7

COMPLAINT HANDLING 7

PRODUCER LICENSING 10

CLAIMS 12

CHAMPUS 12

Hospital Indemnity..... 15

Dread Disease 18

Long Term Care/Home Health Care Claims 20

Medicare Supplement 23

Major Medical Claims 25

CONSUMER RECOVERIES..... 28

CONCLUSION..... 29

FINDINGS AND RECOMMENDATIONS..... 30

INTRODUCTION

Pioneer Life Insurance Company hereinafter is generally referred to as “the Company” when not otherwise qualified.

This Target Market Conduct Examination was conducted by Robert D. Flege, CIE, CFE, FLMI, ALHC, AIRC, ASF, LPCS, an Independent Contract Analyst, representing the Florida Department of Insurance pursuant to Section 624.3161, Florida Statutes.

This Target Market Conduct Examination commenced on November 1, 2000, and concluded on January 25, 2001.

SCOPE OF EXAMINATION

This examination covers various phases of the Company’s operations in the State of Florida from January 1, 1997 through June 30, 2000, and subsequent information when required.

The purpose of this Target Market Conduct Examination was to determine if the Company’s practices and procedures conform to the Florida Statutes and the Florida Administrative Code.

Procedures and conduct of the examination were in accordance with the Department's Field Examination Guidelines and the Market Conduct Examiner's Handbook produced by the National Association of Insurance Commissioners (NAIC). The handbook standards of a seven percent (7%) error factor for claim resolution procedures and a ten percent (10%) error factor for other procedures were given consideration and applied where applicable.

The examination included, but was not limited to, the following areas of the Company's operation involving accident and health insurance policies, long-term care and Medicare supplement policies written by the Company with particular emphasis on paid and denied claims:

1. Advertising/Agent Oversight
2. Claims Handling
3. Complaint Handling
4. Cancellations and Non-Renewals

Pioneer Life Insurance Company has not assumed policies from other companies in the lines of business subject to this examination.

Files were examined on the basis of file content at the time of examination. Comments and recommendations were made in those areas in need of correction and improvement.

DESCRIPTION OF COMPANY

History

Pioneer Life Insurance Company is an Illinois domiciled company originally incorporated in 1963 as Reinsurance Company of America. The present title was adopted in 1968. The immediate parent of Pioneer Life is Pioneer Financial Services, Inc., which was acquired by Consec, Inc., in 1997 as part of the Pioneer Financial Group acquisition.

Pioneer Life is licensed in the District of Columbia, Guam, Puerto Rico and forty-six (46) other states. The Company specializes in products designed for senior Americans. The Company writes Medicare Supplement insurance, home health care, long term care and specialty life insurance, including burial plans. The Company also writes a major medical plan marketed through an association group, American Small Business Association.

CERTIFICATE OF AUTHORITY

The Company is authorized to transact insurance in the State of Florida, subject to compliance with all applicable laws and regulations of Florida.

Certificate of Authority, No. 91-37-0844470, was issued on November 10, 1977.

ADVERTISING

The Company provided advertising and sales materials utilized by the Company and their agency force during the time frame of the examination. The examiner reviewed these materials and no exceptions were noted.

COMPLAINT HANDLING

Department of Insurance Complaints

The Company has complaint procedures in place. The Company maintains complaint logs for complaints received from the Department of Insurance. During the time frame of the examination a total of three hundred sixty-three (363) complaints were received. The examiner reviewed thirty-five (35) files. The average response time was thirteen (13) days. The examiner found four (4) files unacceptable involving delay in responding to the Department, failure to pay claims within forty-five (45) days as required and failure to include applicable interest and failure to maintain and produce records for the purpose of the examination.

Findings

2 Violations - Section 626.9541(1)(i)(3)(c), Florida Statutes. The Company failed to acknowledge and act promptly upon communications with respect to claims. Two (2) claims were not paid within forty-five days as required.

2 Violations - Section 627.613(6), Florida Statutes. The Company failed to include interest on overdue payments as required. Nancy Hjort, Consumer Relations, in memos dated January 2, 2001 and January 3, 2001, disagreed with these assertions. Interest was paid as directed and therefore the examiner concludes that the violations asserted are

applicable. Checks in the amount of \$15.72 and \$645.56 were forwarded. The two (2) claims involving payment of applicable interest were:

1. Policy/Claim Number: PL0606776A/AW4897101.
2. Policy/Claim Number: PL0584230A/470613

This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

1 Violation - Section 624.318(2), Florida Statutes. The Company failed to provide verification of claim payments requested by the examiner. Karren Leonard, Vice President, Insurance Operations, in a memo dated January 9, 2001, agrees with this assertion.

Consumer Complaints

The Company has complaint procedures in place and maintains complaint logs for complaints received directly from consumers.

During the time frame of the examination the Company received eighty-two (82) complaints directly from consumers. The examiner reviewed thirty (30) of these files and an average response time of fourteen (14) days was indicated.

The examiner found two (2) files to be unacceptable. The Company failed to provide a response within forty-five (45) days in accordance with their consumer complaint handling guidelines and was unable to provide the complaint file in another instance.

The following indicates the response time for consumer complaints.

Calendar Days	No. of Consumer Complaints	Percentage
0-45	28	93
45-60	2	7
Over 60	0	0
Totals	30	100%

Findings

1 Violation - Section 626.9541(1)(3)(j), Florida Statutes. The Company did not respond to a consumer complaint regarding a claim until fifty-five (55) days after receipt. The complaint was received from Geraldine Carlson, Policy Number: PL1120773A.

1 Violation - Section 624.318(2), Florida Statutes. The Company failed to provide records and documents for the purpose of the examination. Documentation relating to a complaint received from a consumer could not be located. Mindy Stadel, in a memo dated January 8, 2001, agrees with this assertion.

PRODUCER LICENSING

The Company provided a listing of 4,448 active and terminated agents, agencies and managers who represented the Company from January 1, 1997 to June 30, 2000.

Agents were noted on the listing provided by the Company that were not shown on the list of agents who held appointments during the time frame of the examination prepared by the Department of Insurance. On January 12, 2001 the Company was instructed to provide a copy of the Company appointment for each of the selected twenty-five (25) agents and advised that failure to appoint an agent, use of an unlicensed agent, or use of an agent who is not properly licensed for the products sold constitutes violations of Section 626.112, Florida Statutes. The documentation verifying appointment and licensing of the selected agents has not been produced. Bradley J. Eadie, Second Vice President, Insurance Operations, Consecro Services, advises in a letter received on January 23, 2001, that the Company is attempting to obtain the documentation requested and will provide the information as soon as the research is completed. The Company was advised on January 12, 2001 that failure to maintain records and failure to produce records and documentation for the purpose of the examination was a violation of Section 624.318(2), Florida Statutes.

Findings

25 Violations – Section 624.318(2), Florida Statutes. The Company failed to provide documentation confirming appointment and appropriate licensing of agents.

25 Violations – Section 626.112, Florida Statutes. The Company failed to appoint agents and used agents who were not appropriately licensed for the products sold.

CLAIMS

CHAMPUS

CHAMPUS (Civilian Health and Medical Program of the Uniformed Services) is supplemental insurance for current and retired military people. It is also known as Military Benefits Amendments of 1966 (Public Law 89-614).

Paid Claims

The examiner reviewed a random sample of one hundred (100) of the 51,159 paid claims received during the time frame of the examination to determine compliance with Florida Statutes and Regulations. The Company was unable to produce three (3) files and three (3) files did not contain provider-billing statements. The examiner determined that payment was not made within forty-five (45) days on one claim. The amount of interest due was less than \$5.00 so payment was not required.

Time Study Paid CHAMPUS Income Claims

Calendar Days	Number of Claims	Percentage
0-45	93	93%
46 – 120	1	1%
121 and over	0	0
File Missing or Documentation Missing from File	6	6%
Totals	100	100%

The average time to process a paid claim was twelve (12) days.

Findings

3 Violations - Section 624.318(2), Florida Statutes. The Company failed to produce Claim File Nos; 448932, AD9198501 and 3536. Nancy Hjort, Consumer Relations, in a memos dated October 31, 2000, agrees with these assertions.

3 Violations - Section 624.318(2), Florida Statutes. The examiner found that provider-billing statements were missing from the Claim File Nos; AV8681802, BB6605301 and CC4313501. Nancy Hjort, Consumer Relations, in memos dated October 31, 2000, agrees with these assertions.

1 Violation - Section 626.9541(1)(i)(3)(c), Florida Statutes. The Company failed to acknowledge and act promptly upon communications with respect to a claim. Claim was not paid within forty-five (45) days.

1 Violation - Section 627.613(6), Florida Statutes. The Company did not include applicable interest when making late payment of claim. Nancy Hjort, Consumer Relations, in a memo dated October 31, 2000, agrees with this assertion. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

Denied Claims

The examiner reviewed a random sample of one hundred (100) of the 13,316 claims denied during the time frame of the examination. The examiner determined that denials were justified according to policy provisions.

Time Study Denied CHAMPUS Claims

Calendar Days	Number of Claims	Percentage
0-45	95	95%
46 – 120	1	1%
121 and over	0	0
Missing Files	4	4%
Totals	100	100%

The average time to process a denied claim was twelve (12) days.

Findings

4 Violations - Section 624.318(2), Florida Statutes. The Company was unable to produce the following Claim File Nos; 320574, Y90438401, Y12210901 and Y10041001. Nancy Hjort, Consumer Relations, in memos dated November 21, 2000, agrees with these assertions.

Hospital Indemnity

Paid Claims

The examiner reviewed all of the fifty-seven (57) Hospital Indemnity claims paid during the time frame of the examination to determine compliance with Florida Statutes and Regulations.

Time Study Paid Hospital Indemnity Claims

Calendar Days	Number of Claims	Percentage
0 – 45	50	88%
46 – 120	5	8%
121 and over	1	2%
Missing File	1	2%
Totals	57	100%

The average time to process a paid claim was twenty-eight (28) days.

Findings

1 Violation – Section 624.318(2), Florida Statutes. The Company failed to provide records and documents for the purpose of the examination. Nancy Hjort, Consumer Relations, in a memo dated October 31, 2000, agrees with this assertion inasmuch as Claim File No. X2705524 was missing.

4 Violations - Section 627.613(6), Florida Statutes. The Company failed to include interest when making late payment of Claim Nos; X27055204, Y37101201, BK3388001 and CP5435101. Payment of the interest was not required inasmuch as it did not exceed \$5.00 on any one (1) file. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

6 Violations – Section 627.613(2), Florida Statutes. The Company failed to make payment within forty-five (45) days of receipt of a claim. Four (4) of these files are cited above. An additional two (2) files were paid by the company seventy-two (72) and eighty-seven (87) days after receipt, Claim File Nos; Z74008501 and AJ1496101. Interest was included at the time of late payment. Violation of Section 627.613(2), Florida Statutes would be applicable to each instance. This would indicate an error factor in excess of seven percent (7%) that is unacceptable in accordance with standards set forth by the National Association of Insurance Commissioners (NAIC).

Denied claims

The examiner reviewed all thirty-seven (37) claims denied during the time frame of the examination. The examiner determined that denials were justified according to the policy provisions. The Company was unable to produce three (3) files.

Time Study Denied Hospital Indemnity Claims

Calendar Days	Number of Claims	Percentage
0 – 45	33	89%
46 – 120	4	11%
121 and over	0	0
Totals	37	100%

The average time to process a denied claim was twenty-one (21) days.

Findings

3 Violations - Section 624.318(2), Florida Statutes. The Company failed to produce Claim File Nos; Y00363802, BJ3787601 and BT1818501, for review. Nancy Hjort, Consumer Relations, in memos dated November 27, 2000 and November 21, 2000, agrees with these assertions.

Dread Disease

Paid Claims

The examiner reviewed a random sample of twenty-five (25) of the 213 claims paid during the time frame of the examination to determine compliance with Florida Statutes and Regulations. The examiner found five (5) files unacceptable which would indicate an error factor of twenty percent (20%) which exceeds the minimum standards set forth by the National Association of Insurance Commissioners (NAIC). The Company could not produce Claim File Nos; CJ9443901 and BK2953905 for review. One (1) Claim File No. 399664 did not contain the provider billing. Two (2) Claim Files Nos; ZO7681003 and DD1371101, were not paid within forty-five (45) days of receipt.

Time Study Paid Dread Disease Claims

Calendar Days	Number of Claims	Percentage
0 – 45	20	80%
46 – 120	2	8%
121 and over	0	0
Missing Files or Documentation Missing from File	3	12%
Totals	25	100%

The average time to process a paid claim was twenty-one (21) days.

Findings

1 Violation - Section 627.613(6), Florida Statutes. The Company failed to include interest in the late payment of claim. Payment of the interest was not required inasmuch as the amount due did not exceed \$5.00. Nancy Hjort, Consumer Relations, in a memo

dated November 9, 2000, agrees with this assertion. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

2 Violations - Section 626.9541(1)(i)(3)(c), Florida Statutes. The Company failed to acknowledge and act promptly upon communication with respect to claims. The Company did not pay two (2) claims within forty-five (45) days of receipt. The claim cited above and Claim No. ZO7681003 that was paid fifty-six (56) days after receipt, however, interest was included at the time of payment.

1 Violation - Section 624.318(2), Florida Statutes. The Company Claim File No. 399664 did not include the provider billing. Nancy Hjort, Consumer Relations, in a memo dated November 3, 2000, agrees with this assertion.

2 Violations - Section 624.318(2), Florida Statutes. Company Claim File Nos; CJ9443901 and BK2953905 were not presented for review. Nancy Hjort, Consumer Relations, in memos dated November 3, 2000, agrees with these assertions.

Denied Claims

The examiner reviewed a random sample of twenty-five (25) of the 213 dread disease claims denied during the time frame of the examination. The examiner determined that denials were justified according to the policy provisions. There were no exceptions noted.

Time Study Denied Dread Disease Claims

Calendar Days	Number of claims	Percentage
0 – 45	25	100%
46 – 120	0	0
121 and over	0	0
Totals	25	100%

The average time to process a denied claim was thirteen (13) days.

Long Term Care/Home Health Care Claims

Paid Claims

The examiner reviewed a random sample of one hundred (100) of the 40,287 claims paid during the time frame of the examination to determine compliance with Florida Statutes and Regulations.

Time Study Paid Long Term Care/Home Health Care Claims

Calendar Days	Number of Claims	Percentage
0 – 45	91	91%
46 – 120	3	3%
121 and over	0	0
Missing or Incomplete Files	6	6%
Totals	100	100%

The average time to process a paid claim was fifteen (15) days.

Findings

6 Violations – Section 624.318(2), Florida Statutes. The Company failed to provide records and documents for the purpose of the examination. The Company did not produce Claim File Nos; Z91206701, AR5095001, 624558, 697732, 43359 and documentation was missing from Claim File No. 003376. Nancy Hjort, Consumer Relations, in memos dated November 7, 2000, November 8, 2000 and November 10, 2000 agrees with these assertions.

1 Violation – Section 627.613(2), Florida Statutes. The Company failed to make payment within forty-five (45) days of receipt of a claim. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

2 Violation – Section 627.613(6), Florida Statutes. The Company failed to include applicable interest when making late payment of claim. The interest due on Claim File Nos; BS9254901 and CF3731101, was in each instance less than \$5.00 and payment was not required. Nancy Hjort, Consumer Relations, in memos dated November 9, 2000, agrees to the assertion that interest was owed on these two (2) claims. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

2 Violations - Section 626.9541(1)(i)(3)(c), Florida Statutes. The Company failed to acknowledge and act promptly upon communications with respect to claims. The two (2) claims cited, immediately above, were not paid within forty-five days of receipt.

Denied Claims

The examiner reviewed a random sample of fifty (50) of the 2,660 claims denied during the time frame of the examination. The examiner found six (6) files that were unacceptable indicating an error factor in excess of the minimum standards set forth by the National Association of Insurance Commissioners (NAIC). Four (4) files were not presented for review, one (1) file was not denied until 151 days after receipt by the Company and in one (1) instance the Company failed to pay the maximum benefits mandated by the policy.

Time Study Denied Long Term Care/Home Health Care Claims

Calendar Days	Number of Claims	Percentage
0 – 45	44	88%
46 – 120	1	2%
121 and over	1	2%
Missing Files	4	8%
Totals	50	100%

The average time to process a denied claim was seventeen (17) days.

Findings

4 Violation – Section 624.318(2), Florida Statutes. The Company failed to provide records and documents for the purpose of the examination. Claim File Nos; 784714, 51939, CM1498401 and CY3583001 were missing. Nancy Hjort, Consumer Relations, in a memo dated November 21, 2000, agrees with these assertions.

1 Violation - Section 627.613(4), Florida Statutes. The Company failed to deny a claim no later than 120 days after receipt. The denial was not made until 151 days after receipt. Nancy Hjort, Consumer Relations, in a memo dated November 21, 2000, agrees with this assertion. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

1 Violation - Section 626.9541(1)(1)(2), Florida Statutes. The Company misrepresented to the insured that policy limits had been paid in connection with a claim that exceeded the \$150,000 lifetime maximum benefit. The balance of the claim, \$574.50, plus interest in the amount of \$145.78, was paid to the insured. Karren V. Leonard, Vice President, Insurance Operations, in a memo dated December 4, 2000, agrees with this assertion.

Medicare Supplement

Paid Claims

The examiner reviewed a random sample of one hundred (100) of the 901,021 major medical claims paid during the time frame of the examination to determine compliance with Florida Statutes and Regulations. One file, Claim No. CD0455902, was missing and in another instance the Company failed to pay applicable interest, Claim File No. BA5093401. The amount of interest was less than \$5.00 and payment was not required.

Time Study Medicare Supplement Claims

Calendar Days	Number of Claims	Percentage
0 – 45	98	98%
46 – 120	1	1%
121 and over	0	0
Missing Files	1	1%
Totals	100	100%

The average time to process a paid claim was four (4) days.

Findings

1 Violation – Section 624.318(2), Florida Statutes. The Company failed to produce Claim File No. CD0455902 for review. Nancy Hjort, Consumer Relations, in a memo dated October 27, 2000, agrees with this assertion.

1 Violation - Section 627.613(6). The Company failed to included applicable interest when making late payment of Claim File No. BA5093401. The amount of interest due was less than \$5.00 so payment was not required. Nancy Hjort, Consumer Relations, in a memo dated November 8, 2000, agrees with this assertion. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

1 Violation - Section 626.9541(1)(i)(3)(c), Florida Statutes. The Company failed to acknowledge and act promptly upon communications with respect to claims. The previously cited claim was not paid within forty-five (45) days as required.

Denied Claims

The examiner reviewed a random sample of one hundred (100) of the 162,528 claims denied during the time frame of the examination. The Company was unable to produce eight (8) files that were selected for review.

Time Study Denied Medicare Supplement Claims

Calendar Days	Number of Claims	Percentage
0 – 45	90	90%
46 – 120	2	2%
121 and over	0	0
Missing Files	8	8%
Totals	100	100%

The average time to process a denied claim was eleven (11) days.

Findings

8 Violations – Section 624.318(2), Florida Statutes. The Company failed to provide records and documents for the purpose of the examination. The Company was unable to produce Claim File Nos; 796698, 313131, 209186, Y04181501, Y04163501, CC7692401, CE9753201 and CW1314001. Nancy Hjort, Consumer Relations, in a memo dated November 21, 2000, agrees with this assertion.

Major Medical Claims

Paid Claims

The examiner reviewed a random sample of one hundred (100) of the 22,918 claims paid during the time frame of the examination to determine compliance with Florida Statutes and Regulations.

Time Study Paid Major Medical Claims

Calendar Days	Number of Days	Percentage
0 – 45	88	88%
46 – 120	11	11%
121 and over	1	1%
Totals	100	100%

The average time to process a paid claim was twenty-six (26) days.

Findings

1 Violation - Section 627.613(2), Florida Statutes. Company failed to pay claim within forty-five (45) days of receipt. Brian Camling, Vice President of Compliance, in a memo dated January 3, 2001, agrees with this assertion. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

2 Violations - Section 627.613(6), Florida Statutes. The Company failed to include applicable interest when making late payment of claim. The amount of the interest due in each instance was less than \$5.00 so payment was not required. Brian Camling, Vice President of Compliance, in a memo dated January 3, 2001, agrees with this assertion. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

5 Violations - Section 627.613(2), Florida Statutes. The Company failed to provide notice, in writing, that the claim was contested or denied within forty-five (45) days after receipt of the claim. Brian Camling, Vice President of Compliance, in memos dated January 3, 2001, agrees with these assertions. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

6 Violations - Section 626.9541(1)(i)(3)(c), Florida Statutes. The examiner determined that the Company failed to acknowledge and act promptly upon communications with respect to claims in all instances where the company was required to provide notice that a claim was being contested or denied or failed to make payment within forty-five (45) days following receipt of a claim and failed to do so. Brian Camling, Vice President of Compliance, asserts in memos dated January 3, 2001, disagreement with violations of the Unfair claims settlement practices contending that the violations do not constitute a general business practice. The examiner concludes that the violations, though nonwillful, are exempt from the permissible error ratio provisions in accordance with Florida Rule 4-142.011, Part 2(8)(1).

Denied Claims

The examiner reviewed a random sample of one hundred (100) of the 8,505 claims denied during the time frame of the examination. The examiner determined that denials were justified according to the policy provisions.

Time Study Denied Major Medical Claims

Calendar Days	Number of Claims	Percentage
0 – 45	85	85%
46 – 120	15	15%
121 and over	0	0
Totals	100	100%

The average time to process a denied claim was twenty-five (25) days.

Findings

1 Violation - Section 627.613(2), Florida Statutes. The Company did not pay a covered claim until one hundred nineteen (119) days following receipt. There was an inadvertent denial of a claim following receipt during a period when the policy was in a grace period for non-payment of premium. Denial was based on "coverage not in force at time of loss." Once the premium was processed and the denial called to the attention of the Company the claim was reconsidered and paid. Brian Camling, Vice President of Compliance, in a memo dated January 3, 2001, agrees with this assertion. This is within the acceptable error factor as set forth by the National Association of Insurance Commissioners (NAIC).

CONSUMER RECOVERIES

As a result of this Target Market Conduct Examination interest payments have been made to providers in the amount of \$15.72 on Claim No. AW4897101 and \$645.56 on Claim No. 470613. The balance of mandated benefits due in the amount of \$574.50, plus interest in the amount of \$145.78, was paid to the insured on Claim No. DR2432801. Consumer recovery totaled \$1,381.56.

CONCLUSION

The customary practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC) were followed in performing this Target Market Conduct Examination of Pioneer Life Insurance Company as of June 30, 2000, with due regard to the Insurance Laws of the State of Florida.

Respectfully submitted,

Robert D. Flege
CIE, CFE, AIRC, FLMI, ALHC, ASF, LPCS
Independent Contract Analyst

FINDINGS AND RECOMMENDATIONS

The following findings were made in the preceding pages of this report. The Company is directed to:

- Page 7 Implement claims handling procedures to assure compliance with Section 626.9541(1)(i)(3)(c), Florida Statutes and acknowledge and act promptly upon communications with respect to claims. Two (2) violations.
- Page 8 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. One (1) violation.
- Page 9 Comply with Section 626.9541(1)(i)(3)(j), Florida Statutes, by complying with adopted and implemented complaint-handling procedures. One (1) violation.
- Page 9 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. One (1) violation.
- Page 11 Comply with Section 624.318(2), Florida Statutes. The Company failed to provide documentation confirming appointment and appropriate licensing of agents. Twenty-five (25) violations.
- Page 11 Comply with Section 626.112, Florida Statutes. The Company failed to appoint agents and used agents who were not appropriately licensed for the products sold. Twenty-five (25) violations.

- Page 13 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. Six (6) Violations.
- Page 13 Implement claims handling procedures to assure compliance with Section 626.9541(1)(i)(3)(c), Florida Statutes and acknowledge and act promptly upon communications with respect to claims. One (1) violation.
- Page 14 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. Four (4) violations.
- Page 15 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. One (1) violation.
- Page 16 Comply with Section 627.613(2), Florida Statutes. Implement claim handling procedures to assure that claims are paid within forty-five (45) days following receipt of Proof of Loss. Six (6) violations. This is in excess of the acceptable standard of seven percent (7%) as set forth by the National Association of Insurance Commissioners (NAIC).
- Page 17 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. Three (3) violations.

- Page 19 Implement claims handling procedures to assure compliance with Section 626.9541(1)(i)(3)(c), Florida Statutes and acknowledge and act promptly upon communications with respect to claims. Two (2) violations.
- Page 19 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. Three (3) violations.
- Page 20 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. Six (6) violations.
- Page 21 Implement claims handling procedures to assure compliance with Section 626.9541(1)(i)(3)(c), Florida Statutes and acknowledge and act promptly upon communications with respect to claims. Two (2) violations.
- Page 22 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. Four (4) violations.
- Page 22 Implement claim handling procedures to assure that there are not material misrepresentations relating to the proceeds payable under contracts as prohibited by Section 626.9541(1)(i)(2). One (1) violation.
- Page 23 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. One (1) violation.

Page 24 Implement claims handling procedures to assure compliance with Section 626.9541(1)(i)(3)(c), Florida Statutes and acknowledge and act promptly upon communications with respect to claims. One (1) violation.

Page 24 Comply with Section 624.318(2), Florida Statutes. Implement record retention procedures to assure availability of records and documents for the purpose of an examination. Eight (8) violations.

Page 26 Implement claims handling procedures to assure compliance with Section 626.9541(1)(i)(3)(c), Florida Statutes and acknowledge and act promptly upon communications with respect to claims. Six (6) violations.