

IN THE MATTER OF:

Multi-State Agreement with respect)
to CUNA Mutual Insurance Society) CONSENT
NAIC Company Number 62626) ORDER

This Consent Order is hereby issued by the State of Vermont Department of Banking, Insurance, Securities and Health Care Administration (“the Department”) in resolution of the matter referenced above.

FINDINGS OF FACT

1. Respondent CUNA Mutual Insurance Society (CMIS) is a licensed insurance company authorized to transact life and health insurance in the State of Vermont.
2. The State of New Jersey (the Lead State) completed a market conduct examination of CMIS which examination was concluded with the issuance on May 16, 2007 of the adopted market conduct examination report and which examination included a review of the company’s single premium insurance refund and oversight practices.
3. As a result of the examination the Lead State found that some of the company’s authorized producers mistakenly administered single premium insurance refund and that the company’s oversight practices did not fully comply with applicable insurance laws and regulations.
4. As affecting this State, the Vermont Department of Banking, Insurance, Securities and Health Care Administration has jurisdiction over the subject matter of this Order and the Respondent.

5. A proposed settlement has been presented to the Department, the terms of which are set forth in New Jersey Consent Order No. 07-43, dated May 30, 2007 which has been executed by CMIS and the New Jersey Department of Banking and Insurance, a copy of which is attached hereto as Exhibit A

6. Upon review of the New Jersey Consent Order, it is found that it is a fair and proper disposition of the matters addressed therein.

Order

NOW, THEREFORE, IT IS on this 20th day of August, 2007

ORDERED AND AGREED that the New Jersey Consent Order No. 07-43, dated May 30, 2007 attached hereto as Exhibit A, incorporated herein by reference is hereby approved; and

IT IS FURTHER ORDERED AND AGREED that the provisions of this Consent Order represent a final decision of the Vermont Department of Banking, Insurance, Securities and Health Care Administration and constitutes a final resolution of the matters addressed herein and in Exhibit A; and

IT IS FURTHER ORDERED AND AGREED that the Respondent will initiate compliance with all terms and conditions of the New Jersey Consent Order as incorporated herein.

Consented to as to
Form and Content

CUNA Mutual Insurance Society

By: Rich Fischer
Signature

Department of Insurance

By: Paulette J. Thabault
Paulette J. Thabault

CONSENT ORDER NO. 07-43

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking)	SETTLEMENT
and Insurance, State of New Jersey, with respect)	AGREEMENT AND
to CUNA Mutual Insurance Society,)	CONSENT
Reference No. 7662626)	ORDER

To: CUNA Mutual Insurance Society
5910 Mineral Point Road
PO Box 391
Madison, WI 53701-0391

This is an agreement between CUNA Mutual Insurance Society (CMIS), an insurance company incorporated under the laws of the State of Iowa and admitted to transact the business of life and health insurance in the State of New Jersey pursuant to N.J.S.A. 17B:18-1 et seq. and the New Jersey Department of Banking and Insurance (the Lead State), in the multi-state settlement for and on behalf of each insurance regulator adopting this Settlement Agreement and Consent Order (Participating States).

THIS MATTER, having been opened by the Commissioner of Banking and Insurance, State of New Jersey (Commissioner), upon the filing of a Market Conduct Examination Report (the Report) containing the results of the January 2004 through December 31, 2004 market conduct examination of credit insurance business transactions of CMIS performed by the Department of Banking and Insurance pursuant to the authority provided at N.J.S.A. 17:23-20 et seq.; and

WHEREAS, on May 16, 2007, the Commissioner adopted a market conduct examination report of CMIS, which Report set forth findings regarding CMIS's claims, underwriting, policyholder service and marketing practices; and

WHEREAS, the market conduct examination revealed certain instances, as fully set forth in the adopted Report, which is incorporated herein by reference where CMIS's practices did not accord fully with various provisions of New Jersey insurance statutes and regulations; and

WHEREAS, the Report identified instances wherein policyholders acting as appointed producers for CMIS mistakenly failed to include unearned commissions for premium refunds of single premium credit insurance products that were cancelled prior to the maturity dates; and

WHEREAS, CMIS acknowledges that such administrative errors in premium refunds by policyholders acting as its appointed producers occurred in other states and jurisdictions in which it is authorized to transact single premium credit insurance business; and

WHEREAS, CMIS has an obligation under the laws of this State to oversee the conduct of its appointed licensees; and

WHEREAS, CMIS, for the purposes of this Settlement Agreement and Consent Order, has acknowledged responsibility for the conduct of its appointed licensees with respect to the administration of premium refunds; and

WHEREAS, the administrative errors cited in the Report were not willful or intentional; and

WHEREAS, CMIS, having voluntarily taken substantial and effective measures to address the instances of nonconformance set forth in the Report and to prevent future instances; and

WHEREAS, CMIS, having fully cooperated with the Lead State in its review of these errors, and having independently developed a remediation plan for addressing same; and

WHEREAS, CMIS, having voluntarily reviewed its appointed producer refunding practices for the period January 1, 2003 to December 31, 2005, in all United States jurisdictions in which it issues single premium credit insurance products, and having taken corrective action to remediate in instances wherein the appointed producer failed to return the appropriate unearned premium and commission; and

WHEREAS, CMIS has paid directly or through its appointed producers approximately \$270,000 in remediation to certificate holders in all United States jurisdictions whose single premium credit refunds were incorrectly processed for the period January 1, 2003 through December 31, 2005; and

WHEREAS, the results of CMIS's self initiated internal review of appointed producer administrative practices indicated that over 99% of the refund amounts on a national basis were properly administered, and

WHEREAS, CMIS, having waived its right to a hearing on the aforementioned issues and having consented to the payment of costs, penalties and restitution, and to the implementation of the revised practices it has developed in order to resolve this error; and

IT APPEARING that this matter should be resolved upon the consent of the parties without a formal hearing, and for good cause appearing;

NOW, THEREFORE, IT IS on this 30th day of May, 2007,

ORDERED AND AGREED that CMIS will pay the New Jersey Department of Banking and Insurance \$75,000 which amount constitutes New Jersey's costs as Lead

State and proportionate share of the multi-state settlement and all state specific matters referenced in the adopted New Jersey Report; and

IT IS FURTHER ORDERED AND AGREED that said \$75,000 shall be paid to the New Jersey Department of Banking and Insurance, 20 West State Street, PO Box 329, Trenton, New Jersey 08625, Attention: Anne Marie Narcini, Manager of Consumer Protection Services, by company check made payable to the State of New Jersey, General Treasury, upon the execution of this Settlement Agreement and Consent Order by CMIS; and

IT IS FURTHER ORDERED AND AGREED that CMIS will pay an amount totaling no more than \$293,622 to the eligible Participating States as listed in Attachment A of this Settlement Agreement attached hereto, which amount includes administrative costs and penalties, de minimis refunds not subject to the remediation process, and estimated unearned commissions for the period of January 1, 2001 through December 31, 2002; and

IT IS FURTHER ORDERED AND AGREED that CMIS shall make such payment, in accordance with the allocation, set forth in Attachment A within 20 days of receipt by CMIS from the Participating State of a duly executed Consent Order adopting the Settlement Agreement; and

IT IS FURTHER ORDERED AND AGREED that any eligible Participating State that has decided not to execute and deliver by September 1, 2007 to CMIS a Consent Order, or other agreement, adopting this Settlement Agreement shall have the effect of waiving any amount that CMIS would be obligated to pay or such state would otherwise be entitled to receive as set forth in Attachment A. and

IT IS FURTHER ORDERED AND AGREED that CMIS will revise its single premium insurance refund practices to ensure that its customers obtain timely and complete refunds from its appointed licensees; and

IT IS FURTHER ORDERED AND AGREED that CMIS will revise its policyholder single premium oversight practices to include at minimum, on a national basis: annual administrative bulletins to policyholders/appointed producers communicating expected administrative single premium refund practices; a biannual web-based assessment completed by policyholders/appointed producers; and an annual home office record review of single premium refund documentation from a sample, derived from risk based criteria and random sampling techniques, of all single premium credit insurance policyholders; and

IT IS FURTHER ORDERED AND AGREED that CMIS will administer the referenced revised policyholder single premium refund and policyholder/appointed producer oversight practices in accordance with applicable respective state insurance laws and regulations; and

IT IS FURTHER ORDERED AND AGREED that CMIS will finalize the remediation by September 1, 2007, and begin implementation of the revised refund payment practices and refund oversight practices by no later than January 1, 2008; and

IT IS FURTHER ORDERED AND AGREED that CMIS will provide the Lead State, on behalf of the Participating States, with three reports on its remediation and the performance of its revised refund payment and refund oversight practices with the first report to be submitted in January 2008, the second report 90 days thereafter, and the third report in January 2009; and

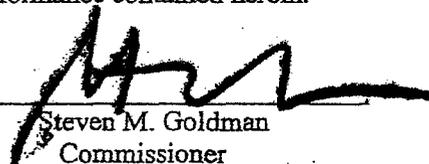
IT IS FURTHER ORDERED AND AGREED that the Lead State, on behalf of the Participating States, will monitor CMIS's compliance with this Settlement Agreement

and any Consent Orders to which it is attached. The Lead State will conduct a follow up review or examination of the issues addressed herein within 24 months of commencement of implementation of the terms of this Settlement Agreement and make all reasonable efforts to complete such review or examination within six months of its commencement; and

IT IS FURTHER ORDERED AND AGREED that this Settlement Agreement and Consent Order shall be governed by and interpreted according to the laws of the State of New Jersey, excluding its conflicts of law provisions and any applicable federal laws; and

IT IS FURTHER ORDERED AND AGREED that CMIS will continue to institute measures and monitor operations in order to identify and cure practices which may result in the kinds of instances of nonconformance addressed in this Settlement Agreement and Consent Order; and

IT IS FURTHER ORDERED AND AGREED that the provisions of this Settlement Agreement and Consent Order represent a final agency decision and constitute a final resolution of the instances of nonconformance contained herein.



Steven M. Goldman
Commissioner

Consented to as to
Form and Content

Rich Fischer
CUNA Mutual Insurance Society

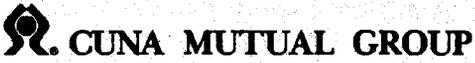
VP, Payment Protection
Title

May 29th, 2007
Date

Attachment A

Payment Distribution to Participating States

STATE	Total # of Refunds Processed	Total # Corrected	Amount Corrected (\$)	Additional estimated 2 yr unearned commission and de minimis refund apportionment	Penalty	Total to State
PA	79,622	5,015	\$38,979	\$26,293	\$20,000	\$46,293
AZ	1,051	909	\$35,989	\$24,300	\$20,000	\$44,300
OH	10,362	1,787	\$20,999	\$14,306	\$10,000	\$24,306
LA	4,827	1,741	\$15,348	\$10,539	\$10,000	\$20,539
TX	8,099	2,282	\$15,242	\$10,468	\$10,000	\$20,468
CT	7,786	639	\$15,089	\$10,366	\$10,000	\$20,366
IL	21,304	1,850	\$13,253	\$9,142	\$5,000	\$14,142
MA	24,792	1,246	\$12,840	\$8,867	\$5,000	\$13,867
NY	6,492	1,075	\$8,197	\$5,772	\$5,000	\$10,772
NC	615	266	\$7,224	\$5,123	\$5,000	\$10,123
IN	13,456	745	\$7,081	\$5,028	\$5,000	\$10,028
MN	2,182	451	\$6,418	\$4,586	\$5,000	\$9,586
WI	27,033	277	\$4,092	\$3,035	\$2,500	\$5,535
GA	954	375	\$4,043	\$3,002	\$2,500	\$5,502
SD	861	263	\$3,561	\$2,681	\$2,500	\$5,181
MI	2,797	388	\$3,529	\$2,660	\$2,500	\$5,160
NM	756	556	\$3,309	\$2,513	\$2,500	\$5,013
VA	1,704	264	\$2,828	\$2,192	\$1,000	\$3,192
SC	44	44	\$2,459	\$1,946	\$1,000	\$2,946
CA	534	71	\$2,126	\$1,724	\$1,000	\$2,724
KS	2,391	130	\$2,073	\$1,689	\$1,000	\$2,689
MO	1,031	271	\$1,590	\$1,367	\$1,000	\$2,367
TN	1,222	164	\$1,510	\$1,314	\$1,000	\$2,314
NE	2,240	19	\$1,275	\$1,157	\$1,000	\$2,157
WV	3,557	98	\$1,130	\$1,060	\$1,000	\$2,060
VT	1,385	223	\$1,026	\$991	\$1,000	\$1,991



CUNA Mutual Insurance Society



5810 Mineral Point Road
Madison, WI 53705
R/T# 275978734
Phone: (800) 840-3490

Check No.
0002418184

56-382
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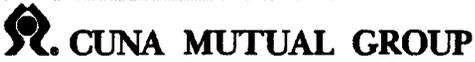
DATE: 08/23/2007
AMOUNT: \$1,991.00

PAY One Thousand Nine Hundred Ninety-One & XX/100 US Dollar

TO THE ORDER OF 00001 010625CMGR
VERMONT DEPARTMENT OF BANKING
ATTN: MR HERBERT W OLSON
INSURANCE, SECURITIES AND HEALTH
CARE ADMINISTRATION
89 MAIN STREET, DRAWER 20
MONTPELIER VT 05620-3101

AUTHORIZED SIGNATURE

⑈0002418184⑈ ⑆041203824⑆ 9600006591⑈



CUNA Mutual Insurance Society

Questions regarding this payment call 608/232-6044.

LE

Invoice Number	Invoice Date	Voucher ID	Agreement Number	Claim Number	Paid Amount
199100200708	08/23/2007	00818210			1,991.00
CUNA MUTUAL INSURANCE SOCIETY REF #76626226					
Check Number	Check Date	Payee	Name	Total Amount	
0002418184	08/23/2007	0000013621	VERMONT DEPARTMENT OF BANKING	\$1,991.00	