

**STATE OF VERMONT
DEPARTMENT OF BANKING, INSURANCE, SECURITIES
AND HEALTH CARE ADMINISTRATION**

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IN RE: RELIANCE STANDARD LIFE) DOCKET NO. 10-020-H
INSURANCE COMPANY)
)

STIPULATION AND CONSENT ORDER

NOW COME the Department of Banking, Insurance, Securities and Health Care Administration of the State of Vermont (“Department”) and Reliance Standard Life Insurance Company (“Respondent”) and hereby stipulate and agree as follows:

WHEREAS, pursuant to the authority contained in 8 V.S.A. §§ 11, 12, 13, 15, 4087 and 4726 the Commissioner of the Department (“Commissioner”) is charged with enforcing the insurance laws of the State of Vermont; and

WHEREAS, Reliance Standard Life Insurance Company, domiciled in the state of Illinois, is authorized to transact insurance business in Vermont pursuant to the laws of the State of Vermont; and

WHEREAS, Respondent, since January 1, 2007, has been providing group disability insurance certificates to Vermont certificate holders (“the Vermont certificate holders”) employed by Peak Resorts, Inc, a Missouri corporation with a business location in West Dover, Vermont, pursuant to a group contract between Respondent and Peak Resorts, Inc., to Vermont certificate holders employed by PBM Products LLC, a Virginia limited liability corporation with a business location in Georgia, Vermont, pursuant to a group contract between Respondent and PBM Products LLC, to Vermont

certificate holders employed by Curtis Lumber, a New York business with business locations in Williston, Vermont and Burlington, Vermont pursuant to a group contract between Respondent and Curtis Lumber and to Vermont certificate holders employed by Source Interlink Companies, a Florida business with a variety of Vermont work locations pursuant to a group contract between Respondent and Source Interlink Companies; and

WHEREAS, the Department has conducted an investigation of Respondent's activities regarding these disability policies; and

WHEREAS, the Department concluded, after investigation, that, as of June 7, 2010, the number of Vermont certificate holders total 512 Vermont residents; and

WHEREAS, the Department concluded, after investigation: (1) that Respondent filed a disability certificate for approval with the Commissioner pursuant to 8 V.S.A. § 4062; (2) that the filing was approved by the Commissioner; (3) that Respondent did not issue or deliver the Vermont approved certificate to the Vermont certificate holders, but instead issued or delivered a certificate that was approved by the states of Missouri, Virginia, New York and Florida ("the foreign approved certificates") and (4) the foreign approved certificates were not identical to the Vermont approved certificate; and

WHEREAS, pursuant to the authority contained in 8 V.S.A. §4726, the Commissioner may investigate any person engaged in the business of insurance in Vermont in order to determine whether that person has engaged in any unfair method of competition or in any unfair or deceptive act or practice and may impose an administrative penalty for any violation of Title 8, chapter 129; and

WHEREAS, 8 V.S.A. § 4724 (19) provides that “[f]ailure to comply with...forms filed with the commissioner” is an unfair or deceptive act or practice in the business of insurance and a violation of 8 V.S.A. § 4723 (Vermont Insurance Trade practices Act);

WHEREAS, Respondent has been made aware that the Department may proceed with an administrative action against it for violating 8 V.S.A § 4723; and

WHEREAS, Respondent wishes to resolve this matter by entering into a stipulation and consent order with the Department on the terms and conditions hereinafter as set forth in lieu of proceeding with a hearing.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the Department and Respondent stipulate and agree as follows:

1. Respondent shall pay an administrative penalty of One Hundred Thousand Dollars (\$100,000.00) payable within ten (10) days of the date of the execution of this Consent Order.
2. The Company shall pay the Department’s reasonable costs and expenses associated with this order and the investigation pursuant to 8 V.S.A. § 18 in the amount of Two Thousand Three Hundred Thirteen Dollars (\$2,313.00). Payment shall be made no later than 10 days after the execution of this Consent Order.
3. Respondent will file a policy rider and certificate rider with the Department’s Division of Health Care Administration, (via SERFF) for review.
Respondent’s policy rider and certificate rider must contain all Vermont mandates applicable to group long term disability insurance. Respondent will work with the Department to obtain approval of their filed policy rider and

certificate rider within sixty (60) days of the effective date of this consent order. The approved policy rider and certificate rider must be attached to all of respondent's group long term disability policies and certificates issued in other jurisdictions to ensure that any Vermont resident covered under the policy/certificate has all of the coverage required by Vermont law and regulations.

4. Respondent shall continue to administer the benefits under all certificates in effect as of the date of this Order that have been issued to the Vermont certificate holders, including, but not limited to, contractual or legal obligations to pay claims and shall provide disability insurance coverage, including all Vermont statutorily mandated coverage, to the Vermont certificate holders who are covered under the foreign approved certificates.
5. An explanatory letter from Respondent, that has been approved by the Department, shall be sent to all known Vermont certificate holders notifying each of all the Vermont mandated coverage and that the certificate holders are being provided such coverage under the current certificate of coverage issued to them. Respondent shall submit the explanatory letter to the Department for approval within 10 days of the signing of this Order.
6. Respondent shall, within thirty (30) days of the date of the execution of this Consent Order, audit all claims made by the Vermont certificate holders and conduct a claims report to determine whether any of the Vermont certificate holders are entitled to additional benefits due to denials that would have been covered under the Vermont statutorily mandated coverage. Respondent shall

submit the audit and all documents regarding any follow up claims activities to the Department for review and approval.

7. Respondent shall immediately notify the Department if it discovers subscribers who list a Vermont address as their residence that were issued and/or delivered certificates in violation of 8 V.S.A. § 4723. The issuance or delivery of certificates that is the subject matter of the notification shall not be considered a violation of this Consent order. This paragraph shall not, in any way, limit the Department's authority to impose an administrative penalty or any other enforcement remedies for violation of any Vermont statute, regulation, rule or law for such issuance or delivery that is the subject matter of the notification.
8. Respondent hereby waives its statutory right to notice and a hearing before the Commissioner of the Department, or her designated appointee.
9. Respondent acknowledges and agrees that this stipulation is entered into freely and voluntarily and that except as set forth herein, no promise was made to induce the Respondent to enter into it. Respondent acknowledges that it has consulted with its attorney in this matter and it has reviewed this Stipulation and Consent Order and it understands all terms and obligations contained herein.
10. Respondent consents to the entry of this Order and agrees to be fully bound by its terms and conditions. Respondent acknowledges that noncompliance with any of the terms of this Order shall constitute a violation of a lawful order of the Commissioner and shall be a separate violation of the laws of the State of

Vermont and shall subject Respondent to administrative action or sanctions as the Commissioner deems appropriate. Respondent further acknowledges that the Commissioner retains jurisdiction over this matter for the purpose of enforcing this order.

11. The undersigned representative of Respondent affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and has the authority to bind Respondent to the obligations stated herein.

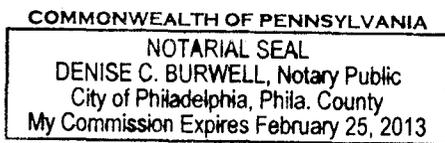
STATE OF Pennsylvania
COUNTY OF Philadelphia

Reliance Standard Life
Insurance Company

Sworn to and subscribed before this
The 5th day of October, 2010.

Denise C. Burwell
NOTARY PUBLIC

My Commission Expires: February 25, 2013



Accepted by: Christine M. Oliver
Christine M. Oliver
Deputy Commissioner,
Health Care Administration Division,
Vermont Department
of Banking, Insurance, Securities
and Health Care Administration

Date: 10/7/10

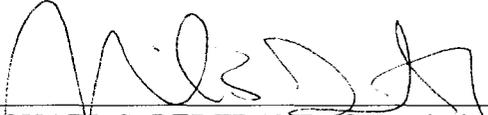
ORDER

IT IS HEREBY ORDERED:

A. Respondent, Reliance Standard Life Insurance Company, shall comply with all agreements, stipulations, and undertakings as recited above.

B. Nothing contained in this Order shall restrain or limit the Department in responding and addressing any consumer complaint about Respondent filed with the Department or shall preclude the Department from pursuing any other violation of law.

Dated at Montpelier, Vermont this 7th day of OCTOBER 2010.



MICHAEL S. BERTRAND, Commissioner
Vermont Department of Banking, Insurance, Securities
and Health Care Administration