

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

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)  
IN RE: UNUM LIFE INSURANCE ) DOCKET NO. 10-100-I  
COMPANY OF AMERICA )  
)  
)

**STIPULATION AND CONSENT ORDER**

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

**WHEREAS**, pursuant to the authority contained in 8 V.S.A. §§ 11, 12, 13, 15 and 3661, the Commissioner of the Department (“Commissioner”) is charged with enforcing the insurance laws of the State of Vermont; and

**WHEREAS**, Unum Life Insurance Company of America, domiciled in the State of Maine, is authorized to transact insurance business in Vermont pursuant to the laws of the State of Vermont; and

**WHEREAS**, the Department conducted an investigation of Respondent’s business in Vermont and in particular the rate of interest paid on death benefits under policies of life insurance; and

**WHEREAS**, the Department concluded, after investigation, that while Respondent had paid statutory interest in all claims reviewed, in some instances the amount of statutory interest paid was less than the required amount as calculated by the

Department on payments made under policies of life insurance pursuant to 8 V.S.A. § 3665(c)(2) and (d); and

**WHEREAS**, 8 V.S.A. § 3361 provides that when the Commissioner believes that an insurer has violated the law, he may issue an order to cease and desist such violation and may, after notice and opportunity to be heard, impose a civil administrative penalty for each violation; and

**WHEREAS**, Respondent has been made aware that the Department may proceed with an administrative action against it for violating 8 V.S.A § 3665; 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 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 One Thousand Seven Hundred Eighty Eight Dollars (\$1,788.00). Payment shall be made no later than 10 days after the execution of this Consent Order.
2. With respect to all payments made under a policy of life insurance delivered or issued for delivery in the State of Vermont, Respondent shall cease and desist from paying interest on death claims at a rate that is less than required pursuant to 8 V.S.A. § 3665.

3. With respect to all payments made under a group policy of life insurance where the certificate was delivered or issued for delivery in the State of Vermont and such group policy does not qualify under 8 V.S.A. § 3368(a)(4) and where the person insured under the policy is a resident of the State of Vermont at the time of death, Respondent shall cease and desist from paying interest on death claims at a rate that is less than required pursuant to 8 V.S.A. § 3665.
4. With respect to all payments made to beneficiaries residing in the State of Vermont, Respondent shall cease and desist from paying interest on death claims at a rate that is less than required pursuant to 8 V.S.A. § 3665.
5. Respondent shall, within 90 days of the signing of this order, audit all payments of claims since January 1, 2005 to the present (1) under policies of life insurance delivered or issued for delivery in Vermont, (2) under group policies of life insurance where the certificates were delivered or issued for delivery in the State of Vermont and such group policies do not qualify under 8 V.S.A. § 3368(a)(4) and where the person insured under the policy is a resident of the State of Vermont at the time of death, (3) under all policies of life insurance where the beneficiaries reside in the State of Vermont, to ascertain whether the proper interest rate was paid on death benefits. The audit shall be performed in the form of a spreadsheet in Excel format, (format provided by Department) listing all claims for the audit time period, the amounts paid, interest paid, and dates thereof for each such claim and, if applicable, the amount of additional interest owed and due the beneficiary or

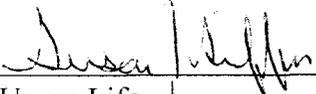
beneficiaries on a date certain in the future. Respondent, in all cases in which the proper rate of interest was not paid, shall pay additional interest due the beneficiary or beneficiaries. Respondent shall submit the audit to the Department for approval, and then shall make any interest payments due within 30 days after the Department's approval of the audit. An explanatory letter from Respondent that has been approved by the Department shall accompany the payments. Respondent shall, no later than 60 days from the date of the signing of this order, submit the explanatory letter for approval by the Department.

6. Respondent hereby waives its statutory right to notice and a hearing before the Commissioner of the Department, or his designated appointee.
7. 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 a right to consult with its attorney in this matter and it has reviewed this Stipulation and Consent Order and it understands all terms and obligations contained herein.
8. 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.

9. 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.

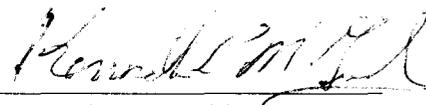
STATE OF MAINE  
COUNTY OF CUMBERLAND

  
Unum Life  
Insurance Company  
Of America

Sworn to and subscribed before this  
The 15<sup>th</sup> day of December, 2010.

  
NOTARY PUBLIC  
Susan M. Tremblay

My Commission Expires: 4/7/2017

Accepted by:   
Kenneth McGuckin, Acting  
Deputy Commissioner,  
Insurance Division,  
Vermont Department  
of Banking, Insurance, Securities  
and Health Care Administration

Date: 12/16/2010

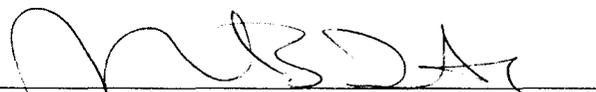
**ORDER**

**IT IS HEREBY ORDERED:**

A. Respondent, Unum Life Insurance Company of America, 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 16<sup>th</sup> day of December 2010.



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