

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

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IN RE: AETNA LIFE INSURANCE) DOCKET NO. 10-101-1
COMPANY)
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STIPULATION AND CONSENT ORDER

NOW COME the Department of Banking, Insurance, Securities and Health Care Administration of the State of Vermont (“Department”) and Aetna 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 and 3661, the Commissioner of the Department (“Commissioner”) is charged with enforcing the insurance laws of the State of Vermont; and

WHEREAS, Aetna Life Insurance Company domiciled in the state of Connecticut, 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 Respondent had not consistently paid the statutorily required rate of interest on payments of claims 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; and

WHEREAS, by entering into this Stipulation and Consent Order, Respondent is not admitting that any of the actions or allegations set forth herein are true, or constitute violations of applicable law.

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 Two Thousand Three Hundred Ninety Dollars (\$2,390.00). 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. For the period of January 1, 2005 through the date on which this order is signed by the Respondent (the "Execution Date") ("Phase I"), Respondent shall, within 90 days of the Execution Date, audit all payments of claims (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, and (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 Phase I 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 Phase I audit to the Department for approval. and then shall make any interest payments due within 60 days after the Department's approval of the Phase I audit. An explanatory letter from Respondent that has been approved by the Department shall accompany the payments.

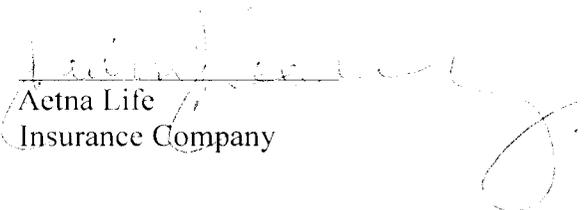
6. For the period after the Execution Date ("Phase II"), Respondent shall, on or before February 1, 2011 audit all payments of claims (1) under policies of life insurance delivered or issued for delivery in Vermont, (2) under group policies of life insurance where the certificates were delivered or issued 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, and (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 Phase II 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 Phase II audit to the Department for approval, and then shall make any interest payments due within 60 days after the Department's approval of the Phase II audit. An explanatory letter from Respondent that has been approved by the Department shall accompany the payments.

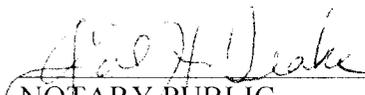
7. Respondent hereby waives its statutory right to notice and a hearing before the Commissioner of the Department, or his designated appointee.
8. Respondent acknowledges and agrees that this stipulation is entered into freely and voluntarily and that except as set forth herein, no promise was made to 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.
9. 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.

10. With the execution of this Stipulation and Consent Order, the Department hereby settles all claims against the Respondent, its employees, officers, directors, agents, and affiliates relating to the payment of interest on death claims for the periods of January 1, 2005 through the Execution Date (Phase I) and the Execution Date through February 1, 2011 (Phase II) that are listed on the audit spreadsheets referred to in paragraph 5 above and have been approved by the Department pursuant to said Paragraph 5. It is agreed that the Department retains any rights it has to respond to and address any consumer complaint that may be made with regard to the payment of interest on death claims. This includes the right to pursue any remedy authorized by law in response to such consumer complaint. Respondent retains the right to assert any factual or legal defenses that it may have to any such complaint, or any claim or action asserted by the Department relating to such complaint.
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.

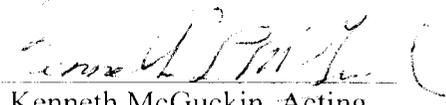
STATE OF Connecticut
COUNTY OF Hartford


Aetna Life
Insurance Company

Sworn to and subscribed before this
The 6 day of December, 2010.


NOTARY PUBLIC

My Commission Expires: July 31, 2013

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

Date: Dec 8, 2010

ORDER

IT IS HEREBY ORDERED:

- A. Respondent, Aetna 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 8th day of December 2010.


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