

Globe Life conducted an investigation of D. Rickman's health history to determine if the death benefit was payable because D. Rickman died within the first two years that his policy was effective. As a result of its investigation, Globe Life determined that the death benefit was payable. Accordingly, on or about 7/20/00, Globe Life paid the death benefit to or on behalf of P. Rickman. However, Globe Life did not pay interest on the death benefit because it believed that ORS 743.192(2) did not require it to pay any interest if it paid the death benefit *within* 30 days of receiving (1) proof "of death" of the insured and (2) information necessary to determine if the death benefit was payable, which it believes is necessary as part of the proof "of the interest of the claimant." Globe Life paid the death benefit 133 days after Globe Life received evidence that D. Rickman died and that P. Rickman was the named beneficiary, but within 30 days of completing its investigation to establish that P. Rickman was entitled to receive benefits under the policy and therefore had an interest in the policy. P. Rickman complained to the Insurance Division. In response to the complaint, the Insurance Division contacted Globe Life and explained that ORS 743.192(2) requires an insurer to pay interest on a death benefit for the period from the date of the insured's death to the date the insurer issues the payment of the death benefit if the insurer pays the death benefit more than 30 days after it receives (1) proof that the insured died, and (2) proof that the claimant is the named beneficiary under the policy, regardless of whether the insurer conducts an investigation to determine if the death benefit is otherwise payable. Although Globe Life disagreed with the Insurance Division's explanation, Globe Life paid the interest of \$65.33.

2. On 6/2/99, Globe Life issued to Gordon R. Miller (G. Miller) of Beaverton, Oregon an individual life insurance policy, number 00F195888, with a death benefit of \$10,000. Irene F. Miller (I. Miller) was the beneficiary of the policy. On 12/30/00, G. Miller died. On or about 2/7/01, Globe Life received from I. Miller proof that G. Miller died and that I. Miller was the named beneficiary. From on or about 3/4/01 to 8/29/01, Globe Life conducted an investigation of G. Miller's health history to determine if the death benefit was payable because G. Miller died within the first two years that his policy was effective. As a result of its investigation, Globe Life determined that the death benefit was payable. Accordingly, on or about 9/21/01, Globe Life paid the death

benefit to or on behalf of I. Miller. Globe Life did not pay any interest on the death benefit because, as explained above, it believed that ORS 743.192(2) did not require it to pay any interest if it paid the death benefit *within* 30 days of completing its investigation to determine the interest of the claimant. Globe Life paid the death benefit 226 days after Globe Life received evidence that G. Miller died and that I. Miller was the named beneficiary, but within 30 days of completing its investigation. I. Miller complained to the Insurance Division. In response to the complaint, the Insurance Division contacted Globe Life and again explained what ORS 743.192(2) required Globe Life to do. Although Globe Life continued to disagree with the Insurance Division's explanation, Globe Life paid the interest of \$218.63.

Action

Pursuant to ORS 731.988, Globe Life shall pay a civil penalty of \$5,000. The payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered or mailed to the Insurance Division at 350 Winter Street NE, Room 440, Salem, OR 97301-3883. The payment shall be received by the Insurance Division by the date of the Final Order.

In consideration of the Director not assessing Globe Life any additional civil penalty for any other violations of ORS 743.192 that may have occurred prior to the date of the Final Order, Globe Life shall do the following:

1. By 12/1/02, Globe Life shall review all claims for death benefits under life insurance policies that insured the lives of residents of Oregon and were issued from 1/1/98 to 9/1/00, in which the insured died within the first two years that the policy was effective, and determine if any interest is due to the respective beneficiary in accordance with ORS 743.192(2) as explained by the Insurance Division.

2. By 12/15/02, Globe Life shall mail payment of any interest due to the respective beneficiary at the beneficiary's last known address on the records of Globe Life.

3. Globe Life shall keep a record in table form of, relative to each claim reviewed, (a) the policy number, (b) the amount of the death benefit, (c) the date Globe Life received evidence of the death of the insured and the interest of the beneficiary in the death benefit of the policy, (d) the date of the check paying the death benefit, (e) the

amount of interest due, (f) the date of the check paying the interest, and (g) the date the check paying the interest was mailed to the beneficiary.

4. By 12/31/02, Globe Life shall mail to the Insurance Division a copy of the above described record.

5. If any interest payments are returned to Globe Life because the address was incorrect, Globe Life shall try to locate the beneficiary, and mail the interest payment to the beneficiary at the correct address.

6. If Globe Life is unable to pay to a beneficiary or the beneficiary's successor, any interest due, then Globe Life shall send the unpaid interest to the Oregon Division of State Lands in accordance with ORS pursuant to 98.302 *et seq.*

Globe Life shall comply with ORS 743.192, as explained by the Insurance Division, relative to all future claims for death benefits under life insurance policies that insure the lives of residents of Oregon.

Dated October 25, 2002

/s/ Brian Mitchell
[Signature of Representative]

Brian Mitchell
[Printed Name of Representative]

Vice President
[Printed Title of Representative]

Globe Life and Accident Insurance Company

FINAL ORDER

The director adopts and incorporates herein by this reference the above Stipulation as the director's final decision in this proceeding.

Dated November 8, 2002

/s/ Mary C. Neidig
Mary C. Neidig
Director
Department of Consumer and Business Services