

**STATE OF OHIO
DEPARTMENT OF INSURANCE
2100 Stella Court
Columbus, Ohio 43215**

IN THE MATTER OF : **CONSENT ORDER**
SOUTHLAND LIFE INSURANCE COMPANY :
MARKET CONDUCT EXAMINATION :

The Superintendent of the Ohio Department of Insurance is responsible for administering Ohio insurance laws pursuant to Section 3901.011 of the Ohio Revised Code ("R.C."). In collaboration with the states of Illinois, Nebraska, and Oregon ("Examining States"), the Ohio Department of Insurance conducted a market conduct examination of Southland Life Insurance Company ("Company"). The Company is authorized to engage in the business of insurance in the Examining States. The examination was restricted to the Company's individual ordinary life insurance business in the Examining States between July 1, 1999 and June 30, 2001.

SECTION I

As a result of the market conduct examination, the Superintendent noted Company deficiencies in the following areas: noncompliance with certain provisions of the life illustration laws of the Examining States, noncompliance with certain provisions of the life replacement laws of the Examining States, untimely response to certain claim correspondence as required by certain provisions of the laws of the Examining States, and inadequate documentation of certain Company death claim files.

SECTION II

It is hereby agreed to by the parties that:

- A. The Company will revise its current illustrations and practices as needed to ensure compliance with the laws of the Examining States. Specifically, the Company will ensure that revised illustrations are clearly labeled or designated as such, that illustrations terms and conditions are easily understandable, that illustrations are fully completed and signed at the time of the date of the application, and that all required documentation is maintained by the Company. The Company further agrees to institute an agent-training program that will ensure the agents' knowledge of and compliance with the illustration laws of the Examining States.
- B. The Company will revise its current life replacement policies, procedures and documentation as needed to comply with the laws of the Examining States. Specifically, the Company will ensure that life replacement policies, including any notice requirements, are fully completed and signed at the time of the date of the application, that all required documentation of all Notices is maintained, that written communication is sent to the existing insurer within three business days after receipt of an application advising of the replacement, and that the written documentation includes a policy or contract ledger statement. The Company further agrees to

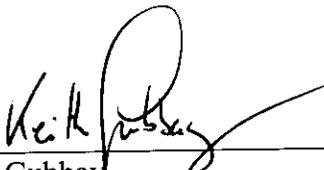
institute an agent-training program that will ensure the agents' knowledge of and compliance with replacement laws of the Examining States.

- C. The Company will institute policies, procedures and controls as needed to ensure that all claims correspondence is responded to within the time frames required by the laws of the Examining States.
- D. The Company will revise its current policies and procedures as needed to ensure that any and all necessary documentation is maintained on all claim activity.
- E. The Company agrees to review and redefine its quality control procedures for its imaging system and make any and all necessary enhancements to meet this agreement.
- F. The Superintendent and the Company enter into this Consent Order to resolve the allegations as set forth in Section I of this order. The Company neither admits nor denies the allegations set forth in Section I.
- G. The Company has been advised of its right to a hearing before the Superintendent pursuant to R.C. Chapter 119, it has a right to a hearing; that, at a hearing, it would be entitled to appear in person, to be represented by an attorney or other representative who is permitted to practice before the agency; and that, at a hearing, it would be entitled to present its position, arguments or contentions in writing and to present evidence and examine witnesses appearing for and against it. The Company hereby waives all such rights.
- H. The Company consents to the jurisdiction of the Superintendent and the Ohio Department of Insurance to determine the issues set forth herein. The Company expressly waives any prerequisites to jurisdiction that may exist.
- I. The Company agrees to monitor its personnel, policies and procedures to ensure compliance with laws in the Examining States. The Company now represents and warrants that its current individual ordinary life insurance business practices examined during this exam are in full compliance with laws in the Examining States.
- J. The Company waives any and all causes of action, claims or rights, known or unknown, which it may have against the Examining States, and any employees, agents, consultants, contractors or officials of the Examining States, in their individual and official capacities, as a result of any acts or omissions on the part of such persons or firms arising out of this matter.
- K. The Company has read and understands this Consent Order. The Company further understands that it has the right to seek counsel of its choice and to have counsel review this Consent Order.
- L. This Consent Order has the full force and effect of an Order of the Superintendent. Failure to abide by the terms of this agreement shall constitute an actionable

violation in and of itself without further proof and may subject the Company to any and all remedies available to the Superintendent.

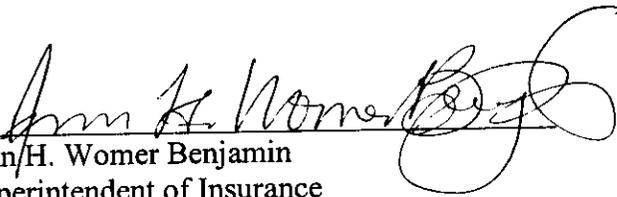
- M. This Consent Order shall be entered in the Journal of the Ohio Department of Insurance. All parties understand and acknowledge that this Consent Order is a public document pursuant to R.C. 149.43.

Date: July 31, 2003



Keith Gubbay
President
Southland Life Insurance Company

Date: 8/14/03



Ann/H. Womer Benjamin
Superintendent of Insurance