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**FILED**

**AUG 29 2008**

**Department of Insurance  
State of Idaho**

Attorneys for Department of Insurance

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**

**STATE OF IDAHO**

In the Matter of: )  
)  
)  
GLOBE LIFE AND ACCIDENT )  
INSURANCE COMPANY, )  
Idaho Certificate of Authority: 1323 )  
)  
\_\_\_\_\_ )

Docket No. 18-2447-08

**STIPULATION AND ORDER**

**STIPULATION**

COMES NOW the Department of Insurance, State of Idaho (Department), by and through its counsel, Michael K. Naethe, Deputy Attorney General, and the undersigned Bureau Chief, Company Activities and GLOBE LIFE AND ACCIDENT INSURANCE COMPANY (GLOBE LIFE), by and through its counsel, Jeffrey W. Pusch of Fisher Pusch & Alderman LLP, and the undersigned authorized representative of GLOBE LIFE and hereby stipulate and agree as follows:

1. GLOBE LIFE is an authorized insurance company, holding certificate of authority number 1323 since December 31, 1980 and, therefore, GLOBE LIFE falls within the jurisdiction of the Director of the Idaho Department of Insurance (Director) and Title 41 of the Idaho Code.
2. On or about August 18, 2005, the Department notified GLOBE LIFE of an accidental death insurance policy beneficiary who had not been paid interest on the proceeds of a GLOBE LIFE accidental death insurance policy in accordance with Idaho Code § 41-1337. The Department summarized its findings and requested that GLOBE LIFE provide proof of compliance with Idaho Code § 41-1337 within fifteen (15) days of August 18, 2005.
3. On or about August 24, 2005, GLOBE LIFE responded to the Department by stating that the accidental death policy at issue was not a policy of life insurance, and therefore, interest on the policy proceeds was not due under Idaho Code § 41-1337.
4. On or about August 25, 2005, the Department responded to GLOBE LIFE by citing Idaho Code § 41-502, which defines “life insurance” as “insurance on human lives.” In addition, it includes “granting of endowment benefits, additional benefits in event of death or dismemberment by accident or accidental means, additional benefits in event of the insured’s disability, and optional modes of settlement of proceeds of life insurance.”

5. On or about September 1, 2005, GLOBE LIFE responded to the Department and indicated that interest had been paid to the beneficiary on the proceeds of the accidental death policy at issue in accordance with Idaho Code § 41-1337.
6. On or about June 27, 2007, the Department sent a written inquiry to GLOBE LIFE concerning a consumer complaint regarding a claim for insurance coverage under an accidental death insurance policy GLOBE LIFE had issued.
7. On or about September 14, 2007, GLOBE LIFE wrote the Department and informed the Department that it had completed its review of the coverage claim and had issued a check to the beneficiary in the full amount of the accidental death benefit coverage under the policy.
8. On or about October 3, 2007, the Department responded in writing by inquiring why interest was not paid on the proceeds of the accidental death policy at issue in accordance with Idaho Code § 41-1337. The Department requested a summary of all death claims paid by GLOBE LIFE in the state of Idaho during the previous five (5) years.
9. On or about October 25, 2007, GLOBE LIFE responded that the policy at issue was not a policy of life insurance, but an accidental death insurance policy and, therefore, no interest was owed on the policy proceeds.
10. On or about November 6, 2007, the Department responded to GLOBE LIFE by citing Idaho Code § 41-502 and requested that GLOBE LIFE

provide a summary of all death claims paid by GLOBE LIFE in the state of Idaho during the previous five (5) years.

11. On or about November 30, 2007, GLOBE LIFE responded that interest had been paid on the benefits of the accidental death policy at issue in accordance with Idaho Code § 41-1337.
12. On or about December 13, 2007, GLOBE LIFE provided a summary of death claims paid by GLOBE LIFE in the state of Idaho since the effective date of the enactment of Idaho Code § 41-1337 (July 1, 2003).
13. The Department has identified six (6) instances during the period from July 1, 2003 through the date hereof in which interest was not paid on the proceeds of GLOBE LIFE accidental death insurance or other life insurance policies in accordance with Idaho Code §§ 41-502 and 41-1337.
14. The Department has identified ten (10) instances during the period from July 1, 2003 through the date hereof in which the proper and full amount of interest was not paid on life insurance policy proceeds in accordance with Idaho Code § 41-1337.
15. GLOBE LIFE admits six (6) violations of Idaho Code § 41-1329(6) for failing to pay any interest on the proceeds of six (6) policies of life insurance when GLOBE LIFE'S obligation to pay interest on the proceeds of these policies existed under Idaho Code § 41-1337.
16. GLOBE LIFE admits ten (10) violations of Idaho Code § 41-1337 for failing to pay all interest due on the proceeds of life insurance policies upon receipt of satisfactory proof of death and sufficient proof of claim.

17. GLOBE LIFE agrees to pay all unpaid interest owed on policy proceeds to the beneficiaries of the life insurance policies underlying the violations agreed upon in paragraphs 13 and 14 above in accordance with Idaho Code § 41-1337. GLOBE LIFE further agrees to pay interest at the rate of three percent (3%) per annum on the unpaid interest owed to beneficiaries, the amounts and identity of which will be specified by GLOBE LIFE and provided to the Department. Payments will be made or tendered within sixty (60) days of the adoption of the attached ORDER by the Director.
18. GLOBE LIFE agrees to submit a procedure statement in a form to be mutually agreed upon concerning compliance with Idaho Code §§ 41-502 and 41-1337 within sixty (60) days of the adoption of the attached ORDER by the Director.
19. GLOBE LIFE agrees to monitoring of its Idaho life insurance claims procedures by the Department for a period of two (2) years from the adoption of the attached ORDER and will submit any documentation reasonably deemed necessary by the Department to ensure compliance with Idaho Code §§ 41-502 and 41-1337.
20. GLOBE LIFE agrees to an administrative penalty of sixty thousand dollars (\$60,000) for the agreed upon violations of Idaho Code § 41-1329(6). The Department agrees to suspend thirty-five thousand dollars (\$35,000) of the administrative penalty on the condition that GLOBE LIFE does not violate Idaho Code § 41-1337 for a period of two (2) years following the adoption of the attached ORDER by the Director. GLOBE LIFE agrees to pay

twenty-five thousand dollars (\$25,000) within thirty (30) days of the adoption of the attached ORDER by the Director.

21. GLOBE LIFE agrees to an administrative penalty of six thousand dollars (\$6,000) for the agreed upon violations of Idaho Code § 41-1337. The Department agrees to suspend five thousand dollars (\$5,000) of the administrative penalty on the condition that GLOBE LIFE does not violate Idaho Code § 41-1337 for a period of two (2) years following the adoption of the attached ORDER by the Director. GLOBE LIFE agrees to pay one thousand dollars (\$1,000) within thirty (30) days of the adoption of the attached ORDER by the Director.
22. Should GLOBE LIFE violate Idaho Code § 41-1337 during the aforementioned two (2) year suspended penalty period, GLOBE LIFE shall pay the remainder of the administrative penalties, in the amount of forty thousand dollars (\$40,000), within thirty (30) days of receiving notice and explanation of a violation of Idaho Code § 41-1337 from the Department. GLOBE LIFE agrees to waive its right to any administrative hearing in respect to the determination of a violation during the two (2) year suspended penalty period and the imposition of the remainder of the administrative penalty. By having the sole discretion to ask the Director to impose the remainder of the administrative penalty, the Department does not waive, and hereby reserves, its right to pursue further administrative action, and seek additional administrative penalties, for any future violations of Idaho Code § 41-1337 during the two (2) year suspended


penalty period. It is expressly agreed to and acknowledged by the Department that the agreements made herein by GLOBE LIFE including the stipulated penalties agreed to by GLOBE LIFE in paragraphs 20, 21, and in this paragraph 22 and actions to be taken by GLOBE LIFE under paragraphs 17, 18, and 19 are made and agreed to by GLOBE LIFE and the Department in full compromise and settlement of the violations admitted to herein by GLOBE LIFE, and that by execution of this Stipulation, the Department therefore foregoes and releases any right to pursue any further administrative or other action or to pursue additional remedies and/or impose additional penalties under Title 41, Idaho Code and/or the Rules and Regulations of the Department promulgated thereunder with respect to said agreed upon and admitted violations; provided the foregoing shall not restrict the Department from pursuing an administrative or other action to enforce this Stipulation.

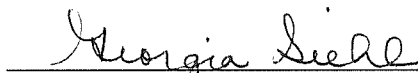
23. At the end of the two (2) year suspended penalty period, the Department agrees to confirm whether additional violations of Idaho Code § 41-1337 have occurred during the two (2) year suspended penalty period and that GLOBE LIFE has no liability for the suspended portions of the administrative penalties.
24. The parties agree that the terms of this Stipulation are appropriate and proper under the circumstances referenced herein, and that they have entered into this Stipulation knowingly, voluntarily, and with full knowledge of any rights they may be waiving thereby. Additionally, the

parties hereby waive the right to seek reconsideration and judicial review of the attached ORDER.

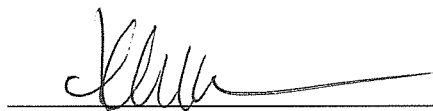


DEPARTMENT OF INSURANCE  
STATE OF IDAHO

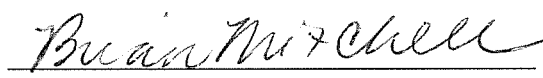
 Dated this 28<sup>th</sup> day of August 2008.  
By: MICHAEL K. NAETHE  
Deputy Attorney General

 Dated this 28<sup>th</sup> day of August 2008.  
By: GEORGIA SIEHL  
Bureau Chief, Company Activities

FISHER PUSCH & ALDERMAN LLP

 Dated this 27<sup>th</sup> day of August 2008.  
By: JEFFREY W. PUSCH  
Attorneys for Globe Life and Accident Insurance Company

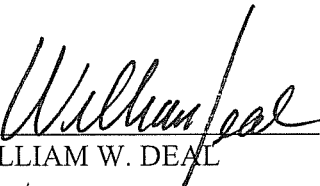
GLOBE LIFE AND ACCIDENT INSURANCE COMPANY

 Dated this 26<sup>TH</sup> day of August 2008.  
By: BRIAN MITCHELL  
Senior Vice President, Associate General Counsel

**ORDER**

IT APPEARING FROM THE FOREGOING THAT GOOD CAUSE EXISTS, IT IS HEREBY ORDERED that the foregoing Stipulation of the parties is adopted and accepted in full and made a part of this Order, effective as of the date executed by the Director.

DATED this 29<sup>TH</sup> day of August 2008.

  
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WILLIAM W. DEAL  
Director

**CERTIFICATE OF SERVICE**

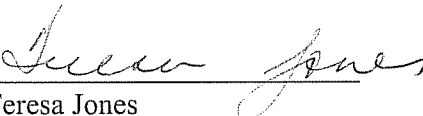
I HEREBY CERTIFY that I have on this 29<sup>th</sup> day of August 2008, caused a true and correct copy of the foregoing document to be served upon the following by the designated means:

Jeffrey W. Pusch, Esq.  
Fisher Pusch & Alderman LLP  
PO Box 1308  
Boise, ID 83701

- first class mail
- certified mail
- hand delivery
- via facsimile

Michael K. Naethe  
Deputy Attorney General  
700 W. State Street, 3<sup>rd</sup> Floor  
P.O. Box 83720  
Boise, ID 83720 – 0043

- first class mail
- certified mail
- hand delivery
- via facsimile

  
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Teresa Jones  
Assistant to the Director