



Illinois Department of Insurance

BRUCE RAUNER
Governor

JENNIFER HAMMER
Director

June 8, 2017

Mr. Thomas D. Myers
President
United Insurance Company of America
12115 Lackland Road
St. Louis, MO 63146-4003

Re: United Insurance Company of America, NAIC 69930
Market Conduct Examination Report Closing Letter

Dear Mr. Myers:

The Department has reviewed your Company's proof of compliance and deems it adequate and sufficient. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

A handwritten signature in cursive script that reads "Jack Engle".

Jack Engle, MCM
Assistant Deputy Director-Market Conduct and Analysis
Illinois Department of Insurance
320 West Washington- 5th Floor
Springfield, IL 62767
217-558-1058
E-mail: Jack.Engle@Illinois.gov

**ILLINOIS DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION OF
UNITED INSURANCE COMPANY OF AMERICA**

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: July 11, 2016 through November 23, 2016

EXAMINATION OF: United Insurance Company of America
NAIC Number: 69930

LOCATION: 12115 Lackland Road
Saint Louis, MO 63146

PERIOD COVERED: April 1, 2015 through March 31, 2016 – Claims
October 1, 2014 through March 31, 2016 – Complaints

EXAMINERS: David Bradbury MCM, Examiner-in-Charge
Patricia Hahn MCM

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I. FOREWORD

This is a comprehensive market conduct examination report of United Insurance Company of America (the “Company”), NAIC Code 69930. This examination was conducted at the offices of Kemper Corporation, located at 12115 Lackland Road, St. Louis, Missouri 63146.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures or files does not constitute approval thereof by the Illinois Department of Insurance (IDOI).

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

II. SCOPE OF THE EXAMINATION

The Department has the authority to conduct this examination pursuant to, but not limited to, 215 ILCS 5/132.

The purpose of the examination was to determine if the Company complied with the Illinois Insurance Code (IIC), the Illinois Administrative Code (IAC), and to consider whether the Company’s operations are consistent with the public interest. The primary period covered by this review is April 1, 2015 through March 31, 2016, for claims and October 1, 2014 through March 31, 2016, for complaints and appeals unless otherwise noted. Errors outside of this time period discovered during the course of the examination, however, may also be included in the report.

The examination was a comprehensive examination involving the following business functions and lines of business: claims handling practices, policy forms and advertising in use, producer licensing and the handling of consumer complaints, appeals and Department complaints for all lines of business.

In performing this examination, the examiners reviewed a sample of the Company’s practices, procedures, products, forms, advertising, extra-contractual claim adjudication guidelines and files. Therefore, some noncompliant events may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

III. SUMMARY

The following represent general findings, however specific details are found in each section of the report.

TABLE OF TOTAL VIOLATIONS							
Criticism	Crit #	Statute/Rule	Description of Violation	Population	Sample	# of Violations	Error %
Paid Individual Life	126	215 ILCS 5/224(1)(l)	Failed to pay beneficiary claim proceeds and subsequent interest.	234	173	1	1%
Paid Individual Life	110	50 Ill. Admin. Code 919.50(a)	Failed to affirm or deny coverage within a reasonable time.	234	173	4	2%
Paid Individual Life	75 & 106	215 ILCS 5/224(1)(l)	Failed to pay beneficiary interest when claim paid after 31 days of receipt of proof of death totaling \$368.63.	234	173	2	1%
Paid Individual Life	97 & 11	215 ILCS 5/224(1)(l)	Failed to notify beneficiary of the availability of interest at time of claim.	234	173	3	2%
Paid Individual Life	125	50 Ill. Admin. Code 919.50(a)(1)	Failed to provide the beneficiary with a reasonable written for explanation of a claim denial. Claim was made but life benefits were not on the insuring form.	234	173	1	1%
Denied Individual Life	82	215 ILCS 5/224(1)(l)	Failed to pay a claim and subsequent interest in the amount of \$944.35.	171	171	1	1%
Denied Individual Life	89	50 Ill. Admin. Code 919.50(a)	Failed to affirm or deny claims within a reasonable time.	171	171	19	11%
Denied Individual Life	94	215 ILCS 5/224(1)(l)	Failed to notify beneficiary of the availability of interest at time of claim.	171	171	18	11%
Denied Individual Life	80	50 Ill. Admin. Code 919.50(a)(1)	Failed to provide the beneficiary with the "Notice of Availability of the Department of Insurance" on a denial letter.	171	171	8	5%
Denied Individual Life	93	50 Ill. Admin. Code 919.70(a)(2)	Failed to provide the beneficiary with a reasonable written explanation of delay beyond 45 days.	171	171	1	1%
Denied Individual Life	92	50 Ill. Admin. Code 919.70(a)(2)	Failed to provide beneficiary with the "Notice of Availability of the Department of Insurance" when a claim is delayed beyond 45 days.	171	171	2	2%
Paid Accident & Health – Scheduled	62 & 64	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Failed to pay a claim and subsequent interest in the amount of \$174.41.	25	25	2	8%

TABLE OF TOTAL VIOLATIONS

Criticism	Crit #	Statute/Rule	Description of Violation	Population	Sample	# of Violations	Error %
Paid Accident & Health – Scheduled	67	50 Ill. Admin. Code 919.50(a)(1)	Failed to provide the insured with a reasonable written explanation of a claim denial. Claim was made but life benefits were not on the insuring form.	25	25	1	4%
Paid Accident & Health – Scheduled	68 & 78	50 Ill. Admin. Code 919.70(a)(2)	Failed to provide the insured with a reasonable written explanation of delay beyond 45 days.	25	25	2	8%
Denied Accident & Health-Scheduled	46	50 Ill. Admin. Code 919.50(a)(1)	Failed to provide the beneficiary with the “Notice of Availability of the Department of Insurance” on a denial letter.	42	42	5	12%
Paid Individual Disability	121 & 122	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Failed to pay a claim and subsequent interest in the amount of \$238.55.	10	10	2	20%
Denied Individual Disability	123	50 Ill. Admin. Code 919.50(a)(1)	Failed to provide a reasonable and accurate explanation of the basis of denial.	15	15	5	33%
Approved Waiver of Premium	29	50 Ill. Admin. Code 919.50(a)(1)	Failed to provide the beneficiary with the “Notice of Availability of the Department of Insurance” on a denial letter.	9	9	2	22%
Approved Waiver of Premium	30	50 Ill. Admin. Code 919.70(a)(2)	Failed to provide the insured with a reasonable written explanation of delay beyond 45 days.	9	9	4	44%
Rejected Waiver of Premium	24	50 Ill. Admin. Code 919.50(a)(1)	Failed to provide the beneficiary with the “Notice of Availability of the Department of Insurance” on a denial letter.	12	12	2	17%
Rejected Waiver of Premium	25	50 Ill. Admin. Code 919.70(a)(2)	Failed to provide the insured with a reasonable written explanation of delay beyond 45 days.	12	12	4	33%
DOI Complaints	7 & 8	215 ILCS 5/224(1)(1)	Failed to pay beneficiary interest when claim paid after 31 days of receipt of due proof of loss totaling \$2,805.47.	61	61	2	3%
DOI Complaints	28	50 Ill. Admin. Code 926.40(a)	Failed to respond to the Department within the required 21 days.	61	61	1	2%
Consumer Complaints	23	215 ILCS 5/132(2)	Failed to provide files needed to complete the examination.	10	10	1	10%
Producer Licensing	60	215 ILCS 5/500-80	Commissions paid in the amount of \$805.62 on four (4) applications to two (2) producers not duly licensed.	219 6277	219 6277	2 producers 4 applications	NA

TABLE OF TOTAL VIOLATIONS

Criticism	Crit #	Statute/Rule	Description of Violation	Population	Sample	# of Violations	Error %
Policy Forms	39	215 ILCS 5/143(1) & 50 Ill. Admin. Code 1405.40(p)(3)	Exclusions that limit coverage of accidental ingestion of poison to food substances.	16	16	2	13%
Policy Forms	31 & 32	50 Ill. Admin. Code 2007.70(b)(8)(A)(x)	Excluded skin cancer as a covered benefit on a cancer policy.	16	16	2	13%
Policy Forms	50	215 ILCS 5/143(1) & 50 Ill. Admin. Code 916.40(a) and (b)	Use of policy forms that were not approved. The IDOI at the 2005 filing prohibited the use of arbitration provisions yet the Company continued their use until the time of this exam.	16	16	1	7%
Advertising	22	50 Ill. Admin. Code 2007.70(b)(8)(A)(x)	Excluded skin cancer as a covered benefit on a cancer policy.	15	15	1	7%

IV. BACKGROUND

United Insurance Company of America commenced business as United Insurance Company on April 25, 1928, following incorporation as a legal stock reserve life insurance company on October 15, 1927. Its present title was adopted in 1955.

On September 1, 1968, the Company became a wholly-owned subsidiary of the Unicoa Corporation (Unicoa), a life insurance holding company. During 1968, Teledyne, Inc. acquired a majority interest in the Company and subsequently, the Unicoa. On November 2, 1987, the Unicoa was merged into the Company by converting each share of Unicoa's common stock into one share of common stock of the Company. On December 28, 1989, the Company became a wholly owned subsidiary of Teledyne, Inc.

Unitrin, Inc. was formed in February 1990, for the purpose of holding directly or indirectly all of the outstanding shares of Teledyne's insurance and financial subsidiaries, including the Company.

Since its organization, the Company has acquired the business of numerous other insurers through reinsurance agreements and mergers.

Effective April 1, 2008, Unitrin, Inc. acquired Primesco, Inc. (Primesco), a general business corporation organized in Delaware, along with its subsidiaries Mutual Savings Life Insurance Company (Mutual Savings Life) and Mutual Benefit Assessment Corporation. Mutual Savings Life also had a subsidiary, Mutual Savings Fire Insurance Company (Mutual Savings Fire). Effective June 1, 2009, United Insurance Company of America purchased all of the issued and outstanding capital stock of Mutual Savings Life from Primesco. As a result of this transaction, Mutual Savings Life became a direct, wholly owned subsidiary of the Company and Mutual Savings Fire an indirectly, wholly owned subsidiary.

On December 31, 2009, Unitrin, Inc. contributed all of the issued and outstanding common stock of Union National Life Insurance Company and the Reliable Life Insurance Company (Reliable) to United Insurance Company of America, thereby making both entities direct, wholly-owned subsidiaries of the Company.

Unitrin, Inc. changed its name to Kemper Corporation on August 25, 2011, after purchasing the Kemper naming rights from Lumberman's Mutual Casualty Company and its affiliates on June 29, 2010.

V. METHODOLOGY

The Market Conduct Examination covered the business for the period of April 1, 2015 through March 31, 2016, for claims and October 1, 2014 through March 31, 2016, for the complaint/appeal file review. Specifically, the examination focused on a review of the following areas:

1. Producer Production
2. Claims
3. Department Complaints and Consumer Appeals

The review of the categories was accomplished through examination of appointed and terminated producer files, claim files and complaint files. Each of the categories was examined for compliance with Department regulations and applicable state laws.

The report concerns itself with improper practices performed by the Company which resulted in failure to comply with Illinois statutes and/or administrative rules. Criticisms were prepared and communicated to the Company addressing violations discovered in the review process. All valid violations were cited in the report. The following methods were used to obtain the required samples and to assure a methodical selection:

Producer Production

New business was reviewed to determine if solicitations had been made by duly licensed persons.

Claims

1. Paid Claims – Payment for claims made during the examination period.
2. Denied Claims – Denial of benefits during the examination period for losses not covered by certificate of coverage provisions.

All claims were reviewed for compliance with policy contracts and applicable sections of the Illinois Insurance Code (215 ILCS 5/1 *et seq.*), the Managed Care Reform and Patient Rights Act (215 ILCS 134/1 *et seq.*) and the Illinois Administrative Code (50 Ill. Admin. Code 101 *et seq.*).

The Department defines due proof of loss as medical records, investigation materials, written proofs, claim forms, authorizations, or other reasonable evidence of claim that is ordinarily required of insureds or beneficiaries. The Department's position is that the 30 days to pay (31 day delay for interest) starts when the last proof required from the claimant (beneficiary), medical record or investigation documentation is received by the Company. The paid individual life, denied individual life, paid health – scheduled and Department of Insurance complaints surveys resulted in criticisms.

Median payment periods were measured from the date all necessary proofs of loss were received to the date of payment or denial to the claimant. The period under review was April 1, 2015 through March 31, 2016.

Department Complaints and Consumer Appeals

The Department requested the Company provide all files relating to complaints received via the Department of Insurance and those received directly from consumers. The Department also requested the Company provide files of all consumer complaints and external independent reviews handled during the survey period.

Median periods were measured from the date of notification by the complainants to the date of response by the Company. The period under review was October 1, 2014 through March 31, 2016.

VI. SAMPLE SELECTION

<u>Survey</u>	<u>Population</u>	<u>Reviewed</u>	<u>% Reviewed</u>
CLAIMS ANALYSIS			
Paid Individual Life	234	108 Whole Life 62 Term Life 3 All Others	64.00% 100.00% 100.00%
Denied Individual Life	171	171	100.00%
Paid Health – Scheduled	25	25	100.00%
Denied Health – Scheduled	42	42	100.00%
Paid Individual Cancer	8	8	100.00%
Paid Individual Disability	10	10	100.00%
Denied Individual Disability	15	15	100.00%
Approved Waiver of Premium	9	9	100.00%
Rejected Waiver of Premium	12	12	100.00%
PRODUCER LICENSING			
Agents	219	219	100.00%
Applications	6277	6277	100.00%
COMPLAINTS			
Consumer Complaints	10	10	100.00%
Department of Insurance Complaints	61	61	100.00%
POLICYHOLDER SERVICES			
Declined Life Applications	215	215	100.00%
Life New Business	228	228	100.00%
Accident & Health Scheduled	113	113	100.00%
Non-Forfeiture Review	2458	117	5.00%
Life Cash Surrender	855	113	13.00%
POLICY FORMS AND ADVERTISING			
Policy Forms	16	16	100.00%
Advertising	15	15	100.00%

VII. FINDINGS

A. Claims

1. Paid Individual Life

- In one (1) instance out of 173 files reviewed for an error percentage of 1%, the Company underpaid one (1) life claim for \$20,000. This is a violation of 215 ILCS 5/224(1)(l).

Criticism	Crit #	Statute Rule	Description of Violation	Underpaid	Interest Due
PH PIL	126	215 ILCS 5/224(1)(l)	Claim was underpaid	\$20,000- Paid	\$0

- In four (4) instances out of 173 files reviewed for an error percentage of 2%, the Company failed to affirm or deny coverage within a reasonable time. This is a violation of 50 Ill. Admin. Code 919.50(a).
- In two (2) instances out of 173 files reviewed for an error percentage of 1%, the Company failed to pay beneficiary interest when the claim was paid after 31 days of receipt of due proof of loss totaling \$368.63. The Company paid the interest. Failure to pay the required interest is a violation of 215 ILCS 5/224(1)(l).

Criticism	Crit #	Statute Rule	Description of Violation	Interest Paid
PH PIL	75	215 ILCS 5/224(1)(l)	Interest due to late payment	\$273.23
PH PIL	106	215 ILCS 5/224(1)(l)	Interest due to late payment	\$95.40
			TOTAL	\$368.63

- In three (3) instances out of 173 files reviewed for an error percentage of 2%, the Company failed to notify the beneficiary of the availability of interest if a claim remained unpaid for 31 days. This is a violation of 215 ILCS 5/224(1)(l).
- In one (1) instance out of 173 files reviewed for an error percentage of 1%, the Company failed to provide the beneficiary with a reasonable written explanation of denial. The policy number was on the life claim form yet the claim was never denied. This is a violation of 50 Ill. Admin. Code 919.50(a)(1).

The median for payment was five (5) days.

2. Denied Individual Life

- In one (1) instance out of 171 files reviewed for an error percentage of 1%, the Company underpaid a life claim and failed to pay the beneficiary interest. This is a violation of 215 ILCS 5/224(1)(l). The Company agreed that a \$510.00 claim was underpaid and paid \$434.35 in interest.
- In 19 instances out of 171 files reviewed for an error percentage of 11%, the Company failed to affirm or deny coverage within a reasonable time. This is a violation of 50 Ill. Admin. Code 919.50(a).

- In 18 instances out of 171 files reviewed for an error percentage of 11%, the Company failed to notify the beneficiary at the time of claim of the availability of interest payment due to delayed claim processing beyond 31 days. This is a violation of 215 ILCS 5/224(1)(l).
- In eight (8) instances out of 171 files reviewed for an error percentage of 5%, the Company failed to provide the insured’s beneficiary with the “Notice of Availability of the Department of Insurance” on denied claims. This is a violation of 50 Ill. Admin. Code 919.50(a)(1).
- In one (1) instance out of 171 files reviewed for an error percentage of 1% the Company failed to provide a delay letter when a claim was delayed beyond 45 days. This is a violation of 50 Ill. Admin. Code 919.70(a)(2).
- In two (2) instances out of 171 files reviewed for an error percentage of 1%, the Company failed to provide the “Notice of Availability of the Department of Insurance” on the delay letter when a claim was delayed beyond 45 days. This is a violation of 50 Ill. Admin. Code 919.70(a)(2).

The median for denial was nine (9) days.

3. Paid Health - Scheduled

- In two (2) instances out of 25 files reviewed for an error percentage of 8%, the Company underpaid the claim. The Company made payment. This is a violation of 215 ILCS 5/154.6(d) and ILCS 5/368a(c).

Criticism	Crit #	Statute Rule	Description of Violation	Underpaid	Interest Paid
PH PD A&H	62	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Claim was underpaid	\$60.00	\$7.23
PH PD A&H	64	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Claim was underpaid	\$100.00	\$7.18

- In one (1) instance out of 25 files reviewed for an error percentage of 4%, the Company failed to affirm or deny coverage within a reasonable time. This is a violation of 50 Ill. Admin. Code 919.50(a)(1).
- In two (2) instances out of 25 files reviewed for an error percentage of 8% the Company failed to provide a delay letter when a claim was delayed beyond 45 days. This is a violation of 50 Ill. Admin. Code 919.70(a)(2).

The median for payment was six (6) days.

4. Denied Health - Scheduled

- In five (5) instances out of 42 files reviewed for an error percentage of 12%, the Company failed to provide the insured’s beneficiary with the “Notice of Availability of the Department of Insurance” on denied claims. This is a violation of 50 Ill. Admin. Code 919.50(a)(1).

The median for denial was five (5) days.

5. Paid Individual Cancer

Eight (8) files were reviewed. No exceptions were noted.

The median for payment was seven (7) days.

6. Paid Individual Disability

- In two (2) instances out of 10 files reviewed for an error percentage of 20%, the Company underpaid two (2) claims. Additional interest was also due. This was a violation of 215 ILCS 5/154.6(d) and 215 ILCS 5/368a(c). The Company made payment prior to completion of the exam.

Criticism	Crit #	Statute Rule	Description of Violation	Underpaid	Interest Due
PH PD A&H	121	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Claim was underpaid	\$75.00	\$5.01
PH PD A&H	122	215 ILCS 5/154.6(d) & 215 ILCS 5/368a(c)	Claim was underpaid	\$150.00	\$8.54

The median for payment was eight (8) days.

7. Denied Individual Disability

- In five (5) instances out of 15 files reviewed for an error percentage of 33%, the Company failed to provide a reasonable and accurate explanation for claim denials. This is a violation of 50 Ill. Admin. Code 919.50(a)(1).

The median for denial was three (3) days.

8. Approved Waiver of Premium

- In two (2) instances out of nine (9) files reviewed for an error percentage of 22%, the Company failed to provide the insured's beneficiary with the "Notice of Availability of the Department of Insurance" on denied claims. This is a violation of 50 Ill. Admin. Code 919.50(a)(1).
- In four (4) instances out of nine (9) files reviewed for an error percentage of 44%, the Company failed to provide the "Notice of Availability of the Department of Insurance" on the delay letter when a claim was delayed beyond 45 days. This is a violation of 50 Ill. Admin. Code 919.70(a)(2).

The median for approval was nine (9) days.

9. Rejected Waiver of Premium

- In two (2) instances out of 12 files reviewed for an error percentage of 17%, the Company failed to provide the insured's beneficiary with the "Notice of Availability of the Department of Insurance" on denied claims. This is a violation of 50 Ill. Admin. Code 919.50(a)(1).

- In four (4) instances out of 12 files reviewed for an error percentage of 33%, the Company failed to provide the “Notice of Availability of the Department of Insurance” on the delay letter when a claim was delayed beyond 45 days. This is a violation of 50 Ill. Admin. Code 919.70(a)(2).

A median for denial was eight (8) days.

B. Complaints

1. Department of Insurance Complaints

- In two (2) instances out of 61 files reviewed for an error percentage of 3%, the Company failed to make payment of interest to the insured’s beneficiary due to delayed payment of claim. The Company paid the interest. Failure to pay the required interest is a violation of 215 ILCS 5/224(1)(1).

Criticism	Crit #	Statute Rule	Description of Violation	Interest Paid
PH	07	215 ILCS 5/224(1)(1)	Interest due to late payment	\$1,753.42
PH	08	215 ILCS 5/224(1)(1)	Interest due to late payment	\$1,052.05
			Total	\$2,805.47

- In one (1) instance out of 61 files reviewed for an error percentage of 2%, the Company failed to respond to the Department within 21 days. The due date for the response is contained in the initial notice of the complaint from the IDOI to the Company. This was a violation of 50 Ill. Admin. Code 926.40(a).

The median for response to the Department was six (6) days.

2. Consumer Complaints

In one (1) instance out of 10 files reviewed for an error percentage of 10%, the Company failed to provide a consumer complaint file. This is a violation of 215 ILCS 5/132(2).

The median for response to the complainant was six (6) days.

C. Policy Holder Services

1. Declined Life Applications

A review of 215 declined life applications produced no exceptions.

The median for declination was eight (8) days.

2. Life New Business

a. Guaranteed Issue and Individual Life

A review of 228 life new business applications produced no exceptions.

b. Accident and Health – Scheduled

A review of 113 accident and health – scheduled new business applications produced no exceptions.

3. Accident and Health New Business

A review of 113 accident and health new business applications produced no exceptions.

4. Non-Forfeiture Review

A review of 117 non-forfeiture files produced no exceptions.

5. Life Cash Surrenders

A review of 113 life cash surrender files produced no exceptions.

The median for surrender was seven (7) days.

D. Producer Licensing

A review was performed on Company provided data that included first year commissions. The Company was criticized for payment of commission to two (2) unlicensed producers for four (4) applications. \$805.62 in commissions was paid by the Company to unlicensed producers. This is a violation of 215 ILCS 5/500-80.

E. Policy Forms and Advertising

1. Policy Forms

Reviews of the policy forms filed and in use for the period under review did not meet the current standards under 215 ILCS 5/143(1).

- In one (1) instance the Company was criticized under 215 ILCS 5/143(1) and 50 Ill. Admin. Code 916.40(a) & (b) for use of a policy form that was not approved for use in 2005. The form contains an arbitration provision for claim settlement between the beneficiaries of the policy and the Company and it was not allowed when originally filed. The Company continued to use the form up until it was discovered by Examiners at time of the Examination.
- In one (1) instance the Company was criticized under 215 ILCS 5/143(1) and 50 Ill. Admin. Code 1405.40(p)(3) for exclusions that limit coverage of accidental ingestion of poison to food substances only.

- In two (2) instances the insurer was criticized under 50 Ill. Admin. Code 2007.70(b)(8)(A)(x) for use of cancer policy forms that exclude skin cancer as a covered benefit. This is the risk purported to be assumed under the described coverage.

2. Advertising

Review of the advertising forms in use for the period under review identified a form that did not meet the current standards.

- In one (1) instance the insurer was criticized under 50 Ill. Admin. Code 2007.70(b)(8)(A)(x) for use of cancer advertising forms that exclude skin cancer as a covered benefit. This is the risk purported to be assumed under the described coverage.

STATE OF OKLAHOMA)
) ss
COUNTY OF OKLAHOMA)

David Bradbury, being first duly sworn upon his/her oath, deposes and says:

That he was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of UNITED INSURANCE COMPANY OF AMERICA (collectively the "Company").

That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as a policyholder or claimant under a policy or as an owner of shares in a regulated diversified investment company, and that neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

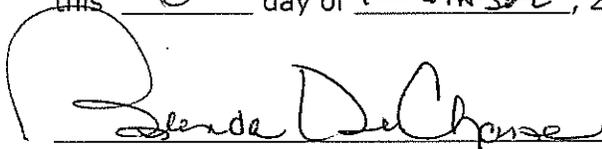
That she/he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Company.

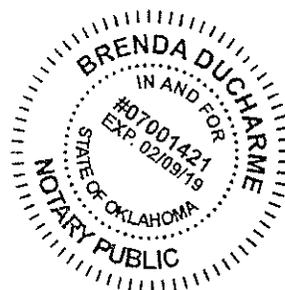


Examiner-In-Charge

Subscribed and sworn to before me
this 8th day of December, 2016



Notary Public



STATE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

**UNITED INSURANCE COMPANY OF AMERICA
12115 LACKLAND ROAD
ST. LOUIS, MO 63146-4003**

STIPULATION AND CONSENT ORDER

WHEREAS, the Director of the Illinois Department of Insurance ("Department") is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, United Insurance Company of America, NAIC 69930, is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS AGREED by and between the Company and the Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain policies and procedures whereby the Company shall ensure claims are paid within 30 days, ensure payment of interest when a claim remains unpaid for more than 30 days and shall effectuate prompt, fair and equitable settlement of claims in which liability has become reasonably clear as required by 215 ILCS 5/368a(c) and 215 ILCS 154.6(d).
2. Institute and maintain policies and procedures whereby the Company shall provide notice of the availability of interest on life claims to the beneficiary(s) if payment is delayed beyond 31 days at the time the beneficiary makes the claim as required by 215 ILCS 5/224(1)(l).
3. Institute and maintain policies and procedures whereby the Company shall affirm or deny liability on claims within a reasonable time as required by 50 Ill. Adm. Code 919.50(a).
4. Institute and maintain policies and procedures whereby the Company shall provide the insured or insured's beneficiary a reasonable written explanation of the basis for the denial within 30 days after the investigation and determination of liability is completed and provide a "Notice of Availability of the Department of Insurance" on denied claims as required by 50 Ill. Adm. Code 919.50(a)(1).
5. Institute and maintain policies and procedures whereby the Company shall provide the insured or beneficiary, when applicable, a reasonable written explanation for delay, accompanied by a Notice of Availability of the Department of Insurance, when a claim remains unresolved for 45 days from the date it is reported as required by 50 Ill. Adm. Code 919.70(a)(2).
6. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above five (5) orders within 30 days of execution of this Order.
7. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$7,250 to be paid within 30 days of execution of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code including, but not limited to, levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of UNITED INSURANCE COMPANY OF AMERICA

Adrienne F. Bennett
Signature

Adrienne F. Bennett
Name

Vice President, Asst. Group Counsel
Title

Subscribed and sworn to before me this
16 day of May 2017.

S. Joyce Scales
Notary Public



DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 5/17/17

Jennifer Hammer /psd
Jennifer Hammer
Director

