

**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE  
FOR THE STATE OF TENNESSEE**

**IN THE MATTER OF:** )  
 ) **No. 05-044**  
**LIFE AND HEALTH INSURANCE COMPANY OF AMERICA** )

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**CONSENT ORDER**

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WHEREAS, Petitioner, the Tennessee Insurance Division, (hereinafter referred to as the “Division”), and the Respondent, Life and Health Insurance Company of America (In Liquidation), (hereinafter referred to as the “Respondent”), hereby stipulate and agree, subject to the approval of the Commissioner of Commerce and Insurance (hereinafter referred to as the “Commissioner”) as follows:

**GENERAL STIPULATIONS**

1. It is expressly understood that this Consent Order is subject to the Commissioner’s acceptance and has no force and effect until such acceptance is evidenced by the entry of the Commissioner.
2. The Commissioner has determined that the resolution set forth in this Consent Order is fair, reasonable, and in the best public interest.
3. This Consent Order is executed by the Respondent for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

4. Respondent fully understands that this Consent Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts or omissions not specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed. By signing this agreement the Respondent does not waive the provisions of the Liquidation Order and the PA liquidation state prohibiting the commencement or maintenance of any actions whether in law or equity against the Respondent and reserves the right to raise the stay provisions in any proceeding or action against it.

5. The Respondent expressly waives all further procedural steps and all rights to seek judicial review of or to otherwise challenge or contest the validity of the Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Consent Order by the Commissioner.

#### **FINDINGS OF FACT**

6. Life and Health Insurance Company of America is an insurance company domiciled in the State of Pennsylvania.

7. Respondent has received a certificate of authority to sell life and disability lines of insurance in the State of Tennessee and is subject to regulation under the Tennessee Insurance Law (hereinafter referred to as the "Tennessee Law"), codified as Title 56 of the Tennessee Code.

8. The Respondent has failed to file with the Division an annual statement reporting on its financial condition as of the end of the year 2004.

9. On July 2, 2004, the Commonwealth Court of Pennsylvania declared the Respondent insolvent and the Respondent was ordered into liquidation.

## CONCLUSIONS OF LAW

10. Tenn. Code Ann. § 56-1-416 provides that the Commissioner shall revoke or suspend all certificates of authority granted to an insurance company if the Commissioner is of the opinion, upon examination or other evidence, that a foreign insurance company is in an unsound condition or has failed to comply with the law and, upon such a finding, no new business shall be done by the company or its agents under suspension or revocation while such default or disability continues and not until its authority to do business is restored by the Commissioner.

11. Tenn. Code Ann. § 56-1-501 states, in pertinent part, that all insurance companies doing business in this state shall annually file in the office of the Commissioner an annual statement in the form adopted by companies, by class of business authorized, which statement shall exhibit its financial condition on December 31 of the previous year, and its business of that year, which statement shall be completed and filed in accordance with annual statement instructions established by the Commissioner.

12. By virtue of the Respondent failing to comply with Tenn. Code Ann. § 56-1-501, the Respondent is subject to the sanctions set forth in Tenn. Code Ann. § 56-1-416.

13. On July 2, 2004, the Commonwealth Court of Pennsylvania declared the Respondent insolvent and the Respondent was ordered into liquidation.

14. Respondent admits to the Findings of Fact, above. Respondent further admits that the Conclusions of Law, above, are fair and reasonable. In order to avoid any further expenses or costs associated with litigating this matter, Respondent hereby desires to enter into this Consent Order.

## ORDER

**NOW THEREFORE**, on the basis of the foregoing, the waiver of the Respondent of its rights to a hearing and appeal under Tennessee Insurance Law and Tennessee's Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101, *et seq.*, and the admission by Respondent of the jurisdiction of the Commissioner to revoke its certificate of authority the Commissioner finds that the Respondent has agreed to the entry of this order, this Order is appropriate, and in the public interest.

**IT IS ORDERED**, pursuant to Tenn. Code Ann. § 56-1-416 of the Tennessee Insurance Law, that:

Respondent's Certificate of Authority is hereby revoked. Accordingly, Respondent shall cease writing new business in the State of Tennessee. Any claims against the estate for fees and taxes and policyholder claims not covered by guaranty associations may be filed against the estate pursuant to the proof of claim procedures established for the estate.

This Consent Order is in the public interest and in the best interests of the parties. This Consent Order represents an agreement between the parties and is for settlement purposes only. By the signature affixed below, the Respondent affirmatively states that it has freely agreed to the entry of this Consent Order, that it has been advised that it may consult legal counsel in this matter and has had the opportunity to consult with legal counsel should it had desired to do so, that it waives its right to a hearing on the matters underlying this Consent Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by

signing this Consent Order, affirmatively state their agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Consent Order, are binding upon them.

15. Nothing in this Consent Order should be construed to limit the authority of the Insurance Division or the Commissioner to take further action against the Respondent should such action, in the opinion of the Insurance Division or the Commissioner, be necessary. By signing this agreement the Respondent does not waive the provisions of the Liquidation Order and the PA liquidation state including but not limited to provisions prohibiting the commencement or maintenance of any actions whether in law or equity against the Respondent and reserves the right to raise these stay provisions in any proceeding or action against it.

**SO ORDERED.**

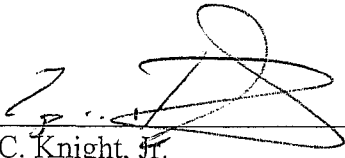
ENTERED this the 2nd day of September, 2005.

Paula A. Flowers

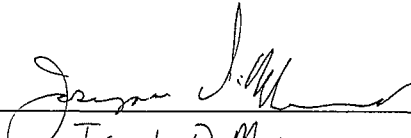
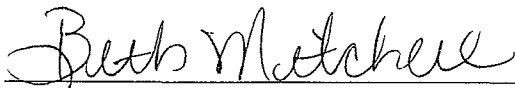
Paula A. Flowers, Commissioner  
Department of Commerce and Insurance

**APPROVED FOR ENTRY:**

Life and Health Insurance Company of  
America



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