

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

**IN THE MATTER OF:**

**PROVIDENT LIFE AND ACCIDENT  
INSURANCE COMPANY**

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**TID No.: 17-050**

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**ORDER ADOPTING EXAMINATION REPORT**

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Pursuant to Tenn. Code Ann. §§ 56-1-401 *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (“Division”) has examined certain affairs of Provident Life and Accident Insurance Company (“Company”), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of December 31, 2015, the examiner-in-charge filed with the Division, on May 30, 2017, a verified, written report on the examination, and a copy of that report has been sent to the Company. (The Report on Examination of Provident Life and Accident Insurance Company is attached hereto and marked as Exhibit A.) The Division received a response regarding the report from the Company on June 29, 2017. (The written response submitted by the Company is attached hereto and marked as Exhibit B.)

Pursuant to Tenn. Code Ann. § 56-1-411, the examination report regarding the affairs of Provident Life and Accident Insurance Company was filed with the Division on May 30, 2017, and is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to comply with Tenn. Comp. R. & Regs. 0780-1-69-.01(1)(d) by completing the following actions:
  - (a) The Company’s cognitive morbidity improvement assumption should be revised and submitted to the TDCI for approval for use in the Company’s

future GPV and CFT calculations.


- (b) The Company should adjust assumptions around future lapses to account for the impact of past rate increases which would not be expected to repeat in the future.
- (c) The Company should perform an independent experience study related to salvage, or if the Company continues to use the Society of Actuaries' study, it should incorporate an appropriate margin into the salvage factors utilized, until there is sufficient credible data to conduct the independent experience study.
- (d) The Company should revise and submit its LTC Reserving Methodologies to the TDCI for review and approval.

The Company shall provide the Division a proposed plan to comply with the Directives contained in this Order within thirty (30) days of its entry.


The adoption of this examination report shall not preclude the Division from imposing sanctions against the Company for potential violations of Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

**ENTERED** this the 30<sup>th</sup> day of June, 2017.

  
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Julie Mix McPeak, Commissioner  
Department of Commerce and Insurance  
State of Tennessee

**PREPARED FOR ENTRY:**

  
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Jenny Taylor, BPR # 027264  
Assistant General Counsel for Insurance  
Tennessee Department of Commerce and Insurance  
500 James Robertson Parkway  
Davy Crockett Tower, 8<sup>th</sup> Floor  
Nashville, Tennessee 37243

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report has been messenger mailed to: Lorrie K. Brouse, Deputy Commissioner and General Counsel, Department of Commerce and Insurance; Joy Little, Insurance Examinations Director/Chief Examiner, Department of Commerce and Insurance; Mark Jaquish, Insurance Analysis Director, Department of Commerce and Insurance; and mailed first class, postage prepaid, to Provident Life and Accident Insurance Company, 1 Fountain Square, Chattanooga, Tennessee 37402, on this the 30<sup>th</sup> day of June 2017.

  
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Jenny Taylor