

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

**IN THE MATTER OF:** )  
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**PROVIDENT LIFE AND ACCIDENT** ) **TID No.: 20-117**  
**INSURANCE COMPANY** )  
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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, 2018, the examiner-in-charge filed a verified, written report on the examination with the Division on June 17, 2020. A copy of that report was sent to the Company. (The Report on Examination of the Company is attached hereto and marked as Exhibit A).

The Division received a response regarding the report from the Company dated June 29, 2020. (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 the Company filed with the Division on June 17, 2020, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-6-115 by developing procedures to ensure all agents are properly appointed and that the appointments of agents whose license has expired be promptly terminated.

2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-418 and Tenn. Comp. R. & Regs. 0780-1-69-.01 by:
  - a. Using no more than a one percent (1%) morbidity improvement assumption for no longer than ten (10) years, starting in the first projection year, and by updating the mortality improvement assumption to be consistent at ten (10) years, starting in the first projection year;
  - b. Utilizing selection factors for a period of twenty (20) policy years, until such time there is credible experience to support extending this assumption past policy duration twenty (20);
  - c. Incorporating into the Company's annual Actuarial Guideline 51 report a sensitivity test using the average long-term treasury rates generated by ten thousand (10,000) scenarios from the American Academy of Actuaries Interest Rate Generator; and
  - d. Revising and submitting its long term care (LTC) cash flow testing/gross premium valuation (CFT/GPV) assumptions to the State of Tennessee Department of Commerce and Insurance for review and approval.

The company shall comply with the Directives contained in this Order within thirty (30) days of its entry and execution.

The adoption of this examination report shall not preclude the Department from imposing sanctions against the Company for potential violations of the 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 AND EXECUTED** June 30, 2020.

  
Hodgen Mainda (Jun 30, 2020 20:16 CDT)

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Hodgen Mainda, Commissioner  
Department of Commerce and Insurance  
State of Tennessee

**PREPARED FOR ENTRY:**

*Jenny Taylor*

Jenny Taylor (Jun 30, 2020 10:22 CDT)

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Jenny Taylor, BPR #027264  
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**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as filed has been emailed to: Rachel Jrade-Rice, Assistant Commissioner for Insurance, Department of Commerce and Insurance at rachel.jrade-rice@tn.gov; and mailed first class, postage prepaid, to Provident Life and Accident Insurance Company, 1 Fountain Square, Chattanooga, Tennessee 37402, on July   2  , 2020.

*Jenny Taylor*  
Jenny Taylor (Jun 30, 2020 10:22 CDT)

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Jenny Taylor  
Associate General Counsel and  
Supervising Attorney