



# **Market Conduct Examination**

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**CUNA MUTUAL INSURANCE SOCIETY**

**Madison, Wisconsin**

**STATE OF NEW JERSEY  
DEPARTMENT OF BANKING AND  
INSURANCE**

Division of Consumer Protection Services

Market Conduct Examination Unit

Report Adopted: May 16, 2007

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REPORT

Of the

MARKET CONDUCT EXAMINATION

Of the

CUNA MUTUAL INSURANCE SOCIETY

Located in

MADISON, WISCONSIN

As of

JANUARY, 2006

BY EXAMINERS

Of the

STATE of NEW JERSEY

DEPARTMENT OF BANKING AND INSURANCE  
DIVISION OF CONSUMER PROTECTION SERVICES  
MARKET CONDUCT EXAMINATION SECTION

Report Adopted: May 16, 2007

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# I. INTRODUCTION

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This is a report of the Market Conduct activities of the CUNA Mutual Insurance Society (hereinafter referred to as “CUNA” or the “Company”). In this report, examiners of the New Jersey Department of Banking and Insurance (NJDOBI) present their findings, conclusions and recommendations as a result of their market conduct examination.

## A. SCOPE AND PURPOSE OF THE EXAMINATION

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The purpose of this examination was to evaluate CUNA Mutual Insurance Company’s compliance with certain regulations and statutes that pertain to credit life and credit accident disability insurance. Areas of review included complaints, claims, policyholder service, terminations, underwriting and advertising. This examination covered the Company’s New Jersey credit life and credit accident disability insurance business activities during the period January 1, 2004 through December 31, 2004. Between July 5, 2005 and July 29, 2005 the examiners completed their field work at the Company’s Madison, Wisconsin office. On various dates thereafter, the examiners completed additional field work at credit unions located in New Jersey, as well as additional in-house review work and report writing. The Market Conduct Examiners included Robert Greenfield, Examiner-in-Charge, Esther Y. Turner and Richard Segin. The examiners randomly selected files and records from computer listings and documents provided by the Company. The random selection process is in accordance with the NAIC Market Conduct Handbook.

## B. ERROR RATIOS

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Error ratios are the percentage of files reviewed which an insurer handles in error. A file is counted as an error when it is mishandled or the insured is treated unfairly, even if no statute or regulation is applicable. If a file contains multiple errors, the examiners will count the file only once in calculating error ratios. However, any file that contains more than one error will be cited more than once in the report. In the event that the insurer corrects an error as a result of a consumer complaint or due to the examiners’ findings, the error will be included in the error ratio. If the insurer corrects an error independent of a complaint or NJDOBI intervention, the error is not included in the error ratios. There are errors cited in this report that define practices as specific acts that an insurer commits so frequently that it constitutes an improper general business practice. Whenever the examiners find that the errors constitute an improper general business practice, the examiners have stated this in the report that follows.

The examiners sometimes find improper general business practices of an insurer that may be technical in nature or which did not have an impact on a consumer. Even though such a practice would not be in compliance with applicable law, the examiners do not count each of these files as an error in determining error ratios.

Whenever such business practices do have an impact on the consumer, each of the files in error will be counted in the error ratio. The examiners indicate in the report that follows whenever they did not count any particular files in the error ratio.

The examiners submitted written inquiries to Company representatives on the errors cited in this report. This provided CUNA the opportunity to respond to the examiners' findings and to provide exception to the statutory and/or regulatory errors or mishandling of files reported herein. In response to these inquiries, CUNA agreed with some of the errors cited in this report. On those errors with which the Company disagreed, the examiners evaluated the individual merits of each response and gave due consideration to all of its comments. In some instances, the examiners did not cite the files due to the Company's explanatory responses. In others, the errors remained as cited in the examiners' inquiries.

### **C. COMPANY PROFILE**

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CUNA Mutual Insurance Society was incorporated in May of 1935 and commenced business in August of 1935. The Company is domiciled in the state of Wisconsin and received its authority to operate in the state of New Jersey on August 31, 1967.

CUNA Mutual Insurance Society, as a mutual life company, offers credit life, credit disability, health, and variable life and variable annuity products to credit unions and its members. CUNA Mutual Insurance Society is the parent organization of all companies that form the CUNA Mutual Group.

Effective July 1, 1990 the Company entered into an agreement of permanent affiliation with CUNA Mutual Life Insurance Company, an Iowa domiciled life insurer formerly known as Century Life of America. CUNA Mutual Life Insurance Company serves as the primary direct writer of individual life insurance and individual annuities that are marketed to credit union members through CUNA's policyholder credit unions.

The Company is authorized to conduct business in 50 states and the District of Columbia, American Samoa, Guam, Puerto Rico, the U.S. Virgin Islands, Canada and other foreign countries. Most of the Company's business is written in the United States.

## II. COMPLAINTS

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### A. INTRODUCTION

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During the review period of January 1, 2004 to December 31, 2004 CUNA's complaint register indicated that consumers filed a total of 22 claim complaints: four with the New Jersey Department of Banking and Insurance and 18 direct complaints with the Company. The examiners reviewed two direct and three DOBI claim complaint files randomly selected from this population. In reviewing these complaints, the examiners checked for compliance with applicable statutes and regulations, with emphasis on N.J.S.A. 17:23-1 (prompt responses to complainant), N.J.A.C. 11:2-17.6(d) and (e) and N.J.S.A. 17:29B-4 (complaint handling procedures).

### B. COMPLAINT ERROR RATIOS

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The examiners calculated error ratios for the termination review by applying the procedure outlined in the introduction of this report. The following chart itemizes the review samples, the number of errors and the error ratios by type of termination.

Complaint Category	Files Reviewed	Files in Error	Error Ratio
Direct	3	1	33%
DOBI	2	0	0%
Totals	5	1	20%

### C. EXAMINERS' FINDINGS

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#### **1. Failure to Promptly Respond to Direct Complaint (1 File in Error)**

N.J.A.C. 11:2-17.6(e) requires that an appropriate response be provided to a claim-related communication received directly from an insured within 10 working days. This regulation corresponds to Standard Four of the complaint handling section of the NAIC Handbook. This Standard states that a Company must respond to complaints in accordance with applicable statutes, rules and regulations.

The examiners found that on contract no. 029-0006-9 (claim no. 2041279025), CUNA failed to provide a written response within 10 working days, contrary to N.J.A.C. 11:2-17.6(e). The written response was issued on January 17, 2005, or 18 working days beyond the December 20, 2004 receipt date of the complaint. In response to the examiners' inquiry, CUNA agreed with this error.

# III. CLAIMS

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## A. INTRODUCTION

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The claim review covered those claims closed between January 1, 2004 and December 31, 2004. CUNA closed 69 credit disability denied claims, 599 credit disability paid claims and 12 credit life paid claims. The Company did not deny any credit life claims during the review period. Of the 680 claims processed during the review period, the examiners randomly selected 106 claims for review. The examiners checked for compliance with statutes and regulations which govern the handling of credit life, disability, and accident and health claims. Particular emphasis was placed on N.J.A.C. 11:2-3 (Credit Life Insurance and Credit Accident and Health Insurance), N.J.A.C. 11:2-17 (Unfair Claims Settlement Practices), N.J.S.A. 17B:29 (Credit Life and Health Insurance) and N.J.S.A. 17B:30-1 et seq. (Unfair Trade Practices and Discrimination).

## B. CLAIM ERROR RATIOS

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The examiners calculated error ratios for each random sample by applying the procedure outlined in the introduction of this report. The chart that follows itemizes the population of each category of review, the total number of claims randomly selected and reviewed in each category, total number of errors and the error ratios itemized by line of coverage.

<u>Random Sample Settlement Type</u>	<u>Files Reviewed</u>	<u>Files in Error</u>	<u>Error Ratio</u>
Credit Disability Paid	44	1	2%
Credit Disability Denied	50	3	6%
Credit Life Paid	12	0	0%
Credit Life Denied	<u>0</u>	<u>0</u>	<u>0%</u>
Random Sample Totals	106	4	4%

## C. EXAMINERS' FINDINGS

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### 1. Failure to Utilize Correct Fraud Warning Statement on Claim and Application Forms - (Improper General Business Practice)

**N.J.A.C. 11:16-1.2(c)** states in part that in lieu of the approved fraud warning language that appears in **N.J.A.C. 11:16-1.2(a)** and **(b)**, insurers may use a substantially similar statement with the prior approval of the Commissioner. The current fraud statement utilized by CUNA is different from the approved language specified in the above-referenced regulation, and was neither filed with nor approved by the Commissioner, contrary to **N.J.A.C. 11:16-1.2(c)**. In response to an inquiry, the Company agreed with this error and stated that, “Based upon the requirement contained in **N.J.A.C. 11:16-1.2**, we will take action to begin using the fraud language contained in **N.J.A.C. 11:16-1.2(a)**.” Lastly, the examiners note that the actual language contained on these forms did not include reference to criminal penalties as required by **N.J.A.C. 11:16-1.2(a)** and **(b)**.

## **2. Failure to Commence Investigation Within 10 Working Days of Notification of Claim – (4 Files in Error)**

**N.J.A.C. 11:2-17.7(a)** states that every insurer shall commence an investigation on all claims other than auto physical damage within 10 working days from receipt of notification of claim. The examiners reviewed 44 paid credit disability claims and found that CUNA failed to commence its investigation within the required 10 working day time frame on 4 claim files. In response to the examiners’ inquiry, CUNA agreed with this error on all four files.

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PLEASE SEE APPENDIX A1 FOR FILES IN ERROR



# IV. POLICYHOLDER SERVICE: ISSUANCE OF PREMIUM REFUNDS

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## A. INTRODUCTION

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**N.J.A.C. 11:2-3.20(a)** and **N.J.S.A. 17B:29-8b** state that, in the event of termination of insurance prior to the scheduled maturity date of indebtedness due to loan prepayment, an insurer must promptly refund any unearned premium to the insured debtor. In order to test for compliance with these requirements, the examiners reviewed randomly selected certificate termination files from CUNA's master list of policies that were terminated prior to the scheduled maturity date. When such terminations occur, the credit union that issued the certificate submits a notice of early termination to CUNA. Upon receipt of this notice, CUNA calculates an unearned premium value, and remits that amount to the credit union. CUNA also encloses a premium ledger statement that labels the actual amount of the return premium owed to the insured. The credit union is then obligated to disburse the credit to the insured. The examiners note that all credit union personnel who solicit and process credit life business on behalf of CUNA are licensed producers. Error ratios and the examiners' findings regarding premium refunds are outlined below.

## B. PREMIUM REFUND ERROR RATIOS

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The examiners selected a total of 11 credit unions from the overall population of 118 credit unions that were under contract with CUNA during the review period. From these 11 credit unions, the examiners randomly selected a total of 209 terminated certificate files for review, and found a total of 102 certificates in error, for an overall error ratio of 48.80%. From this sample, the examiners found 93 certificates (44% of the review population) in which the credit union failed to return the complete amount of the refund. CUNA attributed these errors to the credit unions' retention of commission on the unearned premium.

The examiners calculated error ratios for each random sample by applying the procedure outlined in the introduction of this report. The chart that follows itemizes the population of each category of review, the total number of refunds randomly selected and reviewed in each category and the error ratios itemized by line of coverage.

Type of Coverage	Terminations Reviewed	Terminations in Error	Error Ratio
Credit Disability	121	87	71.90%
Credit Life	78	12	15.38%
Credit Life/Credit Disability	<u>10</u>	<u>3</u>	30.00%
Random Sample Totals	209	102	48.80%

## C. EXAMINERS' FINDINGS

### **1. Failure to Refund Correct amount of Unearned Premium Owed to Insured (93 Policies in Error- Improper General Business Practice)**

**N.J.S.A. 17B:29-8b** and **N.J.A.C. 11:2-3.20(a)** and **(g)** state that each individual policy or group certificate of credit life insurance and credit accident and health insurance for which a payment is collected from the debtor shall provide that, in the event of termination of the insurance prior to the scheduled maturity date of the indebtedness, any refund due of premium or of an amount collected from the debtor for insurance shall be paid or credited promptly to the insured debtor. Of the 11 credit unions reviewed, the examiners found eight that, contrary to the above stated statute and regulation, failed to refund or credit to the certificate holder the correct gross unearned premium. The examiners discovered these errors on a total of 79 credit disability, 11 credit life and three combined credit life/credit disability certificates. The examiners' review determined that the credit unions refunded an amount that was less than the correct amount that CUNA calculated. In response to several inquiries regarding this disparity, the Company agreed with the examiners' finding, stating that these credit unions erroneously deducted premium commissions that would have been earned had the certificate remained in force until its scheduled maturity date. The Company further stated that "[its]...instruction to credit unions relative to the issuance of refunds is that they must refund the gross unearned premium amount to the appropriate member's account. CUNA Mutual provides the credit union necessary documentation showing the gross unearned premium amount to be reimbursed by each member." In further discussions with the company they indicated that the instructions could provide more specificity and they have instituted changes and submitted new instructions to all credit unions.

In response to this error, the company advised that it initiated a self-audit on all credit unions who submit refund calculation requests to the company in order to identify all such credits that were not provided to the certificate holder. In doing so, the Company identified 14 of the 118 credit unions that agreed to credit the insured's account as required. The Company also identified two credit unions that have not yet fully

responded to this initiative. See Recommendations section below that addresses remediation.

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**PLEASE SEE APPENDIX B-1 FOR FILES IN ERROR**

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**2. Failure to Refund or Issue Credit to Insured Debtor within 60 days (10 Certificates in Error)**

N.J.S.A. 17B:29-8b and N.J.A.C. 11:2-3.20(a) state that an insurer shall promptly refund to an individual policyholder and refund or credit to a group policyholder any refund of premium due on termination of insurance prior to the scheduled maturity date of the indebtedness. Effective October 2005, prompt was defined under N.J.A.C. 11:2-3.20(a) to mean a time period that is no later than 60 days from termination of insurance. The examiners applied this 60 day time period on this exam, even though the review period was calendar year 2004.

Contrary to N.J.S.A. 17B:29-8b and N.J.A.C. 11:2-3.20(a), six out of the 11 credit unions reviewed failed to promptly refund or issue credits on a combined total of 2 credit life and 11 credit disability certificate files. The delays ranged from 75 to 443 days beyond 60 calendar days. The examiners documented these errors as a result of their on-site review of each randomly selected credit union. As an example, on credit life certificate number JA159732, a credit union in South Jersey (contract number 029-0945-5) failed to issue the appropriate credit in the amount of \$171.09. The examiners' review determined that the refund process date is June 21, 2004. However, upon further review at its office location on October 6, 2005, the examiners were unable to confirm that the credit union actually issued this refund to the insured. In response to the examiners' inquiries, the credit union admitted that the refund/credit was never issued and immediately credited the member's account in the amount of \$171.09, including interest in the amount of \$1.31, on October 7, 2005, 443 days later. The examiners applied this same methodology in identifying the remaining 12 errors cited in this section.

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**PLEASE SEE APPENDIX B-2 FOR FILES IN ERROR**

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**3. Failure to Refund Unearned Premium to Member (5 Random Certificates in Error)**

N.J.S.A. 17B:29-8b, N.J.A.C. 11:2-3.20(a) and (g) require that in the event of termination of an individual policy or group certificate of credit life insurance and credit health insurance, any premium refund shall be paid or credited promptly to the insured debtor. Of the 209 certificates reviewed, the examiners found four credit disability certificates and one credit life certificate in which the group policyholder failed in entirety to refund or issue credits to the certificate holder. Total premium in error is \$1,599.12.

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**PLEASE SEE APPENDIX B-3 FOR FILES IN ERROR**

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# V. UNDERWRITING REVIEW

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## A. INTRODUCTION

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The examiners reviewed 103 randomly selected certificate files from CUNA's database run of 33,560 certificates written between the period January 1, 2004 and December 31, 2004. The examiners checked for compliance with applicable statutes and regulations including N.J.S.A. 17B:29-4 and 5 (Amount of Credit Life/Health Insurance and term of Credit Life/Health Insurance), N.J.S.A. 17B:29-8 (Premiums and Refunds) and N.J.A.C. 11:2-3 et seq. (Credit Life Insurance and Credit Accident and Health Insurance).

## B. UNDERWRITING ERROR RATIOS

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The examiners calculated error ratios for each random sample by applying the procedure outlined in the introduction of this report. The chart that follows itemizes the population of each category of review.

<u>Random Sample</u>	<u>Files Reviewed</u>	<u>Files in Error</u>	<u>Error Ratio</u>
Credit Disability	54	0	0
Credit Life	49	0	0
Random Sample Totals	103	0	0

## C. EXAMINERS' FINDINGS

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The examiners reviewed a random sample of 103 files and found that the Company was in compliance with applicable statutes and regulations. The examiners found no errors in this review.

# VI. ADVERTISING REVIEW

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## A. INTRODUCTION

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The examiners requested samples and advertising materials from CUNA for all products sold by the Company in the state of New Jersey. The Company provided the examiners with all 90 advertisements that were approved by the Department. The examiners placed particular emphasis on **N.J.A.C. 11:2-23 et seq.** and **N.J.S.A. 17B:30-4** (false information and advertising), **N.J.A.C. 11:2-23** (advertisement of life insurance and annuities) and **N.J.S.A. 17B:18-48** (advertisement of assets to include liabilities).

## B. ADVERTISING ERROR RATIOS

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The examiners calculated error ratios for each random sample by applying the procedure outlined in the introduction of this report. The chart that follows itemizes the population of each category of review.

<u>Review Sample</u>	<u>Files Reviewed</u>	<u>Files in Error</u>	<u>Error Ratio</u>
Random Selection Advertisements	90	21	23%
Select Web Site Advertisement	1	1	100

## C. EXAMINERS' FINDINGS

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### **1. Failure to Maintain a Complete File (10 Advertisements in Error)**

**N.J.A.C. 11:2-23.8(c)** states in part that, "Each insurer shall maintain at its home or principal office a complete file containing every printed, published or prepared advertisement ... with a notation which shall indicate ... the manner and extent of distribution and the form number of any policy advertised. In 10 of the 90 advertisements reviewed, the company failed to maintain in the advertisement file the manner and extent of distribution and the advertisement form number, contrary to the aforementioned regulation. In response to an inquiry the company agreed with the examiners' comments.

**PLEASE SEE APPENDIX C1 FOR FILES IN ERROR**

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## **2. Failure to Advertise Company Liabilities Along with Assets - (1 Random Advertisement in Error, 1 Select Web Site in Error)**

**N.J.S.A 17B:18-48** states in part that, when an insurer conducting business in this state advertises its assets, it shall, in the same connection and equally conspicuously, advertise its liabilities. In addition, **N.J.A.C. 11:2-23.7(e)** states in part that, an advertisement shall not contain statements ... which are false or misleading, in fact or by implication, with respect to the assets, liabilities, ... financial condition, ... in the insurance business. The company listed only its assets and no liabilities in printed advertisement 1102-P1095 (0999) and again on website page [www.cunamutual.com/cmgi/freeFormDetail/0,1248,3000,00.html](http://www.cunamutual.com/cmgi/freeFormDetail/0,1248,3000,00.html), titled “About Us, Our Company.” Failure to include liabilities along with assets is contrary to the aforementioned statute and regulation. In response to an examiners’ inquiry, the Company agreed with both errors.

## **3. Failure to Describe the Type of Policy Advertised (8 Advertisements in Error)**

**N.J.A.C 11:2-23.5(i)** states that, “An advertisement shall prominently describe the type of policy advertised, such as group, term, whole life, etc.” On eight advertisements, CUNA failed to mention or reference the specific type of policy being advertised, contrary to **N.J.A.C. 11:2-23.5(i)**. In response to an inquiry, the company agreed with the examiners’ findings.

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PLEASE SEE APPENDIX C.2 FOR FILES IN ERROR

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## **4. Failure to Include the phrase “Life Insurance” on Advertising Form - (1 Advertisement in Error)**

**N.J.A.C. 11:2-23.5(h)** states that “An advertisement shall not use as the name or title of a life insurance policy any phrase which does not include the words ‘life insurance’ unless accompanied by other language clearly indicating that it is life insurance.” On advertising form number 1259-P1628TELCLC (0403) the company failed to state the words “life insurance” on the form and failed to include other language indicating that it is life insurance, contrary to the aforementioned regulation. In response to an inquiry the company agreed with the examiners’ findings

## **5. Failure to Clearly Identify the Name of the Insurer on Advertisement (2 Advertisements in Error)**

**N.J.A.C 11:2-23.6(a)** requires that the name of the insurer shall be clearly identified, and if any specific individual policy form is advertised it shall be identified either by form number or other appropriate description. On advertising form numbers 1259-P1628FLY (02 03) and 1259-P1628FLY1 (0803) the company’s name was absent, contrary to the aforementioned regulation. In response to an inquiry the company agreed with the examiners’ findings.

## VII. RECOMMENDATIONS

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CUNA should inform all responsible personnel and third party entities that handle the files and records cited as errors in this report of the examiners' recommendations and remedial measures which follow in the report sections indicated. It is also recommended that the Company establish procedures to monitor compliance with these measures.

Whenever the examiners cited a single error, the report includes a "reminder" recommendation because a single error may be an indication of others.

The examiners acknowledge that the Company has agreed with and has already complied with, either in whole or in part, some of the recommendations during the examination. For the purpose of obtaining proof of compliance and for the Company to provide its personnel with a document they can use for future reference, the examiners have included all recommendations below.

### A. GENERAL INSTRUCTIONS

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For all items requested for the Commissioner and copies of all written instructions, procedures, policies, recommended forms and premium refunds, copies of each accompanying letter described below, computer runs, etc., should be sent to the Commissioner, c/o Clifton Day, Manager of Market Conduct Examinations and Anti-Fraud Compliance Unit, 20 West State Street, PO Box 329, Trenton, NJ 08625, within thirty (30) days of the date of the adopted report.

On all certificates to be reopened with additional payment as recommended, the letter should be sent to the insured with an accompanying cover letter containing the following first paragraph (variable language is included in parentheses):

#### PREMIUM REFUND/ADJUSTMENT

"During a recent review of our certificate files by market conduct examiners of the New Jersey Department of Banking and Insurance, they found that we (failed to credit your account/failed to credit your account with the proper amount of the unearned premium). Enclosed is our (payment/credit) in the amount of (insert amount) to correct our error."

### B. COMPLAINTS

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1. The Company should remind its complaint handling personnel that **N.J.A.C. 11:2-17.6(e)** requires a response within 10 working days on all claims-related communications.

## C. CLAIMS

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2. CUNA Mutual must issue written instructions to all appropriate personnel stating that, pursuant to **N.J.A.C. 11:16-1.2(c)**, prior approval from the Commissioner is required if the company chooses to use a fraud warning statement that differs from the language stated in **N.J.A.C. 11:16-1.2(a)**.
3. The Company should remind all appropriate claims personnel that **N.J.A.C.11:2-17.7(a)** requires all investigations to commence within 10 working days from receipt of notification of claim.

## D. POLICYHOLDER SERVICE: ISSUING PREMIUM REFUNDS

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4. Pursuant to **N.J.S.A. 17B:29-8b** and **N.J.A.C. 11:2-3.20 (a)**, the Company must issue written instructions to all credit unions advising that it must promptly, and within a period not to exceed 60 calendar days from policy termination, refund or issue credits to any member where a refund is due. CUNA should also issue written instructions to all credit unions advising that the correct unearned premium must be refunded or credited to the members pursuant to **N.J.A.C. 11:2-3.20(a)**.
5. The Company and credit unions with which it conducts single premium credit business should review all certificate terminations processed during the examination review period or as otherwise specified based on dialog with the Department to determine if refunds or additional refunds, including interest, are owed to insureds. A report outlining the policy/certificate numbers, the named members, amount returned or credited by name of credit union, should be provided for review.
6. CUNA should establish a comprehensive plan that permits the Company to engage in oversight of all appointed credit unions' insurance-related business. The plan shall be discussed with the Department prior to implementation.

## E. ADVERTISING REVIEW

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7. Pursuant to **N.J.A.C. 11:2-23.8(c)** the Company must provide written instructions to all appropriate personnel stating that a complete file containing every printed, published or prepared advertisement of individual and group policies distributed in this state shall be maintained at the company's home or principal office. This file must also contain the manner and extent to which the advertisement is distributed.
8. The Company must remind all appropriate personnel that all advertisements must include, equally and conspicuously, both assets and liabilities pursuant to **N.J.S.A. 17B:18-48**.



9. The Company should remind all appropriate personnel that any company advertisement must prominently describe the type of policy advertised pursuant to **N.J.A.C. 11:2-23.5(i)**.

10. The Company should remind all appropriate personnel that an advertisement shall not use as the name or title of a life insurance policy any phrase which does not include the words "life insurance" unless accompanied by other language clearly indicating that it is life insurance, pursuant to **N.J.A.C. 11:2-23.5(h)**.

11. Pursuant to **N.J.A.C. 11:2-23.6(a)** CUNA Mutual shall remind all appropriate personnel that the name of the insurer shall be clearly identified in the form and if any specific policy is advertised, it shall be identified either by form number or other appropriate description.



# VIII. - APPENDICES

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## APPENDIX A - CLAIMS

### A1. Failure to Commence Investigation Within - 10 Working Days of Notice of Claim (4 Files in Error)

<u>Claim Number</u>	<u>Notice Date</u>	<u>Investigation Date</u>	<u>Number of Work Days Beyond 10</u>
204354705503	2/2/2004	2/19/2004	3
204355490401	2/12/2004	2/28/2004	2
204601028501	8/31/2004	9/18/2004	3
204351171502	12/19/2003	1/8/2004	2

## APPENDIX B - POLICYHOLDER SERVICE: ISSUANCE OF PREMIUM REFUNDS

### B1. Failure to Refund Correct Unearned Premium to Member Account (93 Random Files in Error)

Contract Number	Type of Coverage#	Certificate Number	Amount Refunded	Correct Refund	Refund Difference	Name of Credit Union*
029-0071-3	CD	DX620969CD	\$71.45	\$94.76	(\$23.31)	1
029-0071-3	CD	DX612052CD	\$369.63	\$389.08	(\$19.45)	1
029-0071-3	CD	DX605099CD	\$269.83	\$284.03	(\$14.20)	1
029-0071-3	CD	DX620720CD	\$728.20	\$527.88	\$200.32	1
029-0196-1	CD	CX617913CD	\$25.00	\$257.57	(\$232.57)	2
029-0196-1	CD	CX618523CD	\$195.54	\$219.66	(\$24.12)	2
029-0196-1	CD	CX617906CD	\$102.08	\$109.53	(\$7.45)	2
029-0196-1	CD	CX617964CD	\$30.00	\$29.30	\$0.70	2
029-0196-1	CD	JA201009CD	\$757.68	\$182.14	\$575.54	2
029-0629-6	CD	DN121138CD	\$13.96	\$14.33	(\$0.37)	3
029-0629-6	CD	DN121818 CD	\$11.01	\$7.52	\$3.49	3
029-0629-6	CD	DN121892 CD	\$47.65	\$5.43	\$42.22	3
029-0629-6	CD	DN121472 CD	\$46.43	\$1.26	\$45.17	3
029-0629-6	CD	DN121468 CD	\$54.10	\$8.38	\$45.72	3
029-0629-6	CD	DN121878 CD	\$100.74	\$10.12	\$90.62	3
029-0629-6	CD	DN121692 CD	\$134.70	\$29.34	\$105.36	3
029-0919-6	CD	DA145891 CD	\$109.72	\$116.97	(\$7.25)	4
029-0919-6	CD	DA223961 CD	\$42.13	\$44.92	(\$2.79)	4
029-0919-6	CD	DA220393 CD	\$39.11	\$41.70	(\$2.59)	4
029-0919-6	CD	DA223881 CD	\$36.50	\$38.91	(\$2.41)	4
029-0919-6	CD	DA220284 CD	\$23.03	\$24.55	(\$1.52)	4
029-0919-6	CD	DA223742 CD	\$18.63	\$19.86	(\$1.23)	4
029-0919-6	CD	DA145856CD	\$13.64	\$14.54	(\$0.90)	4
029-0919-6	CD	DA223884 CD	\$3.88	\$4.14	(\$0.26)	4
029-0951-0	CD	CV010895CD	\$91.72	\$101.76	(\$10.04)	5
029-0951-0	CD	AV202959CD	\$30.28	\$40.27	(\$9.99)	5
029-0951-0	CD	CV010782CD	\$60.90	\$70.88	(\$9.98)	5
029-0951-0	CD	CV010882CD	\$35.87	\$45.22	(\$9.35)	5
029-0951-0	CD	CV010778CD	\$199.45	\$208.04	(\$8.59)	5
029-0951-0	CD	CV010899CD	\$104.81	\$112.63	(\$7.82)	5
029-0951-0	CD	AV202962CD	\$25.14	\$32.90	(\$7.76)	5
029-0951-0	CD	AV202995CD	\$160.03	\$167.79	(\$7.76)	5
029-0951-0	CD	CV010868CD	\$785.56	\$792.77	(\$7.21)	5
029-0951-0	CD	CV010796CD	\$2.66	\$8.31	(\$5.65)	5
029-0951-0	CD	CV010829CD	\$61.38	\$67.03	(\$5.65)	5
029-0951-0	CD	CV010854CD	\$29.86	\$35.51	(\$5.65)	5
029-0071-3	CD	DA215017CD	\$142.28	\$157.76	(\$15.48)	1
029-0071-3	CD	DA214986CD	\$79.23	\$87.74	(\$8.51)	1

029-0071-3	CD	DA214868CD	\$75.69	\$83.82	(\$8.13)	1
029-0071-3	CD	DA214901CD	\$71.17	\$78.82	(\$7.65)	1
029-0071-3	CD	DA214845CD	\$69.49	\$76.96	(\$7.47)	1
029-0071-3	CD	DA214896CD	\$45.84	\$50.76	(\$4.92)	1
029-0071-3	CD	DA214996CD	\$43.92	\$48.64	(\$4.72)	1
029-0071-3	CD	DA214846CD	\$42.14	\$46.67	(\$4.53)	1
029-0071-3	CD	DA214902CD	\$34.99	\$38.75	(\$3.76)	1
029-0071-3	CD	DA194138CD	\$25.65	\$28.40	(\$2.75)	1
029-0071-3	CD	DA194217CD	\$25.31	\$28.03	(\$2.72)	1
029-0071-3	CD	DA194307CD	\$20.53	\$22.74	(\$2.21)	1
029-0071-3	CD	DA194369CD	\$20.43	\$22.62	(\$2.19)	1
029-0071-3	CD	DA194148CD	\$19.07	\$21.12	(\$2.05)	1
029-0071-3	CD	DA214826CD	\$16.06	\$17.79	(\$1.73)	1
029-0071-3	CD	DA194208CD	\$14.66	\$16.23	(\$1.57)	1
029-0071-3	CD	DA194120CD	\$13.52	\$14.97	(\$1.45)	1
029-0071-3	CD	DA194363CD	\$11.41	\$12.64	(\$1.23)	1
029-0071-3	CD	DA164828CD	\$9.57	\$10.60	(\$1.03)	1
029-0071-3	CD	DA214865CD	\$8.34	\$9.24	(\$0.90)	1
029-0071-3	CD	DA164625CD	\$7.27	\$8.05	(\$0.78)	1
029-0071-3	CD	DA194019CD	\$6.64	\$7.35	(\$0.71)	1
029-0071-3	CD	DA164653CD	\$5.54	\$6.13	(\$0.59)	1
029-0071-3	CD	DA164791CD	\$3.80	\$4.21	(\$0.41)	1
029-0071-3	CD	DA194258CD	\$3.49	\$3.87	(\$0.38)	1
029-0071-3	CD	DA214562CD	\$1.05	\$1.16	(\$0.11)	1
029-0071-3	CD	DA194203CD	\$19.71	\$16.24	\$3.47	1
029-0071-3	CD	DA194439CD	\$19.71	\$5.59	\$14.12	1
029-0196-1	CL	CX617997CL	\$104.55	\$60.57	\$43.98	2
029-0165-7	CL	JA193122CL	\$23.15	\$25.63	(\$2.48)	6
029-0165-7	CL	JA191407CL	\$22.48	\$24.90	(\$2.42)	6
029-0165-7	CL	JV139207CL	\$5.73	\$6.35	(\$0.62)	6
029-0165-7	CL	JV139351CL	\$5.03	\$5.57	(\$0.54)	6
029-0165-7	CL	DA179854CL	\$4.85	\$5.38	(\$0.53)	6
029-0165-7	CL	JA191472CL	\$3.41	\$3.77	(\$0.36)	6
029-0165-7	CL	JV139362CL	\$1.83	\$2.03	(\$0.20)	6
029-0165-7	CL	JV139352CL	\$1.83	\$2.03	(\$0.20)	6
029-0196-1	CL	DA167586CL	\$17.52	\$9.16	\$8.36	2
029-0424-3	CL	JA200348CL	\$30.61	\$92.34	(\$61.73)	7
029-0196-1	CLCD	CA201127CLCD	\$94.57	\$30.57	\$64.00	2
029-0196-1	CLCD	JA200920CLCD	\$8.17	\$1.29	\$6.88	2
029-0196-1	CLCD	JA201234CLCD	\$340.16	\$80.16	\$260.00	2
029-0623-8	CD	BV039032CD	\$491.24	\$516.01	(\$24.77)	8
029-0623-8	CD	BV039023CD	\$199.73	\$209.80	(\$10.07)	8
029-0623-8	CD	BV039013CD	\$136.74	\$143.64	(\$6.90)	8
029-0623-8	CD	BV039004CD	\$214.14	\$224.94	(\$10.80)	8
029-0623-8	CD	BV038696CD	\$352.59	\$370.37	(\$17.78)	8
029-0623-8	CD	BV038688CD	\$188.80	\$198.32	(\$9.52)	8
029-0623-8	CD	BV038678CD	\$404.13	\$424.51	(\$20.38)	8
029-0623-8	CD	BV038607CD	\$181.00	\$190.13	(\$9.13)	8
029-0623-8	CD	BV039021CD	\$211.82	\$222.50	(\$10.68)	8
029-0623-8	CD	BV039015CD	\$70.95	\$74.53	(\$3.58)	8
029-0623-8	CD	BV038755CD	\$341.94	\$359.19	(\$17.25)	8

029-0623-8	CD	BV038698CD	\$164.59	\$172.89	(\$8.30)	8
029-0623-8	CD	BV038683CD	\$309.79	\$325.41	(\$15.62)	8
029-0623-8	CD	BV038676CD	\$181.06	\$190.19	(\$9.13)	8
029-0623-8	CD	BV038605CD	\$195.85	\$204.85	(\$9.84)	8

Total Amount Under Refunded: \$733.27

# CD means Credit Disability; CL means Credit Life; CLCD means combined credit life and disability.

\* These codes are assigned to an actual credit union and are identified in confidential examination workpapers.

**B2. Failure to Promptly Refund or Issue Credit to Member (10 Random Files in Error)**

Certificate Number	Refund Date	Date Refund Due	Days over 60	Contract Number	Name of Credit Union*
AV202756CD	9/27/2005	12/30/2004	241	029-0951-0	1
CV010791CD	6/7/2005	11/15/2004	174	029-0951-0	1
DA167586CL	1/12/2005	2/18/2004	298	029-0196-1	2
DE374156CD	4/14/2005	4/12/2004	337	029-0423-0	3
DN121603CD	12/10/2004	6/18/2004	145	029-0629-6	4
DN121737CD	12/10/2004	6/18/2004	145	029-0629-6	4
DN121835CD	12/10/2004	6/18/2004	145	029-0629-6	4
DN121902CD	12/10/2004	6/18/2004	145	029-0629-6	4
DN121933CD	3/3/2005	11/18/2004	75	029-0629-6	4
JA159732CL	10/7/2005	6/21/2004	443	029-0945-5	6**

\* These codes are assigned to an actual credit union and are identified in confidential examination workpapers.

\*\*Credit Union issued credit as a result of this examination.

### **B3. Failure to Refund Unearned Premium to Member (5 Files in Error)**

Contract Number	Coverage	Certificate Number	Amount Refund Issued	Correct Refund	Difference	Name of Credit Union*
029-0423-0	CD	DE374287CD	\$0	\$765.55	(\$765.55)	1
029-0423-0	CD	DE374291CD	\$0	\$487.50	(\$487.50)	2
029-0623-8	CD	BV038698CD	\$0	\$172.89	(\$172.89)	3
029-0629-6	CD	DN121400CD	\$0	\$2.08	(\$2.08)	4
029-0945-5	CL	JA159732CL	\$0**	\$171.10	(\$171.09)	5

Total Amount Under Refunded: \$1,599.12

\* These codes are assigned to an actual credit union and are identified in confidential examination workpapers.

\*\* Credit Union issued credit as a result of this examination.

## APPENDIX C - ADVERTISING REVIEW

### **C1. Failure to Maintain a Complete File - (10 Files in Error)**

#### **Advertising Form Number**

1113-P1216(1203)	1259-P1628TABC(0702)
1113-P1217(1203)	1259-P1628D1(0803)
1259-P1574(0701)	1259-P1628TelCD(0304)
1259-P1628ACD(0804)	1259-P1759CLCD(1003)
1259-P16285ACL(0603)	WEBPAGE *

\* [www.cunamutual.com/cm/freeFormDetail/0,1248,3000,00.html](http://www.cunamutual.com/cm/freeFormDetail/0,1248,3000,00.html)

### **C2. Failure to Describe the Type of Policy Being Advertised (8 Advertisements in Error)**

#### **Advertising Form Number**

1259-P1628Fly7w(0105)	1259-759FL2 (0603)
1259-P1628Fly3(0105)	1259-759FL3 (0603)
1259-759FL1 (0603)	1259-P1628D1( 0803)
1259-759FL10 (0603)	1259-P1628TELCD( 0304)

## VI. VERIFICATION PAGE

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1. I, Robert Greenfield, am the Examiner-in-Charge of the Market Conduct Examination of the CUNA Mutual Insurance Society conducted by examiners of the New Jersey Department of Banking and Insurance. This verification is based on my personal knowledge as acquired in my official capacity.

2. The findings, conclusions and recommendations contained in the foregoing report represent, to the best of my knowledge, a full and true statement of the Market Conduct examination of CUNA Mutual Insurance Society as of January 2006.

3. I certify that the foregoing statements are true. I am aware that if any of the foregoing statements made by me is willfully false, I am subject to punishment.

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Date:

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Robert Greenfield  
Examiner-in-Charge,  
New Jersey Department of  
Banking and Insurance