

**[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938,
THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE
CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]**

**WEBSITE PUBLISHED REPORT OF THE MARKET CONDUCT
EXAMINATION OF THE CLAIMS PRACTICES OF**

**FIDELITY INVESTMENTS LIFE INSURANCE COMPANY
NAIC # 93696 CDI # 3573-3**

AS OF JANUARY 31, 2014

ADOPTED MAY 4, 2015

STATE OF CALIFORNIA



**CALIFORNIA DEPARTMENT OF INSURANCE
MARKET CONDUCT DIVISION
FIELD CLAIMS BUREAU**

NOTICE

The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.

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DEPARTMENT OF INSURANCE

Consumer Services and Market Conduct Branch
Field Claims Bureau, 11th Floor
300 South Spring Street
Los Angeles, CA 90013



May 4, 2015

The Honorable Dave Jones
Insurance Commissioner
State of California
300 Capitol Mall
Sacramento, California 95814

Honorable Commissioner:

Pursuant to instructions, and under the authority granted under Part 2, Chapter 1, Article 4, Sections 730, 733, 736, and Article 6.5, Section 790.04 of the California Insurance Code; and Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a) of the California Code of Regulations, an examination was made of the claims handling practices and procedures in California of:

Fidelity Investments Life Insurance Company
NAIC # 93696

Group NAIC # 0981

Hereinafter, the Company listed above also will be referred to as FILIC, or the Company.

This report is made available for public inspection and is published on the California Department of Insurance website (www.insurance.ca.gov) pursuant to California Insurance Code section 12938(b)(1).

FOREWORD

The examination covered the claims handling practices of the aforementioned Company on life and annuity claims closed during the period from February 1, 2013 through January 31, 2014. The examination was made to discover, in general, if these and other operating procedures of the Company conform to the contractual obligations in the policy forms, the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law.

The report is written in a “report by exception” format. The report does not present a comprehensive overview of the subject insurer’s practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer’s proposals for correcting the deficiencies. When a violation that reflects an underpayment to the claimant is discovered and the insurer corrects the underpayment, the additional amount paid is identified as a recovery in this report. While this report contains violations of law that were cited in this report by the examiners, additional violations of CIC § 790.03, or other laws, not cited in this report may also apply to any or all of the non-compliant or problematic activities that are described herein.

All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Company’s responses, if any, have not undergone a formal administrative or judicial process.

SCOPE OF THE EXAMINATION

To accomplish the foregoing, the examination included:

1. A review of the guidelines, procedures, training plans and forms adopted by the Company for use in California including any documentation maintained by the Company in support of positions or interpretations of the California Insurance Code, Fair Claims Settlement Practices Regulations, and other related statutes, regulations and case law used by the Company to ensure fair claims settlement practices.

2. A review of the application of such guidelines, procedures, and forms, by means of an examination of a sample of individual claims files and related records.

3. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about these Companies closed by the CDI during the period February 1, 2013 through January 31, 2014; and a review of previous CDI market conduct claims examination reports on these Companies; and a review of prior CDI enforcement actions.

The review of the sample of individual claims files was conducted at the offices of the Department of Insurance at Los Angeles, California.

EXECUTIVE SUMMARY OF CLAIMS SAMPLE REVIEWED

The life and annuity claims reviewed were closed from February 1, 2013 through January 31, 2014, referred to as the “review period”. The examiners randomly selected 70 claims files for examination. The examiners cited one alleged claims handling violation of the California Insurance Code and other specified codes from this sample file review.

Findings of this examination include the failure to notify the beneficiary of the specified rate of interest paid on the death benefit claim.

RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER COMPLAINTS AND INQUIRIES, AND PREVIOUS EXAMINATIONS, AND PRIOR ENFORCEMENT ACTIONS

The examination included a review of market analysis information, information about regulatory actions taken in other states, if any, and information regarding consumer complaints and inquiries. There were was no specific areas of concern identified in the review of this information.

The previous claims examination of FILIC reviewed a period from July 31, 2001 through August 1, 2002. There was no specific area of concern identified in the previous claims examination.

DETAILS OF THE CURRENT EXAMINATION

Further details with respect to the examination and alleged violations are provided in the following tables and summaries:

FILIC SAMPLE FILES REVIEW			
LINE OF BUSINESS / CATEGORY	CLAIMS IN REVIEW PERIOD	SAMPLE FILES REVIEWED	NUMBER OF ALLEGED VIOLATIONS
Life/Deferred Annuity	195	56	0
Life/Deferred-Annuitized Annuity	7	3	0
Life/Immediate Annuity	27	9	0
Life/Income Annuity	5	1	0
Life/ Individual Life	1	1	1
TOTALS	235	70	1

TABLE OF TOTAL ALLEGED VIOLATIONS

Violation	Description of Allegation	Number of Alleged Violations
CIC §10172.5(c) [CIC §790.03(h)(3)]	The Company failed to notify the beneficiary of the specified rate of interest paid on the death benefit. [The Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies.]	1
Total Number of Violations		1

***DESCRIPTONS OF APPLICABLE
UNFAIR CLAIMS SETTLEMENT PRACTICES**

CIC §790.03(h)(3)	The Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies.
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TABLE OF ALLEGED VIOLATIONS BY LINE OF BUSINESS

ANNUITY 2013 Written Premium: \$342,667,452 AMOUNT OF RECOVERIES \$ 0	NUMBER OF VIOLATIONS
SUBTOTAL	0

LIFE 2013 Written Premium: \$2,113,852 AMOUNT OF RECOVERIES \$ 0	NUMBER OF VIOLATIONS
CIC §10172.5(c) [CIC §790.03(h)(3)]	1
SUBTOTAL	1

TOTAL	1
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SUMMARY OF EXAMINATION RESULTS

The following is a brief summary of the criticisms that were developed during the course of this examination related to the violations alleged in this report.

In response to each criticism, the Company is required to identify remedial or corrective action that has been or will be taken to correct the deficiency. The Company is obligated to ensure that compliance is achieved.

Any noncompliant practices identified in this report may extend to other jurisdictions. The Company was asked if it intends to take appropriate corrective action in all jurisdictions where applicable. The Company intends to implement corrective actions in all jurisdictions which have similar laws.

There were no recoveries discovered within the scope of this report.

LIFE

1. **In one instance, the Company failed to notify the beneficiary of the specified rate of interest paid on the death benefit.** The Department alleges this act is in violation of CIC §10172.5(c) and is an unfair practice under CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges that its settlement letter failed to reveal the interest rate paid on the death benefit. The Company has revised its template settlement letter to include the rate of interest when applicable.