

**[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]**

**INTERIM REPORT OF THE MULTISTATE TARGETED
MARKET CONDUCT EXAMINATION OF**

**SYMETRA LIFE INSURANCE COMPANY
NAIC # 68608**

AND

**SYMETRA NATIONAL LIFE INSURANCE COMPANY
NAIC # 90581,**

**AND THEIR PRACTICES AND PROCEDURES RELATING TO THE
USE OF DEATH INFORMATION IN THE BUSINESS
OF LIFE INSURANCE AND ANNUITIES**

**AS OF DECEMBER 1, 2014
ADOPTION DATE MARCH 25, 2015**

**REPORT COMPLETED BY THE
STATE OF CALIFORNIA**



**CALIFORNIA DEPARTMENT OF INSURANCE
MARKET CONDUCT DIVISION**

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
MARKET CONDUCT DIVISION
300 Capitol Mall, 16th Floor
Sacramento, California 95814



March 25, 2015

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

The Honorable Roger Sevigny
Insurance Commissioner
New Hampshire Insurance Department
21 S. Fruit Street
Concord, New Hampshire 03301

The Honorable Kevin McCarty
Insurance Commissioner
Florida Office of Insurance Regulation
200 E. Gaines Street
Tallahassee, Florida 32399

The Honorable Adam Hamm
Insurance Commissioner
North Dakota Insurance Department
600 E. Boulevard Drive
Bismarck, North Dakota 58505

The Honorable James A. Stephens
Acting Director
Illinois Department of Insurance
100 W. Randolph Street
Chicago, Illinois 60601

The Honorable Teresa D. Miller
Acting Insurance Commissioner
Pennsylvania Insurance Department
1326 Strawberry Square
Harrisburg, Pennsylvania 17120

The Honorable Mike Kreidler
Insurance Commissioner
Washington State Office of the Insurance Commissioner
302 Sid Snyder Ave SW, Suite 200
Olympia, Washington 98504

Honorable Commissioners:

Pursuant to instructions, and under the authority granted by the laws of California under CIC §§ 730, 733, 736, and 790.04; by the laws of Florida under § 624.3161 of the Florida Statutes; by the laws of Illinois under 215 ILCS 5/401(b), 215 ILCS 5/132, and 215 ILCS 5/402; by the laws of Pennsylvania under 40 P.S. § 323.3 and 323.4 of the Insurance Department Act; by the laws of New Hampshire under N.H. Rev. Stat § 400-A:37; by the laws of North Dakota under NDCC § 26.1-03-19.2; and by the laws of Washington under RCW 48.37.060; collectively “the Lead States”, a targeted multistate examination was conducted of:

**SYMETRA LIFE INSURANCE COMPANY
NAIC # 68608**

And

**SYMETRA NATIONAL LIFE INSURANCE COMPANY
NAIC # 90581**

Hereinafter, the Companies listed above will also be referred to collectively as Symetra or the Companies.

The examination work was performed by the examination contracting firm Verus Financial LLC in coordination with, and under the supervision of, the Lead States.

This interim 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

This targeted multistate examination focused on Symetra's practices and procedures relating to the manner in which available death information, including the Social Security Administration's Death Master File ("DMF"), was used in the Companies' life insurance and annuity business operations during the period of January 1, 1997 through the present.

The interim report does not present a comprehensive overview of the subject insurer's practices. The report contains a summary of pertinent information about the Companies, the lines of business examined, and details of the non-compliant or problematic activities that were discovered during the course of the examination. 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 Companies' responses, if any, have not undergone a formal administrative proceeding or judicial process.

SCOPE OF THE EXAMINATION

Overview of Examination Objectives

This multistate examination reviewed Symetra's practices and procedures during the period of January 1, 1997 through the present, related to the following areas:

- Unpaid death benefits due under the Companies' life insurance policies and annuity contracts;
- Unpaid proceeds due under matured annuities;
- Balances remaining in retained asset accounts on which no recent owner-initiated activity has occurred;
- Any efforts made by Symetra to locate and pay beneficiaries or contingent payees; and
- Potential inconsistencies in how Social Security Administration data identifying deceased individuals, or other similar information, was used by the Companies.

Overview of Examination Approach

To accomplish these objectives, the examiners sought to collect and review the following written policies and procedures, narrative descriptions and explanations, and data sets:

- Written policies and procedures for unclaimed property and its escheatment, and the Companies' application of those procedures;
- Death claim processing manuals and instructions;
- Information on a variety of business unit processes related to life insurance, annuities and retained asset accounts obtained through verbal interviews and walk-throughs;
- Written policies and procedures and narrative descriptions of the Companies' use of the Social Security Administration's Death Master File data base;
- Written policies and procedures for returned and undeliverable mail, and uncashed stale-dated checks;
- Procedures for maintaining current contact information for insureds, contract owners, and accountholders;

- Non-forfeiture and contract maturity policies and procedures;
- Systems data extracts of open individual annuity contracts, open retained asset accounts, and in-force life insurance policies, and related individual contract and policy file documentation for a sample of life insurance policies;

OVERVIEW OF COMPANY HISTORY AND OPERATIONS

Symetra Financial Corporation (“Symetra”), through three insurance subsidiaries, provides group and individual life insurance products and retirement products in the United States. The three subsidiaries that administer annuity and life insurance products are Symetra Life Insurance Company (SLIC), Symetra National Life Insurance Company (SNLIC), and First Symetra National Life Insurance Company of New York (FSNLNY). The companies currently comprising the Symetra group were originally part of the Safeco Corporation, and were sold by Safeco in August of 2004 to an investor group led by White Mountain Insurance Group and Berkshire Hathaway. FSNLNY transacts business in only the state of New York.

Products are sold and administered through three separate product divisions. The Life Division markets and administers individual life insurance products. The Retirement Division markets and administers retirement products including individual immediate and deferred annuity products. The Benefits Division markets and administers group life insurance, medical stop-loss insurance and group disability income insurance products.

SUMMARY OF EXAMINATION RESULTS

The review of the materials and data sets provided by Symetra establishes that the Companies obtained direct access to the Social Security Administration's DMF in approximately 1995, and utilized information from the DMF in its business operations at various times beginning in at least as early as 2001. During the examination, state insurance regulatory agencies identified concerns regarding the adequacy of Symetra's policies and procedures to ensure that life insurance policies, annuities, and retained asset accounts are timely paid to beneficiaries and are timely reported and remitted in accordance with unclaimed property laws and insurance laws.

Business reforms that have been or will be taken by Symetra are as outlined in the publicly available Regulatory Settlement Agreement (RSA) executed by Symetra and the seven Lead States as of November 24, 2014 and which became effective on December 1, 2014 upon the adoption of the agreement by 13 additional jurisdictions, and in which a total of 48 jurisdictions are participating. In entering the RSA and agreeing to the Business Reforms, Symetra denied any wrongdoing or activities that violate any insurance laws in the state of each Department or other applicable laws, and represented that it has policies and procedures in place to ensure payment of valid claims to beneficiaries, or in the event that the Companies' search identifies no living beneficiary, to report and remit unclaimed proceeds to the appropriate states in accordance with state unclaimed property laws.