

**[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  
LIMITED SCOPE MARKET CONDUCT EXAMINATION OF THE  
CLAIMS HANDLING PRACTICES OF**

**FINANCIAL HOLDING CORPORATION  
(NAIC GROUP #0449)**

**AS OF APRIL 30, 2015**

**ADOPTED APRIL 27, 2016**

**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**

Market Conduct Division  
300 Capitol Mall  
Sacramento, CA 95814



April 27, 2016

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 the California Insurance Code Part 2, Chapter 1, Article 4, Sections 730, 733, 736, and Article 6.5, Section 790.04; and California Code of Regulations Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a), a limited examination was made of the claim handling practices and procedures in California of **FINANCIAL HOLDING CORPORATION** (NAIC Group #0449), comprised in California of:

AMERICO FINANCIAL LIFE AND ANNUITY INSURANCE COMPANY  
(NAIC #61999, CDI #1482-9),

NATIONAL FARMERS LIFE AND ANNUITY INSURANCE COMPANY  
(NAIC #66540, CDI #2475-2),

INVESTORS LIFE INSURANCE COMPANY (NAIC #63487, CDI #1962-0),

OHIO LIFE INSURANCE COMPANY (NAIC #67180, CDI #0771-6), and

UNITED FIDELITY LIFE INSURANCE COMPANY (NAIC #87645, CDI #2340-8)

These Companies are hereinafter referred to collectively as the Companies.

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

## FOREWORD

This limited desk examination covered certain specified claims handling practices of the aforementioned Companies' life insurance line of business during the period February 1, 2015 through April 30, 2015. The limited examination was made to discover, in general, if these procedures of the Companies conform to requirements found in the California Insurance Code (CIC) and the California Code of Regulations (CCR).

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 identified violations result in payments by the Companies to policyholders or claimants, those amounts paid are identified as recoveries in this report. While this report contains violations of law that were cited by the examiner, if any, 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 practices 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 Companies' 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 specified guidelines, procedures, and forms adopted by the Companies' for use in California.
2. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about this Companies closed by the CDI during the period February 1, 2015 through April 30, 2015; and a review of reports on the previous CDI market conduct examination of these Companies; and a review of prior CDI enforcement actions.

This limited examination was conducted at the offices of the California Department of Insurance in Sacramento, California.

## **EXECUTIVE SUMMARY**

This desk examination was limited in scope to market analysis information, including California consumer complaint information, to national enforcement activity and to information provided by the Companies in response to the Department's data request. There was no review of claims files during this examination.

There were no alleged violations or findings of non-compliance within the scope of this report.

The Companies reported \$45,895,563 in written premiums for the life insurance line of business in California during 2014. The Companies closed 539 Life claims during 2014.

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

The market analysis did not identify any specific issues of concern within the scope of this report.

There were no specific areas of concern identified in the complaint review.

The previous examination was completed by the Field Rating and Underwriting Bureau and reviewed the period from October 1, 2009 through December 31, 2009. There were no specific areas of concern identified during the previous examination.

## DETAILS OF THE CURRENT EXAMINATION

The following tables summarize the Companies' responses, within the scope of this report, to the Department's data request and the alleged violations, if any, under Section 790.03 and title 10, California Code of Regulations, Section 2695.1 et seq. that resulted from the review of that data. All "NO" answers in the Areas of Review table are addressed in the Summary of Examination Results section of this report.

| <b>AREAS OF REVIEW</b>   |  |                                       |
|--|--|---------------------------------------|
| <b>SPECIFIC ISSUE REVIEWED</b>   | <b>INDICATION OF COMPLIANCE (YES/NO)</b> | <b>SUMMARY OF RESULTS ITEM NUMBER</b> |
| Compliance with requirements for acknowledgement of claims<br>CCR §2695.5(e)(1) [CIC §790.03(h)(2)]  | Yes                                      | --                                    |
| Compliance with requirements for reasonable assistance –<br>CCR §2695.5(e)(2) [CIC §790.03(h)(3)]  | Yes                                      | --                                    |
| Compliance with requirement to pay statutory interest from date of death for claims on contracts with a situs of California -<br>CIC §10172.5(a) [CIC §790.03(h)(5)] | Yes                                      | --                                    |
| Compliance with requirements to disclose statutory rate of interest –<br>CIC §10172.5(c) [CIC §790.03(h)(3)]   | Yes                                      | --                                    |
| Compliance with requirement to explain settlement options –<br>CCR §2695.4(a) [CIC §790.03(h)(1)]  | Yes                                      | --                                    |
| Compliance with required disclosure when a retained asset account is a settlement option –<br>CIC §10170(f) [CIC §790.03(h)(1)]                                      | Yes                                      | --                                    |
| Compliance with required written disclosures prior to establishment of retained asset account –<br>CIC §10509.937 [CIC §790.03(h)(1)]                                | Yes                                      | --                                    |
| Compliance with providing supplemental contract when life insurance benefits are provided through a retained asset account –<br>CIC §10509.935 [CIC §790.03(h)(1)]   | Yes                                      |                                       |

| <b>AREAS OF REVIEW</b>   |  |                                       |
|--|--|---------------------------------------|
| <b>SPECIFIC ISSUE REVIEWED</b>   | <b>INDICATION OF COMPLIANCE (YES/NO)</b> | <b>SUMMARY OF RESULTS ITEM NUMBER</b> |
| Compliance with statements for retained asset accounts –<br>CIC §10509.936 [CIC §790.03(h)(1)]                     | Yes                                      |                                       |
| Compliance with requirement to reference a CDI review on denial letters –<br>CCR §2695.7(b)(3) [CIC §790.03(h)(3)] | Yes                                      | --                                    |

## **SUMMARY OF EXAMINATION RESULTS**

There were no alleged violations or criticisms of the Companies' practices made within the scope of this report. There were no recoveries for consumers obtained within the scope of this report.