

REPORT ON  
THE MARKET CONDUCT EXAMINATION

OF

**Hartford Life and Accident Insurance Company**

NAIC Company Code: 70815

*As of*

*June 30, 2007*

State of Rhode Island  
Department of Business Regulation  
Insurance Division

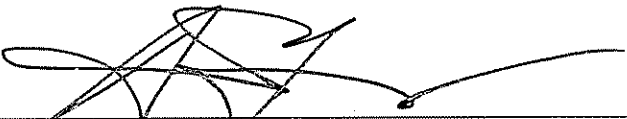
**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS  
DEPARTMENT OF BUSINESS REGULATION  
INSURANCE DIVISION**

The attached Report of Examination as of June 30, 2007 of the market conduct condition and affairs of Hartford Life & Accident Insurance Company was recently completed by duly qualified examiners, pursuant to the provision of the Rhode Island Insurance Code.

Due consideration has been given to the comments of the examiners regarding the operations of Hartford Life & Accident Insurance Company and its market conduct condition as reflected from the examination report.

It is therefore ORDERED that said Report be, and it is hereby adopted and filed and made an official record of this department as of this date.

DEPARTMENT OF BUSINESS REGULATION



---

A. Michael Marques  
Director/Insurance Commissioner

ORDER NO. 08-123

DATED: July 11, 2008

# TABLE OF CONTENTS

	<b>Page Number</b>
Salutation	3
Foreword	4
Scope of Examination	4
Profile of Company	
History	5
Operations	6
Management	6
Group Life – Death Claims	7
Summary of Recommendations	8
Conclusion	9

Providence, Rhode Island

June 5, 2008

Honorable A. Michael Marques  
Insurance Commissioner  
State of Rhode Island

Commissioner:

In accordance with your instructions, and pursuant to the statutes of the State of Rhode Island, a Market Conduct Examination was conducted of the:

**HARTFORD LIFE AND ACCIDENT INSURANCE COMPANY**

200 Hopmeadow Street  
Simsbury, CT 06089

Hereinafter referred to as the "Company". The examination was conducted at the Department of Business Regulation, Insurance Division, 233 Richmond Street, Providence, Rhode Island.

## **FOREWORD**

Our Market Conduct Examination Report is, in general, a report by exception. Information relating to practices, procedures, and/or files subject to review during our examination has been omitted from the report if errors and/or improprieties were not evidenced.

## **SCOPE OF EXAMINATION**

Authority for this examination is provided by R.I. Gen. Laws §27-13-1 and §27-13.1-3. The examination covered the period from January 1, 2006 through June 30, 2007, and was conducted in accordance with standards established by the National Association of Insurance Commissioners, and procedures developed by the Rhode Island Department of Business Regulation, Insurance Division.

The examination encompassed a review of the following areas: Compliance with R. I. Gen. Laws §27-4-26, interest upon proceeds of life insurance policies. The line of business reviewed was Group Life.

The test work performed during the examination satisfied this purpose, and forms the basis for the findings and recommendations presented in this report. The examination consisted of verification and evaluation, on a test basis, of information contained in the insurer's files.

## **PROFILE OF COMPANY**

### **History**

In 1967, Hartford Life and Accident Insurance Company was incorporated in the State of Connecticut as a wholly owned subsidiary of Hartford Fire Insurance Company. At the present time, the company is a wholly-owned subsidiary of Hartford Life, Inc., which is, in turn, a wholly-owned subsidiary of The Hartford Financial Services Group, Inc., the ultimate controlling person. As of December 31, 2006, Hartford Life Group Insurance Company was merger into Hartford Life and Accident Insurance Company. Hartford Life and Accident Insurance Company was the surviving company of the merger.

As a Connecticut domiciled stock life insurance company, Hartford Life and Accident Insurance Company's principal business is the sale of group long and short-term disability insurance, group life insurance and group medical insurance. Hartford markets its group benefit life and health products in Rhode Island primarily through independent producers and general agents, combined with branch sales offices operated by the company. The company also offers group benefit life and health products to members of associations and affinity groups.

Hartford Life and Accident Insurance Company is presently licensed and authorized to conduct insurance business in forty-nine states and three U. S. territories. In addition, the Company is an accredited reinsurer in the State of New York.

## Operations

The Company's Rhode Island direct written premium for the year 2006 was as follows:

<u>Line of Business</u>	<u>Written Premium</u>
Group Life	\$ 10,873,661

## Management

At December 31, 2006, the Officers of the Hartford Life and Accident Insurance Company were as follows:

Thomas M. Marra	President & Chief Executive Officer
Richard G. Costello	Vice President & Secretary
Ernest M. McNeill, Jr.	Senior Vice President & Chief Accounting Officer
Thomas A. Campbell	Vice President & Actuary

At December 31, 2006, the Directors of the Hartford Life and Accident Insurance Company were as follows:

Michael L. Kalen	Glenn D. Lammey
Thomas M. Marra	John C. Walters
Lizabeth H. Zlatkus	David M. Znamerowski

## **GROUP LIFE**

### **Death Claims**

A Review of the Company's Rhode Island claim practices for the period under examination was conducted to determine whether claims were paid in accordance with R. I. Gen. Laws §27-4-26.

The Company provided a listing of 90 group life death claims for out of state policies with Rhode Island beneficiaries. From this listing, the examiner reviewed 21 files and noted that the company did not pay the required 9% interest to any of the Rhode Island beneficiaries. The remaining 69 claims were also paid according to the situs state and not the beneficiary state. All 90 claims were not paid in accordance with R. I. Gen. Laws §27-4-26.

**Recommendation #1:** It is recommended that the company pay all Rhode Island beneficiaries 9% interest from the date of death to the date of payment for all 90 group death claims, plus all claims processed in the 10 months since the exam period and going forward, in accordance with R. I. Gen. Laws §27-4-26. The company should review and recalculate these claims and forward payment to the Rhode Island beneficiaries.

**Recommendation #2:** The Company should advise all personnel involved in the processing of death claims to Rhode Island beneficiaries, of the requirements of R. I. Gen. Laws §27-4-26.



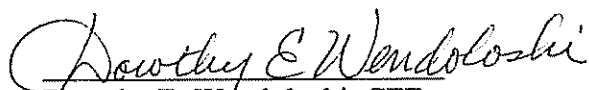
Rec. #	Recommendations	Page #
1	It is recommended that the company pay all Rhode Island beneficiaries 9% interest from the date of death to the date of payment for all 90 group death claims, plus all claims processed in the 10 months since the exam period and going forward, in accordance with R. I. Gen. Laws §27-4-26. The company should review and recalculate these claims and forward payment to the Rhode Island beneficiaries.	7
2	The Company should advise all personnel involved in the processing of death claims to Rhode Island beneficiaries, of the requirements of R. I. Gen. Laws §27-4-26.	8

## CONCLUSION

We have applied verification procedures to the data contained in this report using both subjective and statistical sampling techniques as deemed appropriate. While sampling techniques do not give complete assurance that all errors and irregularities will be detected, those that were detected during the course of this examination have been disclosed in this report. We were not informed of, and did not become aware of any other error or irregularity that could have a material effect on the market conduct condition of the Company as presented in this report.

Assisting the undersigned in the conduct of this examination was Ronald R. Radtke, Senior Market Conduct Examiner.

Respectfully submitted,



Dorothy E. Wendoloski, CFE  
Senior Insurance Examiner  
Rhode Island Insurance Division

**RECEIVED**

JUL 08 2008 C.C.

**STATE OF RHODE ISLAND  
INSURANCE DIVISION**



Carla I Zahner  
Associate Counsel  
Law Department  
200 Hopmeadow Street  
Simsbury, CT 06089  
Mailing Address: P O. Box  
2999  
Direct Dial: (860) 843-3467  
Direct Fax: (860) 392-0118

July 7, 2008

**VIA FEDERAL EXPRESS**  
**VIA FACSIMILE (602) 364-4998**

Ms. Sharon K. Gordon, CPA, CFE  
Chief Insurance Examiner  
BLDG 69-2  
1151 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9628

*Re: Response to Report on the Market Conduct Examination of  
Hartford Life & Accident Insurance Company, NAIC # 70815*

Dear Ms. Gordon:

As requested in the correspondence dated June 5, 2008 from the Rhode Island Department of Business Regulation, Insurance Division (the "Division"), below please find Hartford Life & Accident Insurance Company's (the Company") response to the Division's Report on the Market Conduct Examination of the Company (the "Final Report").

The Division reviewed the Company's Rhode Island claim practices for the period under examination (January 1, 2006 through June 30, 2007). The Final Report contains two recommendations for the Company. Printed in bold below is the text of the two recommendations along with the Company's response to each recommendation.

**Recommendation #1**

**It is recommended that the Company pay all Rhode Island beneficiaries 9% interest from the date of death to the date of payment for all 90 group death claims, plus all claims processed in the 10 months since the exam period and going forward, in accordance with R.I. Gen. Laws §24-4-26. The Company should review and**

**recalculate these claims and forward payment to Rhode Island beneficiaries.**

**Company's Response:**

The Company is in agreement with the above recommendation. Thus, the Company will pay additional interest to the Rhode Island beneficiaries (paid under out-of-state policies), who were identified during the exam as having received interest calculated at a rate lower than the required 9%. The Company will identify Rhode Island beneficiaries paid under out-of-state group life policies from the end of the exam period forward, who either: (1) did not receive interest, which would have been due under Rhode Island law, or (2) received interest calculated at a rate lower than the required 9%; and issue payment accordingly. The Company will complete the interest calculation and payment described above on a quarterly basis.

**Recommendation #2**

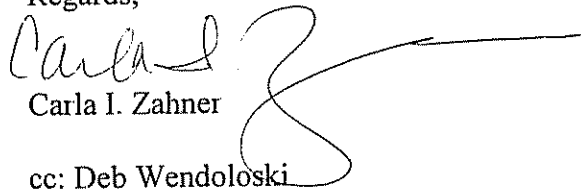
**The Company should advise all personnel involved in the processing of death claims to Rhode Island beneficiaries, of the requirements of R.I. Gen. Laws §27-4-26.**

**Company's Response:**

The Company has advised its claim organization of the requirements set forth in R.I. Gen. Laws § 27-4-26.

Please do not hesitate to contact me should you have any questions or concerns.

Regards,

  
Carla I. Zahner

cc: Deb Wendoloski