

Report on
Market Conduct Examination

of

UNUM Life Insurance Company of America
Portland, Maine

by Representatives of the
North Carolina Department of Insurance

as of

June 15, 2015

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Raleigh, North Carolina
June 15, 2015

Honorable Wayne Goodwin
Commissioner of Insurance
Department of Insurance
State of North Carolina
Dobbs Building
430 N. Salisbury Street
Raleigh, North Carolina 27603

Honorable Eric A. Cioppa
Superintendent of Insurance
Department of Professional &
Financial Regulation
Maine Bureau of Insurance
76 Northern Avenue
Gardiner, Maine 04345

Honorable Commissioner and Honorable Superintendent:

Pursuant to your instructions and in accordance with the provisions of North Carolina General Statute (NCGS) 58-2-131 through 58-2-134, a target examination has been made of the market conduct activities of

UNUM Life Insurance Company of America
(NAIC # 62235)
NAIC Exam Tracking System Exam Number: NC299-M74
Portland, Maine

hereinafter generally referred to as the Company, at the Company's office located at 2211 Congress Street, Portland, Maine, and at the North Carolina Department of Insurance (Department) office located at 11 S. Boylan Avenue, Raleigh, North Carolina. A report thereon is respectfully submitted.

SCOPE OF EXAMINATION

The North Carolina Department of Insurance conducted a limited-scope examination of the Company. This examination commenced on May 11, 2015, and covered the period of January 1, 2013, through December 31, 2013, with analyses of certain operations of the Company being conducted through June 12, 2015. This action was taken due to market analysis on long-term care. All comments made in this report reflect conditions observed during the period of the examination.

This examination was performed in accordance with auditing standards established by the Department and procedures established by the National Association of Insurance Commissioners (NAIC). The scope of this examination was not comprehensive, but included a limited review of the Company's practices and procedures in underwriting practices and claims practices. The findings and conclusions contained within the report are based solely on the work performed and are referenced within the appropriate sections of the examination report.

It is the Department's practice to cite companies in violation of a statute or rule when the results of a sample show errors/noncompliance at or above the following levels: 7 percent for claims practices; and 10 percent for all other areas reviewed.

EXECUTIVE SUMMARY

This market conduct examination revealed no concerns with Company procedures and practices in the areas of underwriting practices and claims practices.

All North Carolina General Statutes and rules of the North Carolina Administrative Code cited in this report may be viewed on the North Carolina Department of Insurance Web site www.ncdoi.com by clicking "INSURANCE DIVISIONS" then "Legislative Services".

All statutory violations may not have been discovered or noted in this report. Failure to identify statutory violations in North Carolina or in other jurisdictions does not constitute acceptance of such violations.

UNDERWRITING PRACTICES

The Company did not issue/underwrite any policies to North Carolina residents during the examination period. The Department reviewed the Company's underwriting practices via interrogatory submission and response as well as letter templates and other documents utilized to communicate with policyholders. No adverse trends or unfair trade practices were observed in this section of the examination.

CLAIMS PRACTICES

Group and Individual Long-Term Care Claims Paid

The Company provided a population of 65 group and individual long-term care claims paid. Fifty files were randomly selected for review. The review revealed the following:

- In one claim file (2.0 percent error ratio), the claim payment was delayed beyond 30 days from the claim approval due to a personnel change within the Company.
- In one claim file (2.0 percent error ratio), the Company did not send an approval letter to the insured which would have provided pertinent details in writing. However, verbal approval was given over the phone.
- In one claim file (2.0 percent error ratio), the approval letter sent to the insured did not document the date that the member requested impairment approval (start of elimination period).

The average service time to process a claim payment was 35 calendar days. A chart of the average service time follows:

Service Days	Number of Files	Percentage of Total
15 - 21	4	8.0
22 - 30	10	20.0
31 - 60	25	50.0
Over 60	11	22.0
Total	50	100.0

Group and Individual Long-Term Care Claims Denied

The entire population of five group and individual long-term care claims denied files was reviewed. No adverse trends or unfair trade practices were observed in this section of the examination.

The average service time to process a claim denial was 47 days. A chart of the service time follows:

Service Days	Number of Files	Percentage of Total
31 - 60	4	80.0
Over 60	1	20.0
Total	5	100.0

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

The Department has no comments, recommendations or directives for the Company as of this report.

CONCLUSION

A target examination has been conducted on the market conduct affairs of UNUM Life Insurance Company of America for the period January 1, 2013, through December 31, 2013, with analyses of certain operations of the Company being conducted through June 12, 2015.

This examination was conducted in accordance with the North Carolina Department of Insurance and the National Association of Insurance Commissioners Market Regulation Handbook procedures, including analyses of Company operations in the areas of underwriting practices and claims practices.

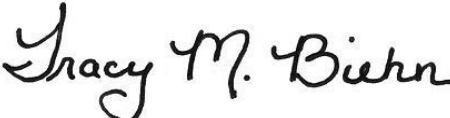
In addition to the undersigned, Darla Wright, North Carolina Market Conduct Senior Examiner participated in this examination and the preparation of this report.

Respectfully submitted,

Handwritten signature of Scott D. Grindstaff in black ink.

Scott D. Grindstaff
Examiner-In-Charge
Market Regulation Division
State of North Carolina

I have reviewed this examination report and it meets the provisions for such reports prescribed by this Division and the North Carolina Department of Insurance.

Handwritten signature of Tracy M. Biehn in black ink.

Tracy M. Biehn, LPCS, MBA
Deputy Commissioner
Market Regulation Division
State of North Carolina