

BEFORE THE INSURANCE COMMISSIONER

FOR THE STATE OF DELAWARE

IN THE MATTER OF:

LINCOLN NATIONAL LIFE

INSURANCE COMPANY

1300 South Clinton Street

Fort Wayne, IN 46802

NAIC #65676

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DOCKET NO. 2248-2013

STIPULATION AND CONSENT ORDER

THIS STIPULATION AND CONSENT ORDER is entered into as of December 11, 2014, by and between Lincoln National Life Insurance Company ("Respondent") and the State of Delaware Department of Insurance ("Department").

WHEREAS, Respondent is a life and accident and health insurance company incorporated under Indiana law and authorized to conduct the business of insurance in the State of Delaware; and

WHEREAS, the Department, through its examiners, conducted a routine market conduct examination ("Examination") of Respondent's affairs and practices; and

WHEREAS, the Department, through its examiners, prepared and provided to Respondent for review and comments draft versions of a report of the Examination; and

WHEREAS, Respondent has reviewed and commented on such draft versions of the report of the Examination; and

WHEREAS, after considering Respondent's comments, the Department, through its examiners, has prepared a final report of the Examination, dated as of June 30, 2010 ("Final Examination Report"); and

WHEREAS, among other findings contained in the Final Examination Report, the Department concluded that the Respondent's practices and procedures did not comply with (i) 18 *Del. Admin. Code* 1204 §7.1.2.2 (Replacement of Life Insurance; Duties of Insurers that Use Agents and Brokers), in that Respondent failed to provide written communication advising of the replacement to the existing insurer in 13 files, and failed to provide such communications in a timely manner; (ii) 18 *Del. Admin. Code* 1210 §5.2 (Life Insurance Illustrations; Policies to be Illustrated), in that Respondent used an illustration for a policy that was identified by the Respondent as one to be marketed without an illustration; and (iii) 18 *Del. Admin. Code* 1204 §7.1.2.1.2 (Replacement of Life Insurance; Duties of Insurers That Use Agents or Brokers), in that Respondent failed to provide the applicant with a copy of the Replacement Notice (hereinafter the "Notice Violations"); and

WHEREAS, after communications with the Department, Respondent desires to resolve this matter without recourse to any administrative hearing or court action (such as an appeal).

NOW, THEREFORE, IT IS AGREED, by and between Respondent and the Department as follows:

1. Respondent accepts the Final Examination Report, waives any right to a hearing thereon, and agrees that the Department may file the Final Examination Report without any further modifications.
2. Upon its execution of this Stipulation and Consent Order, Respondent shall pay to the Department an administrative penalty for the Notice Violations in the amount of Twenty-Seven Thousand Six Hundred Dollars (\$27,600.00). Respondent shall make its check for the administrative penalty payable to the "State of Delaware."

3. The Department reserves the right to issue a press release and to send a letter to the Respondent's policyholders concerning the terms of this Stipulation and Consent Order and such other related matters as the Department shall deem appropriate. Upon request by the Department, Respondent shall provide the Department with updated contact information for the policyholders. The Department agrees to provide to Respondent a copy of any such press release or policyholder letter in advance of release or mailing, so that Respondent may review them and provide any comments to the Department; provided, the Department shall retain absolute discretion over the final language in any press release or letter covered by this paragraph.

4. Respondent waives any right to challenge in an administrative or court proceeding any of the terms and conditions of this Stipulation and Consent Order.

5. This Stipulation and Consent Order is the free and voluntary act of the Respondent, and its terms are binding upon the Respondent and may be admitted into evidence in any judicial or administrative proceeding against the Respondent to enforce such terms. Respondent acknowledges that it has had a full opportunity to seek and receive advice of counsel on all matters related to this Stipulation and Consent Order.

6. This Stipulation and Consent Order contains all of the terms and conditions agreed to by the parties and constitutes the final agreement between the Respondent and the Department.

7. No change, amendment, or modification hereto shall be effective or binding unless it is in writing, dated, and signed by the parties.

8. If the Department fails to act on any one or more defaults by the Respondent, such failure to act shall not be a waiver of any rights hereunder on the part of the Department to declare the Respondent in default and to take such action as may be permitted by this Stipulation and Consent Order or by law.


9. This Stipulation and Consent Order may be signed in duplicate, and both documents shall be considered originals. The person executing this Stipulation and Consent Order on behalf of Respondent shall acknowledge his or her signature before a Notary Public and, by executing this Stipulation and Consent Order, certifies that he or she is duly authorized to execute this Stipulation and Consent Order on behalf of Respondent. Respondent agrees that an uncertified copy of this Stipulation and Consent Order shall be valid as evidence in any proceeding for purposes of enforcement.

10. This Stipulation and Consent Order shall survive the Respondent and be enforceable against its successors, transferors, or assigns.

[Signature page follows]

LINCOLN NATIONAL LIFE
INSURANCE COMPANY:

DELAWARE INSURANCE DEPARTMENT:


Print Name: Bradley R Skarie
Title: AVP compliance
Date: 12/17/2014

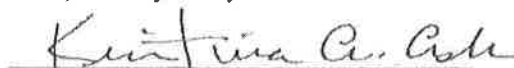

KAREN WELDIN STEWART, CIR-ML
Insurance Commissioner
Date:

Witness to Respondent's Signature
Name: CHERYLL A. MILLER
Title: ASSISTANT VICE PRESIDENT
Date: 12.17.14

STATE OF INDIANA)
COUNTY OF ALLEN) SS.

The foregoing instrument was acknowledged before me this 17TH day of DECEMBER 2014,
by BRADLEY R. SKARIE, who is personally known to me or who has produced
_____ as identification, and who certified that he or she is duly authorized to
execute this document on behalf of Respondent.

GIVEN under my Hand and Seal of office, the day and year aforesaid.


NOTARY PUBLIC

KRISTINA A. ASH
PRINT NAME

SEPTEMBER 12, 2016
MY COMMISSION EXPIRES

KRISTINA A. ASH, NOTARY PUBLIC
ALLEN COUNTY, STATE OF INDIANA
MY COMMISSION EXPIRES SEPTEMBER 12, 2016