

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF DELAWARE**

**IN THE MATTER OF:** )  
 )  
**THE LINCOLN NATIONAL LIFE** )  
**INSURANCE COMPANY** )  
 ) **DOCKET NO. 3521-2017**  
**NAIC #65676** )  
 )  
**1300 South Clinton Street** )  
**Fort Wayne, IN 46802** )

**STIPULATION AND CONSENT ORDER**

**THIS STIPULATION AND CONSENT ORDER** is entered into as of July 13<sup>th</sup>, 2017, by and between The Lincoln National Life Insurance Company (the “Respondent”) and the State of Delaware Department of Insurance (“Department”). The Respondent and the Department are collectively referred to herein as the “Parties.”

**WHEREAS**, Respondent is a life 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 target market conduct examination (“Examination”) of Respondent’s affairs and practices as of May 31, 2015; 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 May 31, 2015 ("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 Delaware Insurance statutes in the following areas of operation reviewed:

- Issued Annuities – Replacements - 10 Exceptions - 18 Del. Admin. Code 1204 §7.1 Replacement of Life Insurance
  - For failure by the Company to send proper notifications to existing insurers of a pending replacement within seven days.
- Issued Annuities – Replacements – 1 Exception – 18 Del. Admin. Code 1204 §5.2.1 Replacement of Life Insurance
  - For failure to provide to the applicant a notice regarding replacement before taking the application.
- Issued Annuities – Replacements – 9 Exceptions – 18 Del. C. § 320 (d) Conduct of examination; access to records; correction.
  - For failure to correctly code and properly report all files as replacements or non-replacements as they are entered and processed into the system.
- Issued Annuities – Non-Replacements - 6 Exceptions - 18 Del. Admin. Code 1204 §5.1.1 Duties of Agents and Brokers
  - For acceptance of applications without obtaining the required response from the applicant or the applications were signed after the policy was issued..
- Issued Annuities – Non-Replacements - 6 Exceptions - 18 Del. Admin. Code 1204 §5.1.2 Duties of Agents and Brokers
  - For acceptance of applications without obtaining the required response from the producer or the applications were signed by the producer after the policy was issued.
- Issued Annuities - Non-Replacement - 1 Exception - 18 Del. C. §320 (c). Conduct of examination; access to records; correction
  - For failing to provide evidence that an application was provided.

**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 Seventy Nine Thousand Dollars (\$79,000.00). Respondent shall make its check for the administrative penalty payable to the "State of Delaware."

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

4. 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.

5. 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.

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

7. 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.

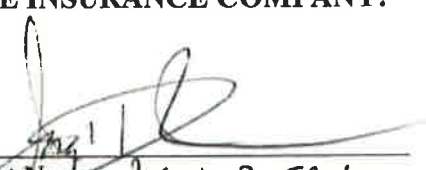
8. This Stipulation and Consent Order may be signed in duplicate, and both documents shall be considered originals. The person executing this Stipulation and Consent Order on behalf of Respondent shall acknowledge his or her signature before a Notary Public and, by executing this Stipulation and Consent 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.

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

***[Signature Page Follows]***

**THE LINCOLN NATIONAL  
LIFE INSURANCE COMPANY:**

**DELAWARE INSURANCE DEPARTMENT**

  
Print Name: Joseph D. Spade  
Title: VP. CEO  
Date: 6/27/2017


  
TRINIDAD NAVARRO  
Insurance Commissioner  
Date: 7-13-2017

**Witness to Respondent's Signature**  
Name: Aerin Marsteller  
Title: Director, Compliance  
Date: 6/27/2017

STATE OF Connecticut )  
  ) SS.  
COUNTY OF Hartford )

The foregoing instrument was acknowledged before me this 27 day of June 2017,  
by Joseph D Spade, 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 (Alexander B. Sixbey)  
NOTARY PUBLIC  
State of Connecticut  
My Commission Expires  
May 31, 2019  
PRINT NAME

MY COMMISSION EXPIRES