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FOR IMMEDIATE RELEASE

States Find Company Sold Policies Using Race-Based Pricing
MONUMENTAL LIFE INSURANCE AGREES TO RETURN
\$37 MILLION TO MORE THAN 1/2 MILLION CUSTOMERS
***** TOLL-FREE TELEPHONE LINE SET-UP *****

BALTIMORE, MD (June 12, 2003) -- Monumental Life Insurance Company of Baltimore, MD, agreed today to accept the findings of a multi-state market conduct examination showing that 64 of the 242 companies purchased or acquired by Monumental engaged in race-based pricing of their life insurance policies after July, 1974. The Maryland, Pennsylvania and Virginia Insurance Departments conducted the examination over the last two years. As the lead state, the Maryland Insurance Administration negotiated a consent agreement with Monumental. Under the terms of the agreement, Monumental agreed to return or increase the amount of death benefit by approximately \$32 million in adjusted benefits for approximately 600,000 policyholders across the country to ensure that white and non-white policyholders are treated the same.

The Company also agreed to fund a four week national advertising campaign notifying potential claimants of the settlement and providing them with information on how to obtain benefits, including the creation of a toll-free telephone number for policyholders to call for specific information about their policies. An additional \$5 million

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MONUMENTAL ADD ONE

will be set-aside to provide benefits to those claimants for whom the company no longer has records but who come forward as a result of the advertising campaign. Any monies left over from that fund after a year will be divided among the states.

An aggregate \$2 million payment will be paid to the states that participate in the settlement. That money may be donated to charities for the advancement of minorities if the states choose.

"It is my hope that all 50 states and the District of Columbia will join the settlement," Maryland Insurance Commissioner Alfred W. Redmer, Jr., said.

The practice of selling small-value life insurance policies, also known as burial or industrial insurance policies, to African-American policyholders at higher prices than White policyholders was widespread in the insurance industry until the 1970s. The practice continued in some parts of the United States well into the 1990s.

Although the order is signed by Commissioner Redmer, it was negotiated by former Maryland Insurance Commissioner Steven B. Larsen. In a letter to Pennsylvania Insurance Commissioner Diane Koken and Virginia Insurance Commissioner Alfred Gross, then-Commissioner Larsen urged the states to accept the settlement terms stating "I believe the settlement is fair to all parties, especially the policyholders."

"I also want to thank Todd Cioni, Associate Commissioner for Compliance and Enforcement at the MIA for all of his hard work in bringing this settlement to a close," Larsen said.

"Through the multi-state market conduct process," Cioni explained, "we were able to work with the Company to review policies issues by some 240 acquired companies to identify those policyholders who are due an adjustment."

"I am very pleased that Maryland took the lead on this important case," Redmer said. "Through a process of self-audit and the multi-state examination, we worked with Monumental to identify those companies now under its control who engaged in this onerous practice. I appreciate the Company's willingness to come to an amicable settlement and to make the appropriate adjustments to people across the country."

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MONUMENTAL ADD TWO

"The Maryland Insurance Department is to be commended for taking the lead in our regulatory efforts to see that all insurance consumers are treated with fairness and respect," Commissioner Koken added.

Commissioner Gross, who signed the agreement on behalf of Virginia, said "I am pleased that we have reached this agreement and that the affected policies will be adjusted in this manner. I applaud the efforts of Maryland, my staff, and the other states that took an active role in the examination process."

Background

- In August 2000, the MIA initiated a survey of all Maryland domiciled insurers asking whether any of them issued life insurance policies using race as a factor.
- Monumental acknowledged that certain companies from which they acquired blocks of business or which were subsequently acquired by Monumental may have sold insurance policies charging certain policyholders a higher premium based on their race.
- In January 2001, Maryland, Florida, Pennsylvania and Virginia conducted a multi-state market conduct examination of life insurance policies in-force on or after July 1, 1974 which charged higher premiums based on race. Maryland coordinated the examination as well as the negotiation and finalization of the consent order.
- During the examination period, the company notified the lead states that it started a broad-based adjustment effort to increase death benefits and cash values on in-force policies as identified to ensure that white and non-white policyholders are treated the same. The company increased death benefits and cash values for policies in effect on the date of the adjustment.
- The examination found that some companies acquired by Monumental or some of the books of business Monumental acquired from other companies engaged in the practice of pricing life insurance policies at rates that were based on a different premium rate because of race. In some cases, non-white policyholders received

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MONUMENTAL ADD THREE

reduced death benefits compared to white policyholders paying the same premiums, and in other cases non-white policyholders were charged a higher premium for the same death benefit as a white policyholder.

Points in Consent Order

- Monumental agrees to adjust and increase death benefits and cash values on all affected policies within 90 days from June 12, unless the policies had already been adjusted prior to June 12 or will be adjusted at the time of a claim. The increased death benefits and cash values shall be an amount to ensure that white and non-white policyholders are treated the same.
- Monumental agrees that within 120 days from June 12, it will send a written notice to the last known address of record to all policyholders of in-force affected policies that have been adjusted by the company to notify them of the increased death benefit.
- Within that 120 days, Monumental will issue a public notice notifying people who may be due money because they or a family member had an affected policy of their potential right to an increased death benefit. The notice will be published once a week for four consecutive weeks in publications approved by the MIA.
- Monumental agrees that within 180 days from June 12, it will pay an increased death benefit for claims, for which it has complete records, made on affected policies which terminated because there was a death claim between July 1, 1974 and June 12, 2003, unless the policy was already adjusted. The increased death benefit is to ensure that non-white and white policyholders are treated the same. The company also agrees to notify policyholders of the increased benefit in writing at the last known address of the policyholder or beneficiary where applicable. The company will make payment once it can verify the beneficiary's address and must file evidence of the payment with the MIA no later than 270 days from June 12.
- If the company is not able to determine an actual ratio for increasing the benefits for affected policies to ensure non-whites are not charged more than whites,

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MONUMENTAL ADD FOUR

Monumental agrees to increase benefits by 33 percent, which is within the range of actual ratios used by the company to adjust policies.

- For a period of 12 months from the date the public notice appears, Monumental shall honor all legitimate claims, providing the appropriate level of increased coverage, for affected policies terminated because of a death claim between July 1, 1974 and June 12, 2003. All such claims must be paid within 30 days of receipt of proof of a policy.
- Monumental will establish an additional \$5 million Adjustment Fund to cover the adjustments due to those who are entitled to adjustments but for whom Monumental no longer has records. The company agrees this money is owed and hopes people will be identified because of the advertising campaign. Money not paid out after 12 months from the date of the ads will be paid to the states who are a party to the order.
- Monumental also agrees to pay a total of \$2 million to the states in accordance with an agreed upon State Allocation Formula Chart. This money can be used in any manner the state chooses including to be used as contributions to charities serving the needs of African-Americans. This money will be paid to the states no later than January 15, 2004.

This consent order is binding on all of the states executing the order. Any states who wish to become a party to the order have to sign-on within 60 days.

Monumental has set-up a toll-free hotline for consumers anywhere in the United States to call for claims information. That number is 877-216-0949.

Additional information, including a copy of the Market Conduct Examination and Consent Order, is available on the Maryland Insurance Administration web site, www.mdinsurance.state.md.us.