

STATE OF MINNESOTA
COMMISSIONER OF COMMERCE

In the Matter of the Certificate of Authority of Lincoln National Life Insurance Company (65676), a corporation domiciled in Indiana and licensed to do business in the State of Minnesota, and its affiliates:

CONSENT ORDER

Lincoln Life and Annuity Company of New York (62057)
First Penn Pacific Life Insurance Co. (67652)

To: Lincoln National Life Insurance Company
1300 South Clinton Street
Fort Wayne, IN 46802

The Commissioner of Commerce Mike Rothman ("Commissioner") has advised Lincoln National Life Insurance Company and Lincoln Financial Group and its affiliates (collectively "Respondent") that, based upon the Department's market conduct examination, including its examination of Respondent's retained asset account (referred to as the "SecureLine Account"), he is prepared to commence formal proceedings pursuant to Minn. Stat. §§ 45.027 and 60A.031 (2010) based on allegations that Respondent's previous use of the automatic default option establishing a retained asset account may result in an unsuitable arrangement for a beneficiary depending on the totality of circumstances, in violation of Minn. Stat. § 72A.20, subd. 34 (2010) (the "SecureLine Allegations"). Several months ago, Lincoln changed its claim form to require beneficiaries to affirmatively select the retained asset account option.

Respondent acknowledges that it has been advised of its rights to a hearing in this matter, to present argument to the Commissioner, and to appeal from any adverse determination after a hearing, and Respondent hereby waives those rights. Respondent has been represented by legal counsel throughout these proceedings.

Respondent has agreed to informal disposition of these matters without a hearing as provided under Minn. Stat. § 14.59 (2010) and Minn. R. 1400.5900 (2011). Respondent acknowledges that the Commissioner's market conduct examination is continuing and that this Consent Order

solely concerns the SecureLine Account Allegations. Respondent further agrees that this Consent Order does not limit the Commissioner's ability to take administrative or other action with respect to any alleged violations which are outside of the scope of the above-listed allegations, as determined by the Commissioner.

The following order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED that, within 60 days of the date of this Consent Order, Respondent shall not pay death benefits under its individual life insurance policies and annuities and group life insurance policies to beneficiaries residing in Minnesota, to beneficiaries under a policy issued in Minnesota, and to beneficiaries under a policy insuring a person residing in Minnesota at the time of death, by way of a retained asset account unless such payment method was affirmatively chosen by the insured or contract owner or is affirmatively elected by the beneficiary in writing.


FURTHER, IT IS HEREBY ORDERED, that Respondent shall provide the lump sum death benefit payment by check as its default option and, within [60] days of the date of this Consent Order, shall submit its claim form documents, which include the Minnesota Department of Commerce's required language, to the Commissioner for his approval before being used in Minnesota.

FURTHER, IT IS HEREBY ORDERED, that pursuant to Minn. Stat. § 45.027, subd. 6 (2010), Respondent shall pay to the state of Minnesota a civil penalty of \$150,000.

This Order shall be effective upon the signature of the Commissioner.

Date: 1-18-13

MIKE ROTHMAN
Commissioner of Commerce
State of Minnesota



85 Seventh Place East, Suite 500
St. Paul, Minnesota 55101

CONSENT TO ENTRY OF ORDER

The undersigned, acting on behalf of Respondent, states that the foregoing Consent Order has been read; the contents and effects are fully understood; nothing herein shall be construed as an admission of liability or wrongdoing on the part of Respondent; Respondent has authorized the undersigned to execute this Consent to Entry of Order on its behalf; and that Respondent has been advised of its right to a hearing; that Respondent has been represented by legal counsel; and that Respondent consents to entry of this Order by the Commissioner of Commerce.

By: *Jeffrey D. Coutts*
Jeffrey D. Coutts, Senior Vice President, Treasurer

Commonwealth of Pennsylvania)
County of Delaware) SS:

On this, the 17th day of December, 2012, before me a notary public, the undersigned officer, personally appeared Jeffrey D. Coutts, known to me (or satisfactorily proven) to be the person whose name is subscribed to the within instrument, and acknowledged that he executed the same for the purposes therein contained.

In witness hereof, I hereunto set my hand and official seal.

Susan E. Biela
Notary Public

