

**STATE OF NORTH DAKOTA**  
**BEFORE THE COMMISSIONER OF INSURANCE**

<b>In the Matter of</b>	)	
	)	
<b>Church Life Insurance Company,</b>	)	
<b>FEIN 13-6104558,</b>	)	<b>CONSENT ORDER</b>
	)	
<b>Respondent.</b>	)	

Commissioner of Insurance Jim Poolman (hereinafter "Commissioner") has determined as follows:

1. The Commissioner has authority in this matter pursuant to N.D. Cent. Code Title 26.1 and N.D. Cent. Code § 28-32-05.1.
2. The Commissioner has jurisdiction over Respondent and the subject matter of this Consent Order and this Consent Order is made in the public interest.
3. Church Life Insurance Company, FEIN 13-6104558 (hereinafter "Church Life"), is a foreign insurance company first licensed in North Dakota on January 12, 2005.
4. Church Life is a New York domiciled life and health insurance company and has been licensed in New York since June 24, 1922. The Company has no employees or other personnel outside New York nor does it own, rent or lease any real or personal property outside the state. Church Life writes principally group life insurance, individual life insurance and annuity products for a customer base limited solely to ordained clergy and lay individuals directly associated with the Episcopal Church and their immediate families. Prior to 2004 the Respondent was licensed only in New York.

5. Church Life asserts that it is a nonprofit corporation exempt from federal tax pursuant to 26 USC §501(c)(3).

6. Church Life is a wholly owned subsidiary of The Church Pension Fund, which has assets of approximately \$7.4 billion. The Church Pension Fund is a New York not-for-profit corporation formed by the Episcopal Church to provide retirement and other employee benefits to clergy and laypersons in the service of the Episcopal Church.

7. From 1998 through 2004, the Respondent reported North Dakota premiums on its annual statements as follows:

<b>Year</b>	<b>Group Premiums</b>	<b>North Dakota Individual Premium</b>	<b>North Dakota Total Premium</b>	<b>North Dakota Annuity</b>
1998	\$ 8,186	\$ 156	\$ 8,342	\$ 834
1999	8,013	154	8,167	1,841
2000	8,246	150	8,396	1,802
2001	8,444	141	8,585	2,385
2002	5,223	0	5,223	5,205
2003	4,861	1,118	5,979	0
2004	5,061	1,150	6,211	0
<b>Total</b>	<b>\$48,034</b>	<b>\$2,869</b>	<b>\$50,903</b>	<b>\$11,887</b>

8. Prior to January 12, 2005, the Company did not have a Certificate of Authority to transact insurance business in the State of North Dakota and had not filed reconciled tax statements with the Commissioner or paid any applicable premium taxes.

9. The Company had not obtained a Certificate of Authority, filed reconciled tax statements, or paid premium taxes in North Dakota based on the following legal positions: (1) the Company had an insufficient nexus with the state to be subject to tax or regulation; (2) the Company is not in the business of insurance because it is a not-for-profit organization providing benefits to employees of the church and their families; and (3) there is federal legislation that preempts state

regulation of church welfare plans.

10. In September 2004, the Company voluntarily contacted the Department to determine the Department's position on whether the premiums disclosed in paragraph 7 were subject to North Dakota's premium tax and whether the Company was required to have a Certificate of Authority for the business it had been conducting in North Dakota.

11. After reviewing the information provided by the Company, the North Dakota Insurance Department's position is that the company had a sufficient nexus with the state to be subject to tax or regulation, that the Company was engaged in the business of insurance in the State of North Dakota, and that federal law does not preempt the state regulation of an insurance company that provides insurance to a church welfare plan or that provides individual life insurance policies or annuities directly to individual residents of the state.

12. The parties have agreed to the informal disposition of this matter, without a hearing, as provided under N.D. Cent. Code § 28-32-05.1 and to the entry of the following Consent Order for the sole purpose of compromising and settling the issues relating to whether Church Life Insurance Company was required to obtain a Certificate of Authority, file reconciled tax statements, and pay premium taxes in North Dakota prior to January 12, 2005. The settlement and compromise of the disputed issues covered by the Consent Order shall not be deemed as an admission of any violation of North Dakota law by Church Life Insurance Company.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent shall file reconciled tax statements and pay any tax or annual filing fees due for the years 1998 through 2004 within 60 days of the execution of this Order.

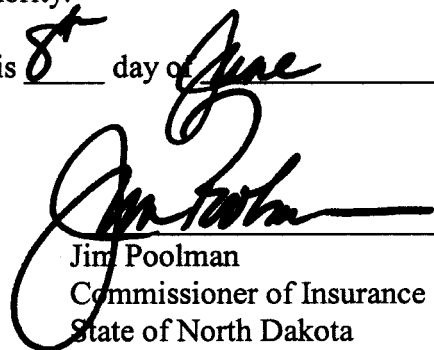
2. Respondent shall pay interest at the un compounded rate of six percent (6%) per annum on any premium tax or annual filing fees due from the date said tax or filing fee was due

through March 1, 2005.

3. In the future, the Company agrees to timely file reconciled tax statements with the Commissioner and to timely pay any premium taxes that may be due.

4. The use of this Consent Order for competitive purposes by an insurance agent or agency holding a license in the State of North Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

DATED at Bismarck, North Dakota, this 8<sup>th</sup> day of June, 2005.

  
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Jim Poolman  
Commissioner of Insurance  
State of North Dakota

#### CONSENT TO ENTRY OF ORDER

The undersigned, **on behalf of and authorized by Church Life Insurance Company to consent to the entry of this order**, states that he/she has read the foregoing Consent Order, that he/she knows and fully understands its contents and effect; that he/she has been advised of Church Life Insurance Company's right to be represented by legal counsel, its right to a hearing in this matter, its right to present evidence and arguments to the Commissioner, and its right to appeal from an adverse determination after hearing; and that by the signing of this Consent to Entry of Order he/she is authorized to and does hereby waive those rights on behalf of Church Life Insurance Company in their entirety, and consents to entry of this Order by the Commissioner of Insurance. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements, either expressed or implied.

DATED this 1<sup>st</sup> day of June, 2005.

Church Life Insurance Company

By:

Benton Jones  
Name  
SVP General Counsel + Secretary  
Title

Subscribed and sworn to before me

this 1<sup>st</sup> day of June

2005

Catherine A. Delaney  
Notary Public

My commission expires: 9/30/05

CATHERINE A. DELANEY  
Notary Public, State of New York  
No. 01DE4844080  
Qualified in Nassau County  
Certificate Filed in New York County  
Commission Expires Sept. 30, 2005