



Market Conduct Compliance Manual

Fourth Edition, October 2022

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If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Purpose & Applicability

The Companion Group includes:

1. Companion Life Insurance Company (“Companion Life”)
2. Niagara Life and Health Insurance Company
3. Companion Life Insurance Company of California

The above members are collectively and individually referred to as “the Group.”

The purpose of this Market Conduct Compliance Manual (“Manual”) is to ensure the Group’s marketplace practices – which include the practices of independent agent/broker producers (“producers”) and managing general agents, managing general underwriters, and third-party administrators (“partners”) - comply with market conduct principles, laws, and regulations. This Manual applies to every individual who is employed by or appointed with the Group and who sells, administers, or services any of the Group’s products. This includes, but is not limited to, employees, producers, and partners.

Being customer-focused and committed to the best interests of policyholders during the sale and service of products within state and federal regulatory parameters is a priority of the Group. This priority provides the framework for the Group’s Compliance program. Within this Manual, a state’s insurance regulatory body is referred to as the “Department of Insurance” or “DOI.”

Contact Information

1. Companion Life Toll Free Number: 800.753.0404
2. Group Compliance and Cybersecurity:
 - a. 803.264.5700 ext. 45704 (Compliance) or ext. 45716 (Cybersecurity)
 - b. Compliance@companiongroup.com (Compliance);
 - c. Clifemarketcompliance@companiongroup.com (Compliance); or
 - d. CLife.Systems.Security@companionlife.com (Cybersecurity)
3. Corporate Fraud and Compliance Hot Line: 888-263-2077
4. Producer appointment questions: agent.compliance@companiongroup.com

Contact Compliance. Early. Often.

- ✓ Please don’t wait until something goes wrong.
- ✓ Our goal is to help you do things right, the first time.

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Our Values

Our Group culture is based on several key values that determine how we function in all facets of operations – both as individuals and as a corporation. These values must be foremost in our thoughts and actions, and we must assure that these values are observed. Our goal is to create value for our members, customers, employees, and communities through maintaining a compliant, fiscally strong, high-quality organization.

Our Values help us:

- ✓ Follow all laws that concern our business
- ✓ Perform activities in an ethical manner
- ✓ Avoid conflicts of interest
- ✓ Maintain proper stewardship of property, customer information, and confidential information

The foundation for *Our Values* consists of:

1. Communication – We support open communications among all employees, customers and other people who work with us. By learning how to talk with each other, we improve our jobs, the Group, and ourselves.
2. Responsibility – We understand and take responsibility for our actions. What we do affects the Group.
3. Integrity – We meet our responsibilities in an honest and ethical manner. We will follow all laws, rules, and regulations. Remember, just because it may be legal, does not mean it is right. We will maintain the highest ethical and moral standards and look beyond the legal issues.
4. Service – We focus on the customer. We must work together to give excellent service and customer satisfaction.
5. People – We are committed to the continuing education, well-being, and personal growth of all employees.
6. Innovation – We support creativity and innovation. We are willing to take risks in developing and launching new ideas.



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7. Quality – We work to understand and exceed our customers’ expectations. Our goal is to do the right thing the first time in a workplace that is supportive, reliable, and cost effective.
8. Responsibility to Report - We have the right and the responsibility to question or challenge a situation in which we suspect that something improper, unethical, or illegal is going on. We also have an obligation to report any suspected misconduct or violation of Our Values code of conduct. To report a concern, please contact the Compliance Department by calling 800.753.0404 ext. 45704 or emailing Compliance@companiongroup.com.

Producer & Partner Conduct

We are committed to conducting business correctly. Our values are what we believe in and what we stand for. We expect everyone acting on behalf of the Group — including our producers and partners — to follow *Our Values*, our policies and procedures, and all laws and regulations.

We expect producers and partners to:

1. Be honest and act with integrity, competence and good faith in the sale and distribution of Group products.
2. Communicate in a manner that is clear, complete, honest, and complies with regulatory requirements.
3. Maintain customer relationships, and provide prompt, thorough, and accurate responses to inquiries.
4. Avoid conflicts of interest.
5. Be courteous and professional at all times.
6. Comply with the letter and spirit of all laws and regulations.

Partner Oversight & Auditing

The Group’s Accident and Health (“A&H”) Division serves as the liaison with partners and is charged with ensuring all business functions performed on behalf of the Group are efficiently and effectively performed and controlled. Partners are expected to be knowledgeable of state DOI rules and regulations and to always maintain compliance with those rules.

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All partners undergo compliance, premium, underwriting and claims audits annually. Partners who would be considered a Managing General Agent by applicable state law will undergo a second claim and underwriting audit each year. These audits are directed by the Risk Management Division. The Compliance Department supports the Risk Management Division in performing its compliance audit by searching the internet for advertising of the Group's products to ensure the advertising was approved by the Compliance Department prior to being issued.

The A&H Division and the Compliance Director should be contacted immediately about any state DOI or other local, state, or federal regulatory authority contact or visit. The Group is committed to cooperation with the DOIs of all states in which it is privileged to conduct business. For DOI correspondence and complaints submitted by the DOI on behalf of complainants, see the Complaint and DOI Inquiry section.

Partner Operations During a State of Emergency

The Group recognizes that emergency conditions, including federal and state declarations of emergency, may impact partners' regular business operations and, therefore, affect the Group's ability to sell and service its products. If any emergency arises that could impact regular business operations, partners should notify the A&H Division promptly. The Group will work collaboratively with affected partners to ensure all business functions can be effectively and efficiently performed throughout the emergency period.

Partners are required to have a disaster recovery plan and a business continuity plan, which are to be shared with the A&H Division upon request. Partners must notify the A&H Division within 24 hours of putting their disaster recovery plan or business continuity plan into operation.

Market Conduct Examinations

Market Conduct Examinations may be conducted by state DOIs as part of that state's routine review process or as the result of other events. Market Conduct Examinations are designed to review how insurance companies conduct business with consumers for the purpose of protecting the public. Several states may be conducting Market Conduct Examinations within the Group at the same time, and each examination generally lasts months. When the Group becomes aware that it is subject to a Market Conduct Examination, it will alert the impacted partners. From the perspective of the DOI, partners' actions in relation to administering Group products are deemed the Group's actions. As a result, DOI examiners may visit partner facilities.

Upon receiving notice from a DOI that a Market Conduct Examination is to occur, an exam team will be established consisting of employees from the Group and partners to facilitate the

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delivery of requested information to the respective DOI. Respect is to be always shown for the regulatory framework under which DOIs operate. Partners are responsible for assisting the Group in providing information quickly, accurately, and in an organized manner to satisfy DOI requests. Responses to the DOI requests will generally need to be provided to the Group for review within ten (10) days.

Licensing, Appointment, & Continuing Education

State DOI regulations relative to the licensing, appointment, and continuing education of producers vary. The Group does not employ its own agents, but rather works with insurance producers—licensed independent agents and brokers—to sell and service its insurance products. Before any solicitation occurs, independent agents and brokers must be licensed as insurance producers in states where they seek to offer Group products.

The Group's appointment of an insurance producer means the producer is approved to sell Group insurance products. Appointment with the Group (or the applicable company within the Group) is required within fifteen (15) days of a completed employer group application if the state in which the group resides allows just-in-time appointment. For all other solicitations and sales, appointment must occur prior to solicitation and sale of a Group insurance product.

Competent and professional producers are knowledgeable about the products and services they sell and must maintain a commitment to product education and professional training. Consumers must be given thorough and complete information to make informed buying decisions. Most states require insurance producers to annually fulfill a minimum number of continuing education requirements. Non-compliance with a state's continuing education requirement may result in a suspension or lapsing of a producer's license. At no time is a producer to solicit business in a state where the producer has not met minimum requirements.

Producers are to follow the requirements, including continuing education requirements, in all states in which they conduct business.

Questions related to appointment with the Group may be e-mailed to:

agent.compliance@companiongroup.com

Producer Duties

Producers are to:

- Understand and comply with the Group's licensing and appointment requirements.
- Solicit sales only in states where appropriately licensed and appointed.

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- Maintain state insurance license(s).
- Complete all state mandated continuing education requirements and fulfill continuing education requirements.
- Retain documentation supporting ongoing professional education.
- Maintain the errors and omission coverage required by the Group. Have readily available authentic and satisfactory documentation demonstrating proof of coverage. Proof of coverage (for example, a current Certificate of Insurance from the issuing carrier) must be provided immediately on the request of any member of the Group.
- Avoid making representations or giving interpretations, predictions, or opinions on the outcome of a claim or claim matters.
- Report to the Group within fifteen (15) days of first notice if any of the following occur:
 - Entry of a regulatory action against you by a licensing state;
 - Conviction of a felony;
 - Named as defendant in a lawsuit involving allegations of producer misconduct; or
 - Revocation of appointment by another carrier.

Sales Practices

Proper sales practices are critical because the Group's customers must rely on the producer's and partner's knowledge of products, markets, compliance requirements, rules, laws, and industry standards.

Proper sales practices include:

- Soliciting for sale only products and benefits approved for sale.
- Describing products using clear, easy-to-understand terminology.
- Accurately representing terms.
- Conducting business with integrity and fairness.
- Ensuring customers understand the reasons for a product recommendation.
- Knowing your customers. Verify their identity.
- Avoiding situations that give any appearance of a conflict of interest.
- Engaging in fair competition.
- Not disparaging customers, competitors, products, or the Group.
- Providing competent and efficient customer-focused service.

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- Avoiding all forms of “rebating” in the sale of our insurance products.
- Never signing a form on behalf of a customer.
- Completing all forms before obtaining a signature for the form.
- Never asking a client to sign a blank form.
- Managing and maintaining the privacy requests of consumers as required by federal and state law.
- Protecting customer health and nonpublic personal information in any form (e.g., paper, electronic, etc.) from unauthorized disclosure.
- Ensuring required disclosures and disclosure forms are completed.
- Adhering to state and federal “Do Not Call” regulations and other regulations pertaining to telephonic outreach to consumers, including autodialed or prerecorded telemarketing calls to wireless numbers and for prerecorded calls to residential lines.
- Ensuring sales are consistent with customer needs and objectives and satisfy all regulatory requirements.

Producers and partners must comply with all laws and regulations in the state(s) in which they solicit or administer business on the Group’s behalf. No sales practices prohibited by law, the Group, or the National Association of Insurance Commissioners (“NAIC”) Unfair Trade Practice Model Law (which has been adopted in many states) may occur. In addition, the practices described below are prohibited, whether such practices are specifically prohibited by state law or regulation. Evidence that a producer or business partner has engaged in any such practice is not tolerated and will result in sanctions, including possible termination of a contract or appointment or legal action.

Prohibited sales practices include:

Using Unapproved Sales Materials

Producers and partners may use only sales or marketing materials, illustrations, illustration software, or quote sheets approved by the Group. Marketing is anything which promotes a product offered by any member of the Group. Marketing materials may be used only after being stamped approved by the Compliance Department. Videos are to be reduced to a script for review by the Compliance Department. After approval, items may not be altered, or abbreviated in any manner. (See guidance under the section titled, “Advertisement Approval and Log.”)

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Misrepresentation

Producers may not make any inaccurate or misleading statement, orally or in writing. All insurance products must be clearly identified as insurance products. Benefits, limitations, and exclusions of products must be fully and accurately disclosed.

Twisting and Churning Business

Producers may not suggest replacement of an existing policy when replacement is not in the best interest of the policyholder. Misrepresenting the benefits of a customer's existing policy to solicit a replacement sale ("twisting") is strictly prohibited. Replacement of one of the Group's products with another for the primary purpose of earning additional commissions ("churning") is also prohibited.

Unlicensed Solicitation

Producers may not engage in unlicensed solicitations or sales. A producer must have a state license for each state the producer seeks to solicit business or take applications, and the license must be issued prior to any solicitation or sale.

Rebating/Inducement Policy

Rebating or inducement is defined as returning a portion of the premium or the producer's commission on the premium to the insured or any other inducements causing business to be placed with a specific insurer. Rebating is considered an unethical inducement and is unlawful in nearly all states. The Group prohibits all methods of rebating in the sale of its products in all states. In addition, some states have published guidance on "Value Added Services," which may be viewed as a form of inducement.

Referencing the Group's Parent Company

The Group's parent company may not be referred to or used to induce a sale.

Sales & Tax Advice

Neither Group employees nor producers or partners are authorized to provide tax or legal advice to customers on behalf of the Group.

Because of the complexity of the tax and legal aspects of insurance, customers should be advised to consult with their:

- Attorney for legal advice and guidance.
- Accountant or tax counsel to ensure understanding of IRS rules and regulations that may impact a buying decision.

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Forms – Policies, Certificates, Application Forms, & Enrollment Forms

Most states require that policies, certificates (for group products), application forms, enrollment forms, (collectively “forms”) and rates receive DOI approval prior to being offered. No product is to be offered for sale or sold without confirmation from the Compliance Department that it is approved to be sold in that state. Further, sales to trusts and associations are prohibited in the absence of explicit approval from the Company, even where they are permitted in the DOI approved forms.

The sale of unapproved products is not permitted. Forms must retain the same language and be administered within the boundaries approved by the DOI. Only benefits and exclusions approved by the DOI or required as the result of newly passed legislation may be added to the forms with the approval of the Group. A Partner may not amend, alter, or modify any filed and state approved forms beyond the parameters permitted by the DOI and the Group. Similarly, rates may not be charged that are different from what the DOI approved.

Frequently, new products or revised forms and rates will need to be filed for approval with the DOI. The Compliance Department coordinates with impacted partners and files the forms and rates on behalf of the Group. Consultants may also be utilized for the filings and work at the direction of the Compliance Department. Most states utilize the System for Electronic Rates and Forms Filing (“SERFF”) platform which accelerates the review process while ensuring compliance with consumer protection requirements. While SERFF’s platform creates an efficient filing process, approval of the forms is not guaranteed and is solely within the DOI’s purview.

Policy & Certificate Delivery to Insureds

Delivery of policies to insureds may differ based on product, state, and practice. Failure to efficiently and properly deliver a policy can lead to a policyholder’s allegation that the “free look” period never began (and never ended). The “free look” period is the time period available for canceling the policy without penalty. This can result in claims for premium refunds and commission chargebacks long after the policy was issued.

Accordingly, proof of delivery of the policy and, if applicable, the certificate must be obtained at the time of delivery and maintained in the producer’s or partner’s file. Proof of the delivery must be made available to the Group upon request. For mail delivery, a copy of the dated cover letter must be maintained, at a minimum, in the Producer’s file. For group coverage, proof of delivery to the employer of the policy and the certificates for the underlying employees must be obtained. For non-employer association coverage, proof of delivery of the certificate must be obtained and maintained.

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Failure to follow this prescribed Group practice may result in loss of commission. Repeated failure may result in disciplinary action, including termination of an appointment with the Group.

Unfair Trade Practices

The insurance industry is comprised of many companies working toward a common goal - to best serve the customer's needs. To uphold the integrity of the profession, it is critical that the Group, producers, and partners always engage in fair competition.

A professional manner in conducting business and a positive attitude during the sales and administration process reflects well on the insurance industry as a whole. The Group is firm in its commitment to prohibit producers, partners, and employees involved in the sales process from making false, misleading, inappropriate, or derogatory statements about a competitor, its representatives, or its products. Violations of this policy will result in adverse action taken by the Group or its individual members.

Advertisement Approval & Log

All forms of marketing, advertising, and sales material must be reviewed and approved by the Compliance Department prior to use. Insurance advertising is highly regulated by state and federal authorities, and it is required that the insurer maintain a system of control over all advertising. Rules governing the contents of advertising are generally intended to prevent the use of marketing materials that could mislead customers. Some states have adopted the NAIC Model Law on advertising while other states have stricter advertising rules than others. The Group expects partners and producers to be always knowledgeable of and compliant with advertising requirements.

The definition of an advertisement is very broad. It includes anything that promotes a product and any "verbal, printed, written or other material or communication which is designed to create public interest or induce the public to purchase, increase, modify, reinstate, borrow on, surrender, replace or retain a policy." In general, any material that mentions or can be tied to the Group, their products, or services will be considered advertising whether or not the material is directed to a consumer. However, a communication solely intended to educate producers about the Group, including its products and services, will not be reviewed as advertising material so long as the communication expressly and conspicuously states it is for educational purposes only and should not be shared with the public.

Advertising and sales literature in electronic form (internet, social media, e-mail) and video that refer to the Group or its products are subject to the same review, approval process, and regulatory requirements as printed materials. There are also additional considerations to take

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into account. For example, since the communication may appear in any number of jurisdictions, any product reference should state that the product may not be available in all states. When information that is subject to change is included, be sure to include an effective date, since it is difficult to control the future distribution of information transmitted over the Internet. Before establishing a link between any website and a website maintained by the Group, approval must be received from the Group. Advertising laws contain certain requirements for the use of Company ratings. Ratings must be current, cited, fully explained, and relate to the product being advertised. The materials must explain the purpose and limitations of the ratings.

The below steps, procedures, and protocols must be followed to maintain control over all advertising including the content, form, and method of dissemination.

1. Ensure the piece follows all guidelines in this policy.
2. Send the piece to Compliance@companiongroup.com to review.

The piece will be reviewed by a Compliance Analyst in conjunction with the appropriate policy form and the applicable NAIC Model Law or state-specific guidance. The Compliance Analyst will also refer to the Group's corporate branding guidelines. The Analyst will log the advertising piece and communicate any necessary changes required before approval can be granted. Update the piece with the required edits, if any, and resubmit. Repeat until the advertisement meets all necessary regulatory and corporate requirements.

3. Once the advertisement is deemed to meet all regulatory and corporate requirements, all pages will be stamped "approved," scanned to an electronic file, and e-mailed back to the originator.

No marketing, advertising, or sales material may be used until approved by the Compliance Department. The Compliance Department will maintain an electronic copy of the final approved document and enter it onto the Compliance Department marketing log. It is critical that complete file copies of all advertising materials are maintained as these files are reviewed by examiners.

4. Partners and producers are to enter the advertising piece into their advertising log.

Partners and producers with advertising are required to maintain a log and submit it to the Compliance Department, Accident and Health Division Vice President ("A&H VP"), A&H employees designated by the A&H VP, and/or the

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AVP of sales within thirty (30) days after each calendar year quarter, even if no advertising was added during that quarter. The advertising log is to show, at a minimum, the following fields:

- 1) Group member name
- 2) Product category
- 3) Group product name
- 4) Type of advertisement
- 5) Form number(s)
- 6) States where advertising will be used
- 7) Date the Compliance Department approved the advertising
- 8) Date advertisement ceased or is no longer valid.
- 9) Notes

The Group will not require a partner or producer to maintain an advertising log if, under regular business practice, that partner or producer does not produce or use marketing materials for any Group product. Please refer to the Appendix for additional information.

5. Contact the Compliance Department with any questions.

General Guidelines for Advertising and Sales Material:

- Prior to submitting the material to the Compliance Department, review the NAIC Model Law on advertising to ensure it meets all criteria in the Model Law. Some states have stricter guidelines; however, if the piece is submitted with the NAIC rules already implemented, this will enable the Compliance Department to increase the speed at which it reviews the piece.
- Properly identify the full name of the Group member, ex. Companion Life Insurance Company.
- Use the proper logo.
- Ensure the advertising does not deviate from the DOI-approved product characteristics.
- Disclose the benefits and limitations of the products. If benefits are listed, exclusions and limitations must also be disclosed.
- Avoid unfair, incomplete, deceptive, and misleading advertising.
- Properly identify the product category (e.g., life insurance policy).
- Refer to the Group's actual product name at least once.
- Use exact terminology from the DOI-approved policy when describing products.
- Include the states where the advertising will be used to avoid the appearance of marketing in states where the product is not approved. Alternately, the states where the marketing does not apply may be listed.

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- Do not disparage competitors.
- Avoid promissory statements.
- Avoid use of absolute terms.
- Cite the source of all statistics or research.
- Update or avoid using sources that are five (5) years or older.
- Avoid use of savings calculations or confusing numbers.
- Remember that the Compliance Department comments not only apply to the advertising piece under review but to all future marketing pieces from that partner or producer. Incorporate the Compliance Department comments on all future advertising reviews sent for review and approval.
- Reduce proposed videos to scripts for review.

Specific Guidelines for Stop-Loss Insurance Advertising and Sales Material

In addition to the General Guidelines for Advertising and Sales Material set out above, the Group has developed the following additional guidance specifically directed to advertising of Stop-Loss Insurance products:

- Material that advertises any Group Stop-Loss Insurance product in conjunction with another carrier or underwriter’s insurance product(s) should clearly state the name of all carriers and/or underwriters associated with the advertised insurance products. The advertising should also include any other information necessary to ensure the advertising material is not misleading. Multi-carrier advertising involving a Group product should be sent to the Compliance Department for review by a Compliance Analyst. The material should also be submitted under the advertising approval processes, if any, established by other carrier(s) referenced in the advertising material.
- Material issued by a Group partner that advertises only non-Group stop-loss insurance should identify the appropriate carrier on the advertising. This will remove any confusion that the advertised stop-loss insurance product is a Group product. The Compliance Department does not need to review material that does not advertise a Group product.
- Material that advertises application in all U.S. jurisdictions must specify “This product is not available in...” and list those states where (1) the Group is not licensed, (2) the Group is not approved to sell Stop-Loss Insurance, or (3) the Group’s Stop-Loss Insurance product is not marketed.

CAN-SPAM Act of 2003 and E-mail Advertising

The Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (“CAN-SPAM”) is a federal law that extends privacy rights beyond the customary definition of “consumer.” To comply with CAN-SPAM, the law requires the following to be included in e-mail advertising:

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- Truthful information in the header fields of the email. Your name and e-mail address must be accurate to identify the person or entity sending the email.
- Subject lines cannot be deceptive or misleading and must state the true subject of the email.
- The option to “opt-out” of receiving any future emails must be included. If the “opt-out” feature is chosen, the requester must be removed from the mailing list within ten (10) days. The name of the opt-out individual cannot be sold or transferred.
- The email must be identified as an advertisement.

Complaints

Proper identification and investigation of complaints is a regulatory and Group requirement. By properly identifying, investigating, and acting on all communications received that qualify as a complaint, the Group will be able to improve customer service, prevent fraud, evaluate market conduct trends, and improve overall operations.

The Group takes customer complaints very seriously and strives to resolve all complaints in a fair and timely manner. The purpose of the Group’s complaint process is to ensure that all Group employees, producers, and partners can identify and handle both Regulatory and Non-Regulatory Complaints.

Definitions

Complaint is defined by the NAIC as any written communication that expresses dissatisfaction with a specific person or entity subject to regulation under the state’s insurance laws. An oral communication, which is subsequently converted to a written form, would meet the NAIC definition of a complaint for this purpose. Notwithstanding the NAIC definition, the Group takes a broader view and oral communications may be treated as a complaint depending on the subject matter.

Complainant means the person or entity that submitted the complaint.

Inquiry means a request for information about a policy, claim, etc. and may come from an insured, producer, or government entity. An inquiry may or may not reflect dissatisfaction with a service or product.

Non-regulatory Complaint means a complaint received directly from a member, group administrator, producer, beneficiary or other person or non-governmental entity.

Regulatory Complaint means a complaint received directly from any state or federal governmental entity or official such as the state DOI, Better Business Bureau (“BBB”), or state

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attorney general. Regulatory Complaints always come from a governmental entity and are always in writing.

Identifying Complaints

Dissatisfaction can be expressed in many ways and not all expressions of dissatisfaction are complaints. It is important to distinguish between an “inquiry” and a “complaint.”

It is a Complaint if:

- An issue arising out of one of the Group’s products has not been resolved after repeated requests and, in the judgment of a prudent insurance employee, it is considered a Complaint.
- There are allegations that a Group member, a producer, or partner has been fraudulent, deceptive, or has otherwise acted improperly.
- There is a threat to file a lawsuit or file a Regulatory Complaint. No one should be discouraged from filing a lawsuit or a Regulatory Complaint. In addition, care must be taken to distinguish between a serious threat from those threats being used to force a change in a decision or action. Threats towards the Group involving bodily harm or property damage should be reported immediately so that the proper officials can be notified and act.

It is not a Complaint if:

- It is a claims appeal.
- It is an inquiry as to the status of a request for service.
- It is an initial general expression of dissatisfaction, annoyance, or frustration.
Note: multiple or repetitive statements of dissatisfaction regarding the same issue would be considered a Complaint.
- The group administrator or member is still unhappy after a matter is resolved favorably for the group or member.
- The Group, the group administrator, or the member has misinformation that is clarified, and the group administrator or member is unhappy the issue occurred.
- The group administrator or member expressions are used to force a reversal of a decision or action.
Note: Care must be taken to distinguish between the emotion expressed and the actual grievance. Look at the substance of the communication to determine if it is an Inquiry or a Complaint.

Complaint Procedures

Regulatory Complaints

All Regulatory Complaints must be immediately sent to the Compliance Department according to the policy detailed below, and the Compliance Director is to be made aware of all Regulatory

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Complaints. The Compliance Department will log, investigate, and respond to all Regulatory Complaints. The Compliance Department will forward the Regulatory Complaint to the appropriate department management or partner to gather information to return to the Compliance Department for a response. Additional information may be requested from Group departments, program partners, and producers.

Non-Regulatory Complaints

Non-Regulatory Complaints should be referred immediately to the Consumer Services Department within the affected entity. For instance, a Non-Regulatory Complaint received by a partner should be handled by that partner's Consumer Services Department. The Consumer Services Department will review the Non-Regulatory Complaint and enter it into its complaint log then, if necessary, forward the Non-Regulatory Complaint to the appropriate department management and/or partner to respond or to gather information for a response.

Responding to Correspondence & Complaints from the DOI

Policy

To thoroughly and timely respond to DOI complaints, which are submitted by a DOI on behalf of the complainant, as well as other DOI inquiries, the Group will follow a standard procedure designed to ensure a complete investigation is conducted. In addition, this policy will assist the Group in improving quality of customer service, preventing fraud, and evaluating market conduct trends - all of which improve operations and customer service.

Procedures

Correspondence from the DOI requiring a response generally involves, but is not limited to, the following:

- Complaints submitted on behalf of the complainant (ex. insured, provider, citizen) relating to:
 - Claims denial
 - Billing or premium questions
 - Producer conduct
 - Misrepresentation of a product
 - Advertising
- Producer actions or conduct
- Data calls

DOI inquiries often cover more than one of the above categories and have strict due dates for a response. Therefore, a coordinated and collaborative response is required. DOI inquiries

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

relating to the Group's products or business, including those received by producers and partners, should be forwarded immediately to the Compliance Department.

The Compliance Department is responsible for gathering facts and sending a complete response to the DOI. When necessary, the Compliance Department will seek assistance from one or more internal departments and/or partners who possess information and documents needed for the final response to the DOI. Partners are responsible for providing contacts to assist the Compliance Department. Partners may need to contact additional parties that possess information and documents needed for the Compliance Department's final response to the DOI. Partners are responsible for submitting a narrative to the Compliance Department along with the data. The step-by-step process is below.

1. All DOI inquiries received by a partner or producer involving any member of the Group, its operations, or its products should immediately be sent to the Compliance Department Compliance Director, Compliance team members designated by the Compliance Director, and to the e-mail address Compliance@companiongroup.com.
2. No mail, e-mail or telephone communication should occur with any regulatory entity without approval from the Compliance Director.
3. Within one business day of receipt of a DOI inquiry, the Compliance Department will review and issue requests to all parties needed to respond to the inquiry. Parties contacted by the Compliance Department may include internal staff and/or partners.
4. Each party contacted by the Compliance Department or partner is responsible for:
 - a. Drafting a complete response to its portion of the inquiry.
 - b. Providing and including all supporting documentation with the response.

For example, if a contacted party responds to a claims inquiry by referencing the policy and Explanation of Benefits ("EOBs"), the party also is to include a copy of the policy and all pertinent EOBs with its response.

 - i. Supporting documents should:
 1. If electronically supplied, have a file name that accurately reflects what the document is and its contents.
 2. Be fully described in the response.
 3. If the response is provided by e-mail, the documents should be identified and listed in the e-mail so that the reader knows what attachments are included.
5. The Verification and Required Documents form provided by the Compliance Department is to be completed by each party and submitted with the response and

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

supporting documentation. The Verification and Required Documents form is included in the Appendix.

6. DOIs generally allow 7 to 15 calendar days for a response. The contacted partners and internal staff will work backwards from the DOI due date. The Compliance Department is to have at least five business days to review materials and the partner is to have at least three business days to assemble the correspondence and data. The partner will advise in its requests to additional third parties, the due dates the information is to be returned to the contacting partner.
7. The partner will compile all responses into a single Microsoft Word document addressed to the DOI and intended for the respective Group member's letterhead. The draft Word document response is to be ready for the Compliance Department's signature.
8. The signed Verification and Required Documents Form, supporting documents, and the Word document in Step 7 are to be sent to the Group as set forth in Step 9.
9. Partners are to e-mail responses and documents to the Compliance Director, the Compliance team members designated by the Compliance Director, and to the e-mail address Compliance@companiongroup.com.
10. Compliance will send the final response to the DOI and separately send a copy to the partner.

Complaint & Inquiry Log

Producers and partners are to maintain a separate log of regulatory complaints, non-regulatory complaints, and other DOI inquiries. The logs may be maintained on separate Excel worksheet tabs within the same workbook. The logs are to be submitted quarterly to the Compliance Department (Clifemarketcompliance@companiongroup.com) within thirty (30) days after a calendar quarter ends. Please ensure the partner name is in the title or header of each spreadsheet.

The regulatory complaint and regulatory inquiry log is to show, at a minimum, the:

1. Date received
2. Mode of contact (phone call, letter)
3. State
4. State File Number

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

5. Due Date
6. Complaint Type (insured, provider, citizen)
7. Complainant Name
8. Producer Name
9. Producer License(s) Number
10. Type of Policy
11. Partners/Administrators Involved
12. Reason for Complaint or Inquiry
13. Decision
14. Notes

The non-regulatory complaint log is to show, at a minimum, the:

1. Date received
2. Mode of contact (e-mail, phone call, letter)
3. State
4. Complainant Name
5. File number or identifier (if applicable)
6. Complainant type
7. Reason for complaint
8. Description of issue
9. Date response sent to Complainant
10. Date Companion Life notified/made aware of Complaint (if applicable)
11. Producer Name (if applicable)
12. Producer License # (if applicable)
13. Type of Policy
14. Decision & Actions Taken
15. Notes

The Compliance Department maintains its own logs containing the above information and holds monthly meetings with senior management to discuss new complaints, trends, corrective actions, and other matters arising out of the complaints.

Legal Correspondence & Subpoenas

Partners and producers are to immediately forward to the Compliance Department and appropriate Group department a copy of all legal correspondence and subpoenas, including the postmarked envelope the documents arrived in, related to, or impacting Group products, to ensure legal deadlines are met.

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Whenever the legal correspondence or subpoena is addressed to a Group entity, then the Compliance Department will direct the response on behalf of the Group. Partners or producers may be asked to assist the Compliance Department by gathering any information needed for the Group's response.

When legal correspondence or subpoena is addressed to a partner or producer, then the partner or producer must respond on its own behalf and in accordance with its legal obligations. If the Group believes the nature of a legal inquiry addressed to the partner or producer requires the Group's direct involvement, the Group will notify the affected partner or producer of its decision in writing.

Health Insurance Portability & Accountability Act ("HIPAA") Release of Medical Records

Partners and producers are to immediately forward to the Compliance Department a copy of any HIPAA Release authorizing the forwarding of medical information to ensure HIPAA deadlines are met. If a HIPAA Release is addressed to a partner or producer, then the partner or producer must respond on its own behalf and in accordance with its legal obligations. The Group will notify the partner or producer if it intends to direct the response.

HIPAA Notice Mailing

Every three years, a HIPAA notice of privacy must be mailed to insureds. The notice informs insureds how their health information may be used or shared. The Group will notify partners when it is a notice year and provide a template for mailing. Partners are responsible for mailing the notice and providing the Group with confirmation upon completion.

Claims Administration

Claims are to be processed efficiently, according to plan documents, and in compliance with all state laws and regulations.

Records Retention

Records are to be retained in compliance with state and federal record retention laws, as applicable.

Partner Conduct

If, upon investigation, the Group believes that anyone or any entity has negligently, recklessly or intentionally committed or permitted the commission of a violation of law, a violation of the

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

standards set forth in this Manual, a breach of contract(s) with the Group, or a violation of a Group policy, the Group will review the person's or the entity's history with the Group, including any prior complaints or investigations and the results thereof, and where appropriate determine a disciplinary response.

All cases involving misuse or embezzlement of funds will automatically result in termination of the relationship as will any case that results in fines, penalties, or license suspension. The appropriate state insurance department will be notified of the reason for the termination, if required. Law enforcement may also be notified.

Privacy

The Group is committed to respecting and protecting customers' personal information. Customers' nonpublic personal information ("NPI") and personal health information ("PHI") in **any** form must be protected from unauthorized use. All partners having access to customer information are to have signed a Business Association Agreement.¹ In addition, customer information may not be used for any other purpose than: 1) to administer services related to the Group's products and 2) where approved by the Group in writing, to market Group products. Appropriate physical, electronic, and procedural safeguards shall be used to protect confidential financial and health information. Due diligence is to be exercised and partners are required to implement appropriate administrative, technical, and physical measures to protect and secure the information systems and nonpublic information that are accessible to, or held by, the partner.

Duties are to:

- Understand the Group's Privacy Policy.
- Protect customer NPI and PHI in any form from unauthorized use at all times.
- Employ electronic information encryption for data in transit and at rest.
- Utilize Multi-Factor Authentication to protect against unauthorized access to NPI.
- Share NPI information of customers only with 1) those that have a need to know for purposes of providing sales and service support, and 2) where approved by the Group in writing, market Group products.
- Securely dispose of customer NPI by placing the NPI into locked recycling bins, shredding information, erasing, or destroying electronic records.
- Notify the Compliance Department immediately if you suspect a breach of customers' confidential information or any improper disclosure of their personal information.

¹ In the case of Group partners only handling stop-loss insurance products, a Business Association Agreement will not be required.

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Cybersecurity

Confidential policyholder and employee information and other proprietary information is stored on Group and partner Information Systems as part of normal business operations. The NPI and PHI collected as part of the Group's processes must be protected. The Group shall provide cybersecurity updates and require annual training to address relevant cybersecurity risks for personnel having access to NPI and PHI.

A "Cybersecurity Event" means an event resulting in unauthorized access to, disruption to, or misuse of an Information System or information stored on such Information System.

A Cyber Attack or other security breach could distress customers or employees, disrupt operations, result in unauthorized disclosure or loss of confidential data, damage Group reputation or relationships, and expose the Group to significant financial and legal liability, which may adversely affect business, and/or finances.

Although we devote significant resources to maintain security systems and implement measures to protect our information technology systems and confidentiality, integrity, and availability of information retained on them, and to date have not experienced a material breach of cybersecurity, there is no assurance that these systems and measures will be sufficient to prevent physical and electronic break-ins, computer viruses, or other malicious code, cyber-attacks, and similar disruptions from unauthorized tampering.

Threats to our systems or those of partners may originate externally, such as from cyber criminals or other hackers, from partners' actions, or internally from within the Group, such as from employee error or malfeasance.

In some cases, especially because bad actor techniques change frequently or are not recognized until launched, the Group may be unaware of emerging threats and the magnitude of their effects, or the Group may not become aware of an unauthorized data disclosure incident for some time after it occurs, which could increase exposure. As the Group and partners increase the amount of information retained or shared with third parties, exposure to data security and related cybersecurity risks increases.

A successful penetration or circumvention of the security of the Group or partner information systems could cause serious negative consequences, including significant disruption of operations, the loss or unauthorized disclosure of confidential information, harm to our reputation, decreased levels of customer service or satisfaction, violations of laws, and exposure to litigation or enforcement proceedings.

Any cybersecurity risks or concerns should be reported to the Companion Life Assistant Vice President of Cyber Risk & Data Security: 800.753.0404 ext. 45716. Any security breaches or suspected breaches must be reported within 24 hours of the occurrence.

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Reporting Compliance Violations

Anyone who has reason to believe that a person or entity committed a compliance violation or gave the appearance of impropriety is required to report such violation to the Compliance Department. Anyone reporting such a suspected violation may request anonymity. No one will be disciplined or otherwise treated adversely for raising legitimate concerns, questions, or suggestions regarding compliance issues.

The Compliance Department will review all reports of compliance violations and will report all instances of serious violations to Senior Management. All suspected violations will be promptly investigated.

Anti-Fraud Measures & Reporting

This policy is designed to assist partners and producers in the development of educational and investigational controls that will aid in the detection and prevention of fraud against the Group. Any suspicious fraudulent activity will be investigated with strict confidentiality and, if necessary, reported to the appropriate legal or regulatory agencies. Fraud against the Group includes, but is not limited to the following:

- Embezzlement and internal theft
- Underwriting and application fraud
- Theft and misappropriation of premiums by insurance producers
- Claims fraud
- Application fraud

This policy applies to all activities undertaken by or on behalf of the Group including all currently marketed and in force policies in all jurisdictions in which the Group is licensed.

Red Flags and Warning Signs

Everyone should be familiar with the warning signs and red flags for potential fraud and/or embezzlement activities. Any suspicious activity should be immediately reported to management.

Examples of warning signs or red flags include but are not limited to the following:

Red Flag Examples

Embezzlement is the theft or misappropriation of funds placed in one's trust or belonging to one's employer. Warning signs of embezzlement include:

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Red Flag Examples

- Significant operating fluctuations that cannot be reasonably explained.
- Large or unusual transactions, particularly at year-end.
- Insurance applications or claims submitted without complete, original documentation.
- Normal processing procedures overridden without adequate authorization.
- Handwriting on benefit requests or checks not matching signatures on file.
- Accounting entries made without proper approval.
- Files containing copies rather than original documentation.

Internal Fraud is generally perpetrated against an insurance company or its policyholders by insurance agents, managers, executives, or other insurance employees. Warning signs of internal fraud include:

- Agent or insurer issuing fake policies, certificates, insurance identification cards or binders.
- Agent or insurer making a false statement on a filing with the Department of Insurance.
- Agent or insurer pocketing premiums, then issuing a phony policy or none at all.

External Fraud schemes are directed against an insurance company by individuals or entities as diverse as policyholders, medical providers, beneficiaries, vendors, chiropractors, and career criminals. Warning signs of external fraud include:

- Creating a fraudulent claim may include faking a death to collect benefits or filing a phony death claim.
- Unethical medical practitioners or providers work in concert with dishonest patients to create fictitious injuries to collect on fraudulent disability claims.
- The doctors bill insurer for multiple office visits and tests which never take place.

Underwriting Fraud occurs when someone intentionally conceals or misrepresents information when obtaining insurance coverage. Warning signs of underwriting fraud include:

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Red Flag Examples
<ul style="list-style-type: none"> ➤ Applicant denies tobacco use when they smoke or hides life-threatening illnesses. They may lie about their age or other factors that are used to price policies.
<ul style="list-style-type: none"> ➤ Impostor stands in when insurers require a medical exam.
<ul style="list-style-type: none"> ➤ Applicant submits false information so that the risk is not properly classified, or price is not properly assigned by the insurer.
<p><i>Application Fraud</i> occurs when an applicant lies on an application for purposes of influencing the outcome such as to gain coverage or reduce policy premiums. Warning signs of application fraud include:</p>
<ul style="list-style-type: none"> ➤ Applicant denies tobacco use when they smoke or hides life-threatening illnesses. They may lie about their age or other factors that are used to price policies.
<ul style="list-style-type: none"> ➤ Applicant includes false health records or other documents.
<ul style="list-style-type: none"> ➤ Applicant submits false income or employment status.
<ul style="list-style-type: none"> ➤ Applicant uses a fake identity.
<p><i>Claims Fraud</i> occurs when false insurance claims are filed with the intent to defraud the insurance provider. Fraudulent claims account for a significant portion of all claims received by insurers, and cost billions of dollars annually. Warning signs of claims fraud include:</p>
<ul style="list-style-type: none"> ➤ Disabilities reported on claim are not normally associated with diagnosis.
<ul style="list-style-type: none"> ➤ The claim is made a short time after inception of the policy, or after an increase or change in the coverage under which the claim is made.
<ul style="list-style-type: none"> ➤ Pressure by the claimant to pay a particular claim quickly.
<ul style="list-style-type: none"> ➤ Individuals hand-deliver claims and insist on picking up checks rather than having them mailed.
<ul style="list-style-type: none"> ➤ Threats of legal action if a claim is not processed quickly.
<ul style="list-style-type: none"> ➤ An overly helpful claimant who, without solicitation from the insurer, supplies more information than is necessary.

Knowing what can go wrong, establishing proper internal controls and knowing the warning signs (see examples above) are the key steps in preventing and detecting fraudulent activities.

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

When establishing departmental procedures, management should make sure they establish a proper set of checks and balances in key financial areas to alleviate the risk of fraudulent activities.

Embezzlement, Internal Theft, and Internal Fraud

Whenever sufficient evidence exists of suspected embezzlement or theft, the Group shall seek criminal prosecution. In all cases, the Group shall seek prompt and complete restitution of its losses through appropriate legal means. Any suspected acts of embezzlement, theft or fraudulent appropriation encompassed by this policy shall be immediately reported to the Group's corporate parent SIU ("Special Investigation Unit"), President, CFO and Chief Legal Counsel before any discussion with the suspect is undertaken. Legal Counsel shall communicate the allegations to the Corporate Auditor, Human Resources and to others as circumstances require. The SIU, with the assistance of Corporate Audit and Legal Counsel, shall be responsible for coordinating and overseeing the investigation and may request the individual under investigation not be allowed any further access to the Group's facilities or information pending the investigation. If the investigation involves an employee, they may be suspended with pay pending the outcome of the investigation.

Reporting Procedures and Tools

The Compliance Director serves as the Group's fraud officer. Partners and producers are to immediately report suspicious and unusual activities impacting the Group. For investigations of fraud, the Group utilizes its parent company's SIU. The SIU determines whether law enforcement is contacted and makes the contact. The SIU is staffed by employees whose sole function is to investigate fraud and compliance-related issues.

The SIU has the primary responsibility for the investigation of all suspected fraudulent cases, including the means and methodology of the investigation and whether the matter warrants contacting law enforcement. The director of the SIU is responsible for promptly initiating an investigation of a potential fraud or compliance issue, maintaining documentation of the case including any disciplinary action and corrective action implemented to prevent recurrence, and reporting violations of criminal, civil or administrative law to the appropriate federal and/or state authority within a reasonable time after determining that there is credible evidence of such violation.

Each case referred to the SIU is fully investigated in an honest, professional, and fair manner. No investigation should entrap, embarrass, harass, or invade a person's privacy. The SIU was established to assure the delivery of cost-effective, quality insurance through the identification of areas of fiscal fraud and abuse. The unit promotes fiscal responsibility throughout the corporation by prevention, identification and education of fraud and abuse. The SIU is responsible for the following:

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

- Investigate allegations of fraud and/or abuse perpetrated against the Group and/or its parent by medical providers, subscribers, vendors, and employees.
- Maintain a log of all investigative activity undertaken by the unit, as well as keeping accurate documentation of investigations, monetary recoveries, and referrals to law enforcement, and prosecutions.
- Work directly with the US Attorney General, Attorneys General, Federal Bureau of Investigation, US Postal Inspector, US Office of Inspector General, State Law Enforcement Divisions and other agencies to combat insurance fraud and abuse.
- Recover funds paid improperly as the result of fraudulent or abusive billing practices.
- Prepare investigative cases for presentation to the Attorney General or other law enforcement for prosecution in the event of fraud.
- Respond to requests for information from the Attorney General's office or other local, state, or federal law enforcement agencies.
- Work with law enforcement and prosecutorial agencies to ensure that those suspected of fraudulent practices against the corporation are prosecuted appropriately and any funds due the corporation are recovered.
- Perform proactive analysis of claims data to locate indicators of possible fraudulent or abusive billing practices and develop investigative cases from this data.
- Perform verification audits of providers to ensure appropriate billing practices are in effect.
- Work with other lines of business within the corporation to provide education on the subject of fraud and abuse.
- Work with the subrogation area to recover funds paid out for medical claims received as the result of criminal acts (assault, etc.).

The Group will cooperate with the appropriate law enforcement agency, in any criminal investigation, including, to the extent appropriate, making employees available to provide courtroom testimony and providing work product of its investigation. Although the Group seeks to cooperate fully with law enforcement agencies in the prosecution of perpetrators of fraud, the Group reserves the right to protect any trade secrets, proprietary information, privileged information and/or attorney work product from disclosure to the full extent permitted by law.

If irregularities are discovered, red flags are present, or there are other indicators of fraud, the employee is to alert his or her manager immediately. The manager is to then immediately report to his or her director or next chain in command. Upon receiving the notification, the director is to contact the Compliance Director and provide the relevant information. The Compliance Director will work together with the contacting person or entity in making a report to the parent company's SIU. The Compliance Director is the designated representative to report and assign the matter for investigation to the SIU. Each instance of reported or suspected fraud is logged internally by the Compliance Department. In addition, the SIU maintains a log of reported fraud and its actions.

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Employees also have the option of anonymously reporting fraud via the Corporate Parent Hot Line. Each reporting tool is listed below for quick reference.

1. Directly to Manager
 - a. Manager reports to Director (or next person in chain of command).
 - b. Director and Compliance Director report matter to SIU
2. Compliance Department:
 - a. 800.753.0404 ext. 45704 or
 - b. Compliance@companiongroup.com
3. Corporate Fraud and Compliance Hot Line: 888-263-2077
 - a. Toll free 800 number
 - b. Operated by an outside firm to protect anonymity
 - c. Available 24 hours a day
 - d. Calls are answered by a live person
4. Directly to the Corporate Compliance Officer: 800-288-2227, Ext. 43435
5. Employee Relations Department: 800-288-2227, Ext. 41927
6. By mail to SIU:
 - a. Internal inter-office mail: mail to AC-200
 - b. External mail:
 - BlueCross BlueShield of South Carolina Anti-Fraud Unit
 - Mail Code AC-200
 - P.O. Box 24011
 - Columbia, SC 29224-4011
7. Web site
 - a. <https://webreportinghotline.alertline.com/gcs/welcome>
 - b. Webpage with instructions on how to report suspected fraud, waste, abuse along with toll free telephone numbers and e-mail address.
 - c. A brief description of different types of fraud, waste, abuse cases available as a link on the Report Fraud page.

Fraudulent, Suspicious and Unusual Activity Log

In addition to immediately notifying the Group, partners and producers are to log any suspicious or unusual activity. The log is necessary for DOI reporting purposes and is to be provided to the Group upon request. At a minimum, the log is to capture:

1. Date activity/issue detected.
2. Name and contact of person(s) who detected activity/issue

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

3. Name and contact information of partner employee(s) who received notification of activity/issue
4. Date notification received by the Group on activity/issue.
5. Relationship between person/entity subject to activity and Companion Life (ex. employee, contractor, insured, agent).
6. Means by which activity/issue was detected or reported (e-mail, phone call, through daily work activities).
7. Description of issue.
8. Dates during which issue occurred.
9. Names and contact information for additional individuals involved in activity.
10. Insurance product related (Y/N)?
11. Type of Insurance Product.
12. Policy #.
13. Member Name.
14. Claim #.
15. Producer name and number.
16. Insurer notified (Y/N)? (If yes, state who notified.) (If no, state why.)

Contact Compliance. Early. Often.

- ✓ Please don't wait until something goes wrong.
- ✓ Our goal is to help you do things right, the first time.
- ✓ We know what is required for regulatory compliance.
- ✓ We are here for you.

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Appendix

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Complainant Name:	
State:	State File No.:

Verification

I verify that the documents listed on the following page are being provided to the Compliance Department and are true copies or originals. I have reviewed the Department of Insurance inquiry and verify that the provided documents thoroughly and accurately respond to all aspects of the inquiry. In addition, the documents have been proofread, reviewed for authenticity, are not in draft form, and contain accurate information to the best of my knowledge.

Person Verifying	
Signature	
Typed Name	
Company	
Position	
Telephone	
E-mail	
Date	

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Documents to Provide with Verification

Complainant Name:	
State:	State File No.:

	Document	Notes or Explanation if not Attached
1.	Word response sufficient for the DOI to fully understand the circumstances, events, timeline, and status.	
2.	Agent Statement	
3.	Documents referenced in the Agent Statement	
4.	Voice Recordings	
5.	Policy with Amendments	
6.	Certificate with Amendments	
7.	Endorsements	
8.	Claim Filings and Related Documents	
9.	Explanation of Benefits	
10.	Application	
11.	Electronic Signature(s)	
12.	Correspondence received from complainant	
13.	Correspondence sent to complainant	
14.	Welcome Package	
15.	Records showing complainant opened e-mails or viewed electronic documents related to coverage.	
16.	Marketing materials	
17.	Records showing refund payment, including copy of check (if applicable)	
18.	Other (list in next column)	

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Companion Life Market Conduct Compliance Manual

Business Practice Notification Form: Insurance Producers/Agencies

Companion Life Insurance Company (Companion) requires its business partners to submit a Quarterly Complaint Log and Quarterly Advertising Log as provided in its Market Conduct Compliance Manual (the Manual). Recognizing that one or both quarterly logs may not be appropriate for all business circumstances, Companion has identified specific factual criteria in which it will accept a one-time notification that one or both quarterly logs are not applicable to your business.

Please review carefully the criteria listed below to decide if the Quarterly Advertising Log or Quarterly Complaint Log requirement is not applicable. If you decide one or both Logs are not applicable to your business, and you wish to be removed from the obligation to submit the Quarterly Advertising Log and/or the Quarterly Complaint Log, then:

- 1) initial your agreement next to the statements below,
- 2) sign and date this Form, and
- 3) submit it to Companion at Clifemarketcompliance@companionlife.com.

You must be able to agree with each statement associated with a log in order to demonstrate that the specific log is not applicable to your business.

Notification that a Quarterly Advertising Log Does Not Apply to My Business Practice:

I have reviewed the Manual and specifically the "Advertising Approval & Log" section with those in my business who need to be aware of its requirements;	
My business does not currently advertise any Companion product OR does not utilize any marketing materials for a Companion product that were not supplied by Companion;	
My business does not intend to utilize marketing materials for a Companion product that are not supplied by Companion; and	
I understand that if my business intends to utilize marketing materials for a Companion product that are not supplied by Companion, I must follow the Companion marketing policy and submit the marketing materials to Companion's Compliance Department for approval prior to use.	

Notification that a Quarterly Complaint Log Does Not Apply to My Business Practice:

I have reviewed the Manual and specifically the "Complaint and DOI Inquiry Log" section with those in my business who need to be aware of its requirements;	
My business has never received a regulatory or non-regulatory complaint related to a Companion product; and	
I understand that if my business receives a regulatory or non-regulatory complaint related to a Companion product, I must follow the complaint reporting obligations outlined in the Manual.	

Signature: _____

Date: _____

Printed Name: _____

Agency Name: _____

License No.: _____

If you have questions concerning the applicability of any provision in this Manual, please contact the Group's Compliance Department at Clifemarketcompliance@companiongroup.com.

Companion Life Market Conduct Compliance Manual
Advertising Business Practice Notification Form:
Managing General Underwriters/Agents and Third-Party Administrators

Companion Life Insurance Company (Companion) requires each of its business partners to submit a Quarterly Advertising Log as provided in its Market Conduct Compliance Manual (the Manual). Recognizing that a Quarterly Advertising Log may not be appropriate for all business circumstances, Companion has identified specific factual criteria in which it will accept a one-time notification that a Quarterly Advertising Log is not applicable to your business.

Please review carefully the criteria listed below to decide if the Quarterly Advertising Log requirement is not applicable. If you decide it is not applicable to your business, and you wish to be removed from the obligation to submit the Quarterly Advertising Log then:

- 1) initial your agreement next to the statements below,
- 2) sign and date this Form, and
- 3) submit it to Companion at Clifemarketcompliance@companionlife.com.

You must be able to agree with each statement listed below in order to demonstrate that the Quarterly Advertising Log is not applicable to your business.

Notification that a Quarterly Advertising Log Does Not Apply to My Business Practice:

I have reviewed the Manual and specifically the “Advertising Approval & Log” section with those in my business who need to be aware of its requirements;	
My business does not currently advertise any Companion product OR does not utilize any marketing materials for a Companion product that were not supplied by Companion;	
My business does not intend to utilize marketing materials for a Companion product that are not supplied by Companion; and	
I understand that if my business intends to utilize marketing materials for a Companion product that are not supplied by Companion, I must follow the Companion marketing policy and submit the marketing materials to Companion’s Compliance Department for approval prior to use.	

Signature: _____

Date: _____

Printed Name: _____

Company Name: _____

If you have questions concerning the applicability of any provision in this Manual, please contact the Group’s Compliance Department at Clifemarketcompliance@companiongroup.com.

Revision History for Market Conduct Compliance Manual

The list of revisions provided here is only intended to convey substantive changes, not capture technical, clerical, or non-substantive revisions.

REVISION LOG			
Page #	Section	Revision	Revision Date
11	Forms – Policies, Certificates, Application Forms, & Enrollment Forms	Added the following sentence at the bottom of the first paragraph to emphasize that sales to trusts and associations are prohibited without explicit approval by the company: “Further, sales to trusts and associations are prohibited in the absence of explicit approval from the Company, even where they are permitted in the DOI approved forms.” Sales to these groups was already prohibited, this amendment just clarifies the practice.	10-24-2022
3	Purpose & Applicability	Updated definition of producers and partners (1) to be consistent with language used in other parts of the Company (e.g., Callidus), and (2) to be clear that the Company does not work through employee-agents, but rather works with producers, i.e. independent agents and brokers.	4-28-2022
3	Contact Information	New phone contacts for dedicated Compliance and Cybersecurity extensions.	4-28-2022
6	Partner Oversight & Auditing	Updated “Partner Oversight & Auditing” section to reflect current practice.	4-28-2022
6	Partner Operations During State of Emergency	Added “Partner Operations During State of Emergency” section: This new section explains that partners are to have a disaster recovery and business continuity plan and be prepared to make them available upon request. The new section also imposes a 24-hour notice requirement if a partner puts either plan into action.	4-28-2022
8	Producer Duties	New item to Producer Duties: report within 15 days any regulatory action,	4-28-2022

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		felony conviction, revocation of appointment, lawsuit related to scope of producer activity	
12	Advertising Procedures	Updated Advertising procedures as follows: <ul style="list-style-type: none"> • Explains that communications solely intended to educate producers about the Group (including its products and services) will not be reviewed as advertising so long as it clearly states it is for educational purposes only and is not to be shared with the public; • Shortens the list of information to be provided on the quarterly advertising log; and • Adds specific provisions for stop-loss advertising to conform to existing practice. 	4-28-2022
16	Complaints	Explains that partners need only email complaint materials to Compliance and not also to A&H (Mark or his designee).	4-28-2022
22	HIPAA Requests & other legal requests	Clarify that the Company wants to receive notice of all HIPAA requests, subpoenas, or other legal correspondence by a copy forwarded to Compliance. If the request is directed to a partner by name, then the partner should handle. The Company will handle requests directed in our name.	4-28-2022
22	Privacy	Section amended to clarify that partners are to sign either a BAA or, in the case of partners who only sell stop-loss, a Privacy Agreement, that commits them to protecting NPI and PHI.	4-28-2022
33-39	Appendix	Added the Business Notification Forms for General Agents as well as MGU/TPA partners that allows them, where appropriate, to omit some or all of their quarterly reporting obligations.	4-28-2022
	Footer	The August 2019 issuance date was replaced with October 2019 as the	10/31/19

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		revision date.	
	All Section Headers	The “and” in section headers was replaced with an ampersand (&) for consistency with other headers.	10/31/19
13	Advertisement Approval & Log	Fifteen days for submission of the advertising log is revised to thirty days	10/31/19
19	Complaint and DOI Inquiry Log	Fifteen days for submission of the complaint and DOI inquiry log is revised to thirty days	10/31/19
20	Complaint and DOI Inquiry Log	The non-regulatory complaint log minimum requirements are enhanced to include the decision in the log. The “action taken” requirement remains as item #14 of the requirements and the “decision” is now #12.	10/31/19
21	HIPAA Release of Medical Records	“B&R Team” was revised to “A&H Division” for consistency.	10/31/19
22	Privacy	A sentence was added to state: Due diligence is to be exercised and partners are required to implement appropriate administrative, technical, and physical measures to protect and secure the information systems and nonpublic information that are accessible to, or held by, the partner. The following bullets were added: <ul style="list-style-type: none"> • Employ electronic information encryption for data in transit and at rest. • Utilize Multi-Factor Authentication to protect against unauthorized access to NPI. 	10/31/19
22	Cyber Security	A sentence was added to state: The Group shall provide cybersecurity updates and require annual training to address relevant cybersecurity risks for personnel having access to NPI and PHI.	10/31/19
23	Cyber Security	The words “or risks” was added to the following sentence: Any cybersecurity risks or concerns should be reported to the Companion Life Assistant Vice President of Cyber Risk & Data Security: 800.753.0404 ext. 45266.	10/31/19

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		A sentence was added to state: Any security breaches or suspected breaches must reported within 24 hours of the occurrence.	
33	Appendix – Verification	The title, “Documents to Provide with Verification” was added to the second page of the Verification documents.	10/31/19
	Table of Contents	The Table of Contents was refreshed to ensure the page numbers are correct after the above revisions.	10/31/19

August 13, 2019: Initial Issuance

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