



**New York State
Insurance Department**

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INSURANCE CONSULTANT SETTLES CONFLICT OF INTEREST ISSUES **\$2 Million Will Go to Customers; Reform of Business Practices**

Attorney General Eliot Spitzer and Insurance Superintendent Howard Mills today announced an agreement with a leading consulting firm specializing in life, accident and disability insurance to resolve allegations of fraud and anti-competitive practices.

Under the agreement, Douglas Cox, President and CEO of Universal Life Resources (“ULR”), based in San Diego, and his affiliated companies will provide \$2 million in restitution to their policyholders across the nation who were harmed by their actions and adopt new business practices and fees to avoid conflicts of interest.

“The agreement with ULR represents another milestone toward curtailing undisclosed contingent commissions in the insurance industry,” Spitzer said. “Consumers of insurance products benefit when these conflicts are exposed and eliminated.”

Insurance Superintendent Mills said: “This settlement is excellent news not only for those adversely affected by ULR’s contingent commission practices, but for all policyholders in New York. The reforms set forth in the settlement will provide greater transparency for consumers and further demonstrate our success in protecting New York policyholders.”

The agreement resolves a complaint filed by the Attorney General’s Office and a citation filed by the state Department of Insurance in November 2004 alleging that ULR received undisclosed payments from some of the country’s largest life insurance companies, including MetLife, Prudential and Unum Provident, in return for steering to them the business of ULR’s clients. The complaint and citation also alleged that ULR imposed secret fees for “communications services,” such as the printing of informational materials, which were far above market rate.

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Under the settlement agreement, Cox will pay \$2 million into a fund from which its clients will

be compensated. The company will work with the Attorney General's office and the Insurance Department to encourage clients to participate in the fund.

In addition, ULR has agreed to limit its insurance brokerage compensation to a single fee or commission, a ban on contingent commissions and communication fees, and a requirement that all forms of compensation be disclosed to and approved by ULR's clients prior to their purchase of the insurance. ULR has also agreed to a monitor of its insurance related business practices for a period of five years.

This case was investigated and brought by Deputy Attorney General Kermitt Brooks, Public Advocacy Division Special Counsel David Weinstein, and Assistant Attorneys General Anita Barrett, John Carroll and Gaurav Vasisht of the Attorney General's Investment Protection Bureau. Audrey Samers, Deputy Superintendent and General Counsel of the New York State Department of Insurance, and Jon Rothblatt, Principal Attorney, led the Insurance Department's investigation.