

**IN THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
STATE OF MISSOURI**

In Re:)
)
AMERICAN BANKERS INSURANCE) **Market Conduct Examination**
COMPANY OF FLORIDA (NAIC #10111)) **0904-16-TGT**

ORDER OF THE DIRECTOR

NOW, on this 2nd day of August, 2018, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division"), and American Bankers Insurance Company of Florida (NAIC #10111) (hereinafter "Abic"), relating to the market conduct examination set out in the caption above, does hereby issue the following orders:

This order, issued pursuant to §§374.205.2(5), 374.280, and 374.046.15 RSMo 2016, is in the public interest.

IT IS THEREFORE ORDERED that Abic and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Abic shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place Abic in full compliance with the requirements in the Stipulation, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS FURTHER ORDERED that Abic shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$37,500.00 payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 2nd day of August, 2018.



Chlora Lindley-Myers
Director

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STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the "Division"), and American Bankers Insurance Company of Florida (NAIC #10111) (hereinafter "Abic"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter, the "Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri; and

WHEREAS, Abic has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Examination of Abic, examination #0904-16-TGT; and

WHEREAS, based on the Market Conduct Examination of Abic, the Division alleges that:

1. In some instances, Abic failed to refund unearned premium to debtors in violation of §385.070.1(5)(f)¹ and §375.1007(4);
2. In one instance, Abic did not clearly set forth the coverage and all terms in the installment sales master policy in violation of §§375.936(6)(a), 385.070.1(5)(c) and 20 CSR 500-1.700(3)(A);

3. Abic failed to provide copies of the group master contracts used by two insureds in violation of §374.205.2 (2) and 20 CSR 100-8.040(3);

4. In some instances, Abic charged a higher premium than its filed rate in violation of §379.321.1 & 2;

5. In some instances, Abic did not maintain the policy file for the duration of the current policy term plus two calendar years in violation of §374.205.2(2) and 20 CSR 100-8.040(3)(A)(1);

6. In one instance, Abic did not advise the insured of its decision to accept or deny the additional loss within 15 business days in violation of 20 CSR 100-1.050(1)(A) and implicating the provisions of §375.1007 (4);

7. In one instance, Abic failed to complete an investigation of a claim within 30 days after notification of the claim in violation of 20 CSR 100-1.050(4) and implicating the provisions of §375.1007 (4);

8. In one instance, Abic failed to conduct a reasonable investigation of some elements of a claim and did not accurately represent policy provisions relating to the coverage at issue in violation of 20 CSR 100-1.050(4) and implicating the provisions of §375.1007 (1) & (4);

9. In some instances, Abic failed to effectuate the prompt, fair and equitable settlement of a claim or failed to adopt and implement reasonable standards for the investigation and settlement of a claim in violation of §375.1007(3) & (4);

10. In some instances, Abic made payments to creditors that were greater than the balance of a loan or amount of indebtedness contrary to the terms of the policy in violation of §385.070.1(5)(h);

11. In some instances, Abic failed to maintain claim files in a manner that clearly showed

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016, as amended.

the inception, handling and disposition of the claim in violation of §374.205.2(2) and 20 CSR 100-8.040(3)(B);

12. In some instances, Abic failed to settle chattel mortgage non-file claims in accordance with policy provisions in violation of §§585.045.1, 385.060.1 and 385.070.1(5)(f);

13. In some instances, Abic failed to provide claimants with the specific policy provision, condition or exclusion relied upon in denying the claim in violation of §375.1007(1) & (4) and 20 CSR 100-1.050(1)(A);

14. In some instances, Abic failed to notify claimants of the acceptance or denial of the claim in violation of 20 CSR 100-1.050(1)(A) and implicating the provisions of §375.1007(4);

15. In at least one instance, Abic charged premium for bundled products when the insured was not eligible to receive some of the coverages in the bundle in violation of §375.936(6)(a) & (f) and 375.936(11)(b);

16. Abic did not unbundle coverages based on eligibility issues in violation of §375.936(11)(b)

WHEREAS, the Division and Abic have agreed to resolve the issues raised in the Market Conduct Investigations as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter, "Stipulation") embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Exiting the Credit Insurance Market.** Abic has represented to the Division that it has voluntarily exited the credit insurance market in the State of Missouri except for limited

programs currently in place with three financial institutions (“active programs”).

C. **Remedial Action.** Abic agrees to take the following remedial actions:

1. Abic will withdraw all form and rate filings for credit insurance filed with the Department within 90 days of the date of the order signed by the Director approving this stipulation, except for the rate and form filings applicable to the active programs.

2. Abic will terminate all active programs no later than March 31, 2019 and will withdraw all form and rate filings applicable to these programs by April 30, 2019.

3. If Abic seeks to re-enters the credit insurance market in the State of Missouri, it will make new rate and form filings with the Department prior to offering, selling or underwriting any credit insurance product.

4. If Abic re-enters the credit insurance market in the State of Missouri it will take remedial action to correct the practices alleged on pages 1-3 of this stipulation and agrees to maintain those remedial actions at all times.

D. **Compliance.** Abic agrees to file documentation with the Division, in a format acceptable to the Division, within 90 days of the entry of a final order of any remedial action taken to implement compliance with the terms of this Stipulation. Abic agrees to file additional documentation with the Division, in a format acceptable to the Division, within 60 days of the date it terminates all active programs verifying that those programs have been terminated and that all form and rate filings applicable to the active programs have been withdrawn.

E. **Examination Fees.** Abic agrees to pay any reasonable examination fees expended by the Division in conducting its review of the documentation provided by the Company pursuant to Paragraph D of this Stipulation. Such documentation is provided pursuant to §374.205.

F. **Voluntary Forfeiture.** Abic agrees, voluntarily and knowingly, to surrender and

forfeit the sum of \$37,500 such sum payable to the Missouri State School Fund, in accordance with §374.280.

G. **Other Penalties.** The Division agrees that it will not seek penalties against Abic, other than those agreed to in this Stipulation, in connection with Market Conduct Examination #0904-16-TGT.

H. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Abic, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct examinations.

I. **Waivers.** Abic, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the Market Conduct Examination #0904-16-TGT.

J. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and Abic.

K. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

L. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and Abic respectively.

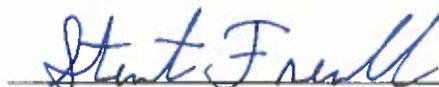
M. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

N. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

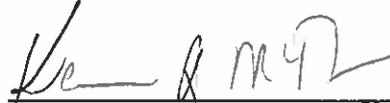
DATED: 7/30/2018


Angela L. Nelson, Director
Division of Insurance Market Regulation

DATED: 7/30/18


Stewart Freilich
Senior Regulatory Affairs Counsel

DATED: 07/09/18


Katharine A. McDonald
Chief Executive Officer
American Bankers Insurance Company of Florida

DATED: 7/23/18


Richard S. Brownlee III
Attorney for American Bankers Insurance
Company of Florida