

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

In Re:)
)
AMERICAN BANKERS LIFE ASSURANCE) **Market Conduct Examination**
COMPANY OF FLORIDA (NAIC #60275)) **1106-21-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 Life Assurance Company of Florida (NAIC #60275) (hereinafter "Ablac"), 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 Ablac and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Ablac shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place Ablac 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 Ablac 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 Life Assurance Company of Florida (NAIC #60275) (hereinafter "Ablac"), 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, Ablac 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 Ablac, examination #1106-21-TGT; and

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

1. Ablac did not utilize the actuarial method in calculating refunds in violation of §385.050.2¹;
2. In some instances, Ablac issued certificates that did not contain required disclosures in violation of §385.070.1(6)(f) and §385.045.1;

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

3. In some instances, Ablac issued certificates that did not contain the form number in violation of §375.775.1(6), 20 CSR 400-8.200(3)(I) and 20 CSR 400-1.010(1)(A);

4. In some instances, Ablac's policy files did not contain information needed to determine the identity of the insurance producer involved in the transaction in violation of §§385.055, 375.065, 375.015.4, 375.022, 20 CSR 600-2.100(11)(A)(2) and 20 CSR 100-8.040(3)(A) 1.B;

5. In some instances, Ablac maintained an enrollment form as part of the policy file in which the debtor declined the offer of coverage, but coverage was issued in violation of §§374.205.2(2), 385.040 and 20 CSR 100-8.040(3);

6. In some instances, Ablac wrote credit insurance in connection with loans or other credit transactions of greater than 10 years duration in violation of §385.045;

7. In some instances, Ablac did not maintain a copy of the application or enrollment form in the file in violation of §374.205.2(2) and 20 CSR 100-8.040(3)(A);

8. In one instance, Ablac issued a policy to a debtor who was not eligible for coverage due to his age in violation of §375.445;

9. In some instances, Ablac paid renewal or deferred commission to creditors on certificates for the sale of insurance products when the creditors were not licensed at the time of sale in violation of §§375.076.1&3, 385.055 and 20 CSR 600-2.100(11)(A)(2);

10. In some instances, Ablac allowed unlicensed creditors to solicit, negotiate and sell its credit insurance products and paid commissions to unlicensed creditors in violation of §§375.076.1, 375.158.3, 385.055 and 20 CSR 600-2.100(11)(A)(2);

11. Ablac used a third part administrator for Missouri insurance business when that

administrator did not have a valid certificate of authority in violation of §§376.1075 and 376.1092;

12. In some instances, Ablac paid commissions to creditors that exceeded the allowable rate in violation of §385.070.2;

13. In at least one instance, Ablac 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);

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

WHEREAS, the Division and Ablac 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.** Ablac 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.** Ablac agrees to take the following remedial actions:

1. Ablac 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. Ablac 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 Ablac 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 Ablac 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. Ablac 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. Ablac 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. Ablac 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. Ablac 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 Ablac, other than those agreed to in this Stipulation, in connection with Market Conduct Examination

#1106-21-TGT.

H. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Ablac, 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.** Ablac, 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 #1106-21-TGT.

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

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 Ablac 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
Angela L. Nelson, Director
Division of Insurance Market Regulation

DATED: 7/30/18

Stewart Freilich
Stewart Freilich
Senior Regulatory Affairs Counsel

DATED: 7/2/2018

Keith Warner Demmings
Keith Warner Demmings
President & Chief Executive Officer
American Bankers Life Assurance
Company of Florida

DATED: 7/23/18

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