

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

In Re:

AMERICAN HERITAGE LIFE  
INSURANCE COMPANY (NAIC #60534)

)  
) Market Conduct Investigation  
) Number 12023-60534-LH  
)

ORDER OF THE DIRECTOR

NOW, on this 22<sup>nd</sup> day of JULY, 2013, Director John M. Huff, after consideration and review of the market conduct investigation of American Heritage Life Insurance Company (NAIC #12023-60534-LH), (hereafter referred to as "the Company") investigation number 12023-60534-LH, conducted by the Division of Insurance Market Regulation pursuant to §374.190<sup>1</sup> and the Stipulation of Settlement ("Stipulation"), does hereby issue the following orders:

This order, issued pursuant to §374.046.15, RSMo (Cum. Supp. 2013) and §374.280 is in the public interest.

IT IS THEREFORE ORDERED that, the Company and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that the Company shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place the Company in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times.

IT IS FURTHER ORDERED that the Company shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept,

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<sup>1</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.

the Voluntary Forfeiture of \$4,000, 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 22<sup>nd</sup> day of JULY, 2013.

A handwritten signature in black ink, appearing to read "John M. Huff", is written over a horizontal line.

John M. Huff  
Director

RECEIVED  
JUL 15 2013  
MO. DEPT. OF INSURANCE,  
FINANCIAL INSTITUTIONS &  
PROFESSIONAL REGISTRATION

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

In Re: )  
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AMERICAN HERITAGE LIFE ) Market Conduct Investigation  
INSURANCE COMPANY ) No. 12023-60534-LH  
(NAIC #60534) )  
)  
)

**STIPULATION OF SETTLEMENT  
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") and American Heritage Life Insurance Company (NAIC #60534) (hereinafter referred to as "American Heritage"), 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, American Heritage 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 Investigation of American Heritage and prepared report number 12023-60534-LH; and

WHEREAS, the report of the Market Conduct Investigation revealed that:

1. American Heritage erroneously indicated on their 2012 calendar declaration for the First Steps Program that SB 500 was not applicable as the product had been withdrawn in Missouri when the provisions of SB 500 were for application in 2012, in violation of §375.144<sup>1</sup>;
2. American Heritage notified the First Steps program and the Department of this error and submitted the corrected information.

WHEREAS, American Heritage neither admits nor denies the alleged violation of §375.144 or factual findings enumerated in the investigation report; and

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<sup>1</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.

WHEREAS, American Heritage is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed facts and legal allegations and that remedial action and payment of a forfeiture is merely to resolve the Market Conduct Investigation; and

WHEREAS, the Division and American Heritage have agreed to resolve the issues raised in the Market Conduct Examination Report as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture 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. **Remedial Action.** American Heritage took remedial action bringing it into compliance with the statutes and regulations of Missouri for calendar year 2012 and agrees to maintain those actions at all times, to reasonably assure that the errors noted in the above-referenced market conduct examination report do not recur. Such further remedial actions shall include the following:

1. American Heritage agrees to make a lump sum payment of one half of one percent of direct written premium pursuant to §376.1218.7 (2).

C. **Compliance.** American Heritage agrees to file documentation with the Division within 90 days of the entry of a final order to document the payment required by Paragraph B 1 of this stipulation.

D. **Voluntary Forfeiture.** American Heritage agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$4,000, such sum payable to the Missouri State School Fund, in accordance with §374.280.

E. **Other Penalties.** The Division agrees that it will not seek penalties against American Heritage, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Investigation 12023-60534-LH.

F. **Waivers.** American Heritage, 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 above referenced Market Conduct Investigation.

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

**H. Changes.** No changes to this stipulation shall be effective unless made in writing and agreed to by all signatories to the stipulation.

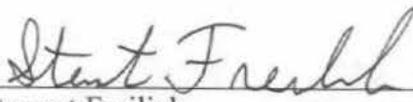
**I. Governing Law.** This Stipulation of Settlement and Voluntary Forfeiture shall be governed and construed in accordance with the laws of the State of Missouri.

**J. Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation of Settlement and Voluntary Forfeiture.

**K. Effect of Stipulation.** This Stipulation of Settlement and Voluntary Forfeiture shall become effective only upon entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

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

DATED: 7/17/13

  
\_\_\_\_\_  
Stewart Freilich  
Legal Counsel  
Division of Insurance Market Regulation

DATED: 11 July 2013

  
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President  
American Heritage Life Insurance Company