



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

In Re:)
)
COLONIAL PENN LIFE INSURANCE) **Market Conduct Investigation No. 355896**
COMPANY (NAIC #62065))

ORDER OF THE DIRECTOR

NOW, on this 29th day of November, 2021, 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 Colonial Penn Life Insurance Company (NAIC #62065) (hereinafter “Colonial Penn”), relating to the market conduct investigation no. 355896, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ and §374.280 is in the public interest.

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

IT IS FURTHER ORDERED that Colonial Penn shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place it 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, and shall fully comply with all terms of the Stipulation.

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016, as amended, or to the Code of State Regulations. 2020, as amended.

IT IS FURTHER ORDERED that Colonial Penn shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$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 21st day of November, 2021.





Chlora Lindley-Myers
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
COLONIAL PENN LIFE INSURANCE) **Market Conduct Investigation**
COMPANY (NAIC #62065)) **No. 355896**

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and Colonial Penn Life Insurance Company (NAIC #62065) (hereinafter “Colonial Penn”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (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 of Missouri;

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

WHEREAS, the Division conducted a market conduct investigation of Colonial Penn, investigation #355896; and

WHEREAS, based on the market conduct investigation of Colonial Penn, the Division alleges that:

1. Colonial Penn’s advertisements do not prominently describe the type of policy being offered as a “graded death benefit” type policy or the limitation of benefits in violation of 20 CSR 400-5.100(4)(E) and 20 CSR 400-5.100(4)(G).

2. Colonial Penn omitted the disclosure to Missouri residents that coverage was issued through Colonial Penn Insurance Trust in violation of §375.936(6)(a)¹.

3. Colonial Penn through its customer services representatives made inaccurate statements and representations regarding the business of insurance in Missouri by asserting that Missouri insurance law limits the issuance of Colonial Penn's Guaranteed Acceptance Whole Life Insurance product to prospective consumers who are under the age of 76 in violation of §375.936(4) and §375.934.

WHEREAS, the Division and Colonial Penn have agreed to resolve the issues raised in the market conduct investigation 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. **Remedial Action.** Colonial Penn agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times, to reasonably ensure that the errors noted in the market conduct investigation and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. For all new printed or digital advertising materials, utilized in Missouri regarding the Company's guaranteed acceptance whole life insurance, Colonial Penn agrees to include a statement that prominently discloses that the product being offered is a graded death benefit

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended or to the Code of State Regulations, 2020, as amended.

product. Colonial Penn further agrees that the disclosure will be added to all new printed or digital advertising materials within 120 days of the entry of a final order.

2. Colonial Penn agrees to discontinue the use of existing printed or digital advertising materials utilized in Missouri within 120 days of the entry of the final order.

3. Colonial Penn agrees that for new television (“TV”) ads, utilized in Missouri regarding the Company’s guaranteed acceptance whole life insurance, Colonial Penn agrees to include a statement that prominently discloses that the product being offered is a graded death benefit product. Colonial Penn further agrees that for new TV ads produced to air on Missouri stations only, the disclosure will be added within 365 days of the entry of a final order.

4. Colonial Penn agrees to discontinue the use of the existing TV ads airing on Missouri stations within 365 days of the entry of the final order.

5. Colonial Penn agrees to direct its agents selling guaranteed acceptance whole life insurance, through updated training materials and issuance of a bulletin, to fully disclose the benefit limitations of the policy at or during the time of sale. The disclosure at a minimum will identify that “for non-accidental deaths, the benefit amount for the first two years is limited to a refund of premiums paid plus 7% interest.” Colonial Penn agrees to direct its agents to obtain the applicants’ acknowledgment of said limitations.

6. Colonial Penn agrees that all guaranteed acceptance whole life insurance policies and certificates issued to Missouri certificate holders are perpetual in nature and not subject to termination by the Company, except for non-payment of premium. Colonial Penn further agrees that it will not require any Missouri Participant of the Trust Agreement to pay any dues, fees or other assessments, other than the required premium for the insurance coverage.

7. For all advertising materials utilized in Missouri regarding the Company's guaranteed acceptance whole life insurance and graded death benefit product, Colonial Penn agrees to include a statement that coverage availability is limited to ages 50-75.

8. Colonial Penn agrees to update its telesales and policyholder services representatives training materials, advising the sales and services representatives that Colonial Penn has chosen to limit coverage availability for the guaranteed acceptance whole life insurance and graded death benefit product to ages 50-75 in Missouri, and that such limitation is not the result of Missouri law or any limitation imposed by the Department.

9. Colonial Penn agrees to add a system generated pop up to alert telesales and policyholder services representatives that coverage availability for the guaranteed acceptance whole life insurance and graded death benefit product is limited to ages 50-75 in Missouri.

10. Colonial Penn agrees not to state or imply that Missouri law or the Department prohibits the sale of the product to those Missourians older than 75 years of age.

11. Colonial Penn agrees that any consumer letters accurately reflect the reason why the product is not available in Missouri to Missourians older than age 75.

C. **Compliance.** Colonial Penn agrees to file documentation with the Division, in a format acceptable to the Division, within 140 days of the entry of a final order of any remedial action taken pursuant to Paragraphs B.1, B.2, B.5, B.6, B.7, B.8, B.9, B.10, and B.11, to implement compliance with the terms of this Stipulation. Colonial Penn agrees to file documentation with the Division, in a format acceptable to the Division, within 375 days of the entry of a final order of any remedial action taken pursuant to Paragraphs B.3 and B.4, to implement compliance with the terms of this Stipulation. Such documentation is provided pursuant to §374.190.

D. **Ongoing Investigation.** Colonial Penn agrees to pay any reasonable investigation

fees expended by the Division in conducting its review of the documentation provided by Colonial Penn pursuant to Paragraphs B and C of this Stipulation.

E. **Voluntary Forfeiture.** Colonial Penn agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$500.00 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

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

G. **Waivers.** Colonial Penn, 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.

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

I. **Governing Law.** This Stipulation 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, on behalf of the Division and Colonial Penn respectively.

K. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution and delivery of this Stipulation by facsimile or by an electronically transmitted signature shall be fully and legally effective and binding.

L. **Effect of Stipulation.** This Stipulation shall become effective only upon entry of a

Final Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

M. **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: 11-16-2021



Stewart Freilich
Chief Market Conduct Examiner and
Senior Counsel
Division of Insurance Market Regulation

DATED: 11/16/2021



Christopher B. Rigsbee
Vice President, Deputy General Counsel
Colonial Penn Life Insurance Company