

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

**In Re:** )  
 )  
**EQUITABLE LIFE AND CASUALTY ) Market Conduct Examination**  
**INSURANCE COMPANY (NAIC #62952) ) No. 1509-108-TGT**

**ORDER OF THE DIRECTOR**

NOW, on this 21<sup>st</sup> day of February, 2019, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division"), and Equitable Life and Casualty Insurance Company (NAIC #62952) (hereinafter "Equitable"), 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) and 374.046.15 RSMo 2016, is in the public interest.

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

**IT IS FURTHER ORDERED** that Equitable 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, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

**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 21<sup>st</sup> day of February, 2019.



Chlora Lindley-Myers  
Director



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

*In Re:* )  
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EQUITABLE LIFE AND CASUALTY ) **Market Conduct Examination**  
INSURANCE COMPANY (NAIC #62952) ) **No. 1509-108-TGT**

**STIPULATION OF SETTLEMENT**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and Equitable Life and Casualty Insurance Company (NAIC #62952) (hereinafter “Equitable”), 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;

**WHEREAS**, Equitable 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 Examination of Equitable, examination #1509-108-TGT;

**WHEREAS**, based on the Market Conduct Examination of Equitable, the Division alleges, and to which Equitable does not make any admission of liability, that:

1. Equitable changed the way it administered contestability and benefits of its hospital indemnity policies and contestability of its Medicare Supplement policies in a manner that was more favorable to insureds, but Equitable did not modify the policy provisions to reflect the changes. Equitable encouraged producers to employ these extra-contractual benefits as a sales

tool contrary to §375.936(9)(a)<sup>1</sup>.

2. For notice of premium increase letters mailed in 2012 and 2013, Equitable failed to send notification within forty-five (45) days of premium rate increases to policyholders for long term care insurance in violation of 20 CSR 400-4.100(7)(E).

3. In one instance Equitable, failed to disclose the availability of contingent nonforfeiture benefits in the premium increase notice contrary to §376.1127 and 20 CSR 400-4.100 (24)(D).

4. With regard to seventeen (17) issued policies, Equitable's long term care insurance policy Form 640 and Form OLC-640 MO failed to set forth the premium charged for optional benefits in the policy, rider, endorsement or outline of coverage contrary to §376.1109, 376.1115, and 20 CSR 400-4.100(6)(B) and (27)(E).

5. Equitable incorrectly treated the administrative expenses for long term care insurance eligibility assessments as a claim expense.

6. In some instances, Equitable administered long term care insurance claims in a manner prohibited by §375.1007(3) and (4).

7. Equitable failed to properly notify insureds on the first page of their long-term care insurance policies that the insured is entitled to a refund of unearned premium if the policy is cancelled for any reason contrary to §376.1109.12.

**WHEREAS**, the Division and Equitable have agreed to resolve the issues raised in the Market Conduct Examination as follows:

A. **Scope of Agreement.** This Stipulation of Settlement (hereinafter "Stipulation") embodies the entire agreement and understanding of the signatories with respect to the subject

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<sup>1</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.

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.** Equitable agrees to take the following remedial action in compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times, to reasonably assure that the alleged errors noted in the Market Conduct Examination do not recur. Remedial action shall be taken in the following manner:

1. Equitable agrees to develop a Corrective Action Plan (hereinafter, "CAP"), subject to the approval of the Division, setting forth the detailed steps with timeframes that Equitable will take to address the following areas of concern:

- a. Conformance of policy terms with administrative procedures;
- b. Oversight of marketing materials;
- c. Proper allocation of administrative expenses;
- d. Disclosure and administration of the care planner benefit for long term care insurance;
- e. Administration of claims involving multiple long term care insurance policies;
- f. Administration of long term care insurance claims with gaps in claims history;
- g. Administration of long term care insurance claims involving cognitive impairment;  
and
- h. Administration of policy reinstatement.

2. Equitable will submit its proposed CAP to the Division for review and approval no later than ten (10) days following the issuance of an Order by the Director approving this Stipulation.

3. To monitor compliance with the CAP, Equitable consents to an ongoing examination beginning on the date of an Order by the Director approving this Stipulation and ending when Equitable has supplied all information necessary to demonstrate compliance with all terms of the CAP and this Stipulation to the reasonable satisfaction of the Division. Equitable agrees to pay the reasonable expenses of the ongoing examination pursuant to §374.160. The CAP and all other information provided by Equitable to the Division constitute confidential work papers of the ongoing examination subject to the provisions of §374.205.4 and §374.070.1.

C. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Equitable, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced Market Conduct Examination.

D. **Waivers.** Equitable, 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 Examination.

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

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

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

H. **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.

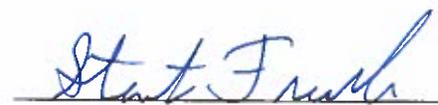
I. **Effect of Stipulation.** This Stipulation shall become effective only upon entry of a Final Order by the Director approving this Stipulation.

J. **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.

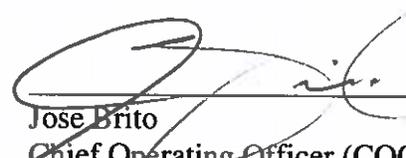
DATED: 2/19/2019

  
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Angela Nelson  
Director, Division of Insurance  
Market Regulation

DATED: 2/15/19

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

DATED: 2/6/19

  
\_\_\_\_\_  
Jose Brito  
Chief Operating Officer (COO)  
Equitable Life & Casualty Insurance Company