

DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:

**FIDELITY SECURITY LIFE
INSURANCE COMPANY
(NAIC # 71870)**

Market Conduct Investigation No. 413428

ORDER OF THE DIRECTOR

NOW, on this 6th day of March, 2025, Acting Director Angela L. Nelson, 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 Fidelity Security Life Insurance Company (NAIC #71870) (hereinafter "FSLIC"), relating to the market conduct investigation no. 413428, does hereby issue the following orders:

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

IT IS THEREFORE ORDERED that the Acting Director does hereby approve the Stipulation as agreed to by FSLIC and the Division.

IT IS FURTHER ORDERED that FSLIC shall not engage in any of the violations of statutes 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, shall 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.

IT IS FURTHER ORDERED that FSLIC shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$55,000.00, 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 6th day of March, 2025.





Angela L. Nelson
Acting Director

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

<i>In Re:</i>)	
)	
FIDELITY SECURITY LIFE)	Market Conduct Investigation No. 413428
INSURANCE COMPANY)	
(NAIC # 71870)		

**STIPULATION OF SETTLEMENT AND VOLUNTARY
FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and Fidelity Security Life Insurance Company (hereinafter “FSLIC”), 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, FSLIC 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 FSLIC, investigation no. 413428; and

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

1. In 149 instances, FSLIC did not effectuate timely change of policy ownership according to the Owner or Ownership provision of its policies, in violation of § 375.445.1(2), § 375.936(13), and § 375.934(2), RSMo.¹

¹ All statutory references, unless otherwise noted, are to the 2016 Revised Statutes of Missouri.

2. In 37 instances, FSLIC allowed individuals without valid ownership rights to take actions decreasing policy values by allowing such individuals to cease premium payments without notification to the rightful owner and/or to surrender or cancel contracts, in violation of § 375.445.1(2), § 375.936(13), and § 375.934(2).

WHEREAS, the Division and FSLIC 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.** FSLIC agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times. Such remedial actions shall include the following:

1. FSLIC agrees to establish systems and processes to ensure FSLIC timely effectuates ownership changes in accordance with policy and certificate provisions.

2. FSLIC agrees to conduct an audit of all life insurance policies and certificates issued in Missouri on the life of an insured who was under the age of 26 when the policy or certificate was issued, that have not previously been audited and were in force at any time since January 1, 2020, to verify that FSLIC has fulfilled their obligation pertaining to the age of majority (“AOM”) provisions of their contracts. If FSLIC did not fulfill their obligations pertaining to the AOM timely, FSLIC agrees to take the following actions:

- a. FSLIC shall make best efforts to contact all impacted insured-owners by sending written correspondence to the appropriate mailing address of each insured-owner. In order to identify the appropriate address, FSLIC shall utilize a professional address location system approved by the Division to attempt to locate and update the mailing address of each insured-owner;
- b. For all impacted insured-owners not separately identified in section B(2)(d) of this Stipulation, FSLIC shall send written notice of the ownership change, the amount of insurance provided by the policy or certificate, the premium obligation to maintain such coverage, their right to cancel or surrender the policy or certificate, and their right to request a specimen copy of their policy or certificate;
- c. Where impacted policy or certificate ownership should have transferred to the insured due to the contractual date of the applicable AOM provision, and a policy loan was issued after the contractual AOM date to an individual other than the insured-owner, FSLIC further agrees to forgive the post AOM loan and restore the policy or certificate value to the value as if the post AOM loan had not occurred. FSLIC shall send such insured-owners the written notice described in section B(2)(b) of this Stipulation;
- d. For the following groups:
 - i. all impacted policies or certificates which were surrendered by someone other than the insured-owner after the contractual AOM date;
 - ii. all policies or certificates that went into extended term after the insured-owner reached the contractual age of majority;
 - iii. all policies or certificates which were subject to a non-forfeiture

conversion after the insured-owner reached the contractual AOM date but before the ownership change; and

- iv. all policies or certificates which lapsed after the contractual AOM date and prior to the ownership change;

FSLIC shall offer to 1) reinstate the policy or certificate without evidence of insurability provided that the insured-owner pay any outstanding loan taken prior to the contractual AOM date or 2) issue payment for the cash surrender value as of the contractual AOM date, or the Paid to Date, whichever is greater, together with interest pursuant to § 374.191 to the insured-owner. In this offer, FSLIC shall, at a minimum, set out: the amount of annual premium which would be required to maintain the policy or certificate values if the insured-owner accepts this offer, the face value of the policy or certificate, and the cash surrender value of the policy or certificate as of the contractual AOM date. If the insured-owner accepts option 1) of this offer, FSLIC shall not collect back premiums which were due from the time the insured reached the contractual AOM date to the time of reinstatement. Any payment issued under option 2) shall be accompanied by a letter stating that, as a result of a Missouri Market Conduct Investigation, it was determined that the payment was owed.

3. From the results of the audit conducted pursuant to section B.2 above, if the policy or certificate had a non-forfeiture status applied after the now deceased insured should have become the policy or certificate owner and had a subsequent claim, FSLIC agrees to make payment to the claimant(s) in the amount necessary to increase the death benefit to the face amount as of the contractual AOM date non-forfeiture conversion minus any premiums that

should have been paid to maintain the original face value of the policy or certificate, and minus any outstanding loan amounts where the loan was made prior to the contractual AOM date. Said payment shall include interest in the amount determined by § 374.191, from the date of death to the date of restitution payment. FSLIC shall include a letter with the payment stating that, as a result of a Missouri Market Conduct Investigation, it was determined that the payment was owed.

4. If it has not previously done so, for policy numbers XXXXXXXX-XXXXXX1350 and XXXXXXXX-XXXXXX7721, FSLIC shall provide proof of payment of the miscalculated surrender value plus interest pursuant to § 374.191. Proof of such payments shall be provided in a manner acceptable to the Division.

C. **Compliance.** FSLIC agrees to file documentation pursuant to § 374.190 with the Division, in a format acceptable to the Division, within thirty (30) days of the entry of an Order approving this Stipulation of any remedial action taken to implement compliance with the terms of this Stipulation.

D. **Voluntary Forfeiture.** FSLIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$55,000.00 payable to the Missouri State School Fund, in accordance with §§ 374.049.11 and 374.280.2, within fifteen (15) days of the date the Director of the Department (hereinafter “Director”) signs the Order approving this Stipulation.

E. **Waivers.** FSLIC, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to 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 investigation no. 413428.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by

FSLIC, 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. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and FSLIC.

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


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

J. **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 by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

K. **Effect of Stipulation.** This Stipulation shall not become effective until entry of an Order by the Director approving this Stipulation.

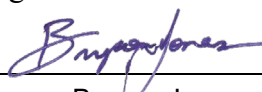
L. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: February 3, 2025



Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market
Regulation

DATED: 1/29/2025



Name: Bryson Jones
Title: President
Fidelity Security Life Insurance Company