

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

**In Re:** )  
)  
**GUARANTEE TRUST LIFE** ) **Market Conduct Investigation**  
**INSURANCE COMPANY (NAIC #64211)** ) **Nos. 10040-64211-LH**  
) **11153-64211-LH**  
)  
) **Market Conduct Examination**  
) **No. 1306-12-TGT**  
)

**ORDER OF THE DIRECTOR**

NOW, on this 1 day of April, 2019, 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 Guarantee Trust Life Insurance Company (NAIC #64211) (hereinafter "Guarantee Trust"), relating to the market conduct investigations and 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 Guarantee Trust and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

**IT IS FURTHER ORDERED** that Guarantee Trust 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 1<sup>st</sup> day of April, 2019.



*Chlora Lindley-Myers*  
Chlora Lindley-Myers  
Director

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

|                                       |   |                                     |
|---------------------------------------|---|-------------------------------------|
| <i>In Re:</i>                         | ) |                                     |
|                                       | ) |                                     |
| <b>GUARANTEE TRUST LIFE INSURANCE</b> | ) | <b>Market Conduct Investigation</b> |
| <b>COMPANY (NAIC #64211)</b>          | ) | <b>Nos. 10040-64211-LH</b>          |
|                                       | ) | <b>11153-64211-LH</b>               |
|                                       | ) |                                     |
|                                       | ) | <b>Market Conduct Examination</b>   |
|                                       | ) | <b>No. 1306-12-TGT</b>              |

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”) and Guarantee Trust Life Insurance Company (NAIC #64211) (hereinafter “GTL”), 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**, GTL has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

**WHEREAS**, the Division conducted two Market Conduct Investigations, investigation numbers 10040-64211-LH and 11153-64211-LH, and a Market Conduct Examination, examination number 1306-12-TGT, of GTL; and

**WHEREAS**, based on Market Conduct Investigation No. 10040-64211-LH of GTL, the Division alleges that:

1. In four instances where credit life insurance certificates were rescinded, GTL could

not document that required premium refunds were issued to the appropriate person in violation of 20 CSR 100-8.040(3)(A).

2. In 10 instances where credit life insurance claims were denied and certificates were rescinded, GTL failed to issue premium refund checks to consumers/borrowers in violation of §375.1005<sup>1</sup>, 375.1007(3), and §385.050.

3. In one instance, GTL denied a credit life insurance claim and rescinded the policy based on a misrepresentation that was not material to the cause of the loss in violation of §376.580.

4. In one instance, GTL issued credit coverage solicited and sold by an unlicensed insurance producer in violation of §385.055.

5. In one instance, GTL did not maintain a copy of an application for credit insurance containing information to allow identification of the insurance producer involved in the transaction in violation of §374.205.2(2) and 20 CSR 100-8.040(3)(A)1B.

**WHEREAS**, in response to paragraph 2, GTL represents that it issued premium refunds through credit lenders, but was unable to provide proof that the debtor insured's account was credited.

**WHEREAS**, based on Market Conduct Investigation No. 11153-64211-LH of GTL, the Division alleges that:

6. GTL issued a group major medical insurance policy to a trust established by an association that did not meet the requirements of §376.421.1(5) and failed to file the group policy and certificate forms for approval as a discretionary group pursuant to §376.421.2(2), 20 CSR 400-2.130(3)(D) and 20 CSR 400-8.200(4)(C).

7. GTL issued a group major medical policy and certificates that failed to fully comply

with all the mandated benefit requirements of Chapters 375 and 376.

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

8. In several instances, GTL failed to maintain its claim files so as to show clearly the inception, handling, and disposition of each claim in violation of §374.205.2(2) and 20 CSR 100-8.040(2) and (3)(B).

9. In several instances, GTL failed to maintain and provide complete underwriting files as requested by examiners in violation of §374.205.2(2) and 20 CSR 100-8.040(3)(A).

10. GTL utilized forms containing provisions regarding “Other Valid and Collectible Insurance or Plan” and “Subrogation,” that deviated from forms filed and approved for use in Missouri in violation of §376.405.1, §376.421.2, 20 CSR 400-2.030(2)(F), 20 CSR 400-2.030(3)(C)2, 20 CSR 400-2.030(6)(D)3, and 20 CSR 400-2.130.

11. GTL inappropriately reduced or denied payment on claims based upon a certificate provision regarding “Other Valid and Collectible Insurance or Plan” that was contrary to 20 CSR 400-2.030(3)(C)2, and the certificate’s “Conformity with State Statutes” provision in violation of §375.1005 and §375.1007(1), (3), and (4).

12. GTL issued a group insurance policy to an association group in Missouri, Select Benefit Services Association, that did not meet the requirements of §376.421.1(5) and failed to file the group policy and certificate forms for approval as a discretionary group pursuant to §376.405, §376.421.2(1), and 20 CSR 400-2.130(2)(A).

13. GTL failed to maintain adequate records and oversight of its advertising materials for association group accident coverage in a manner consistent with 20 CSR 400-5.700(1)(B) and 20 CSR 400-5.700(16)(A).

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

14. GTL's applications for association group insurance coverage failed to be separate and distinct from association membership enrollment forms in violation of 20 CSR 400-5.700(5)(A)9.

15. GTL's advertising for 14 associations declares the Company's coverage to be "only in excess of any expenses payable for other valid and collectable coverage" in violation of 20 CSR 400-2.030.

16. GTL materially aided in the violation of §376.1092.1 by utilizing the services of Southwest Reinsure Incorporated, prior to Southwest Reinsure Incorporated obtaining a valid certificate of authority from the Director to act as a third party administrator in violation of §376.1092.1 and §376.1094.4.

17. GTL failed to conduct semi-annual audits of its third party administrators in violation of §376.1084.3.

18. GTL's infrequent audits and deficient follow up related to errors noted in its audits, displays the Company's lack of supervision of third party administrators in violation of §376.1084.2.

19. GTL failed to provide timely responses to some information requests in violation of §374.205.2(2) and 20 CSR 100-8.040(6).

**WHEREAS**, the Division and GTL have agreed to resolve the issues raised in the Market Conduct Investigations and Market Conduct Examination 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. Subject to the exceptions noted in Paragraph F, this Stipulation serves as full and final settlement of the issues addressed in the Market Conduct Investigations and Market Conduct Examination. 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. Stipulation Action.** Without admitting or denying any of the Division's allegations in the Market Conduct Investigations and Market Conduct Examination, GTL agrees to take any necessary action to comply with the statutes and regulations of Missouri. Such actions shall include, but are not limited to, the following:

1. GTL agrees to issue credit coverage only through producers licensed by the Director.
2. GTL agrees to maintain in its policy records applications which clearly identify any insurance producer involved in the insurance transaction pursuant to 20 CSR 100-8.040(3).
3. If it has not already done so, GTL agrees to provide refunds to the three certificate holders of certificate numbers 08000084, 08000647, and 08001348 whose credit life certificates were rescinded. GTL shall provide documentation to the satisfaction of the Division that either the premium refund check was sent to the insured debtor or it was credited by another source to the insured debtor's account.
4. If it has not already done so, GTL agrees with respect to the 10 credit life insurance claims, to provide documentation to the satisfaction of the Division that either the premium refund check was sent to the insured debtor or it was credited by another source to the insured debtor's account.
5. GTL agrees to do a review of all denied credit life claims made by or on behalf of Missouri residents and the associated rescinded credit life insurance certificates issued to Missouri residents from January 1, 2013 through January 1, 2016, to determine if refunds were issued to the debtor/certificate holder as provided in the certificate and as required by §385.050. GTL shall

provide documentation to the satisfaction of the Division that either the premium refund check was sent to the insured debtor or it was credited by another source to the insured debtor's account.

6. GTL agrees it will only issue group accident and health insurance coverage in Missouri or to Missouri residents in accordance with the provisions of §376.421 and 20 CSR 400-2.130.

7. GTL represents it has ceased providing major medical insurance coverage through association and discretionary groups to Missouri residents. GTL agrees to withdraw all Missouri filings associated with their major medical coverage product G9990 and G9990C.

8. In the event that GTL elects to resume underwriting, offering or selling major medical insurance coverage in Missouri or to Missouri residents, GTL agrees to comply with all applicable Missouri laws, including but not limited to laws regarding the filing and approval of policy and certificate forms and rates and the provision of mandated benefits and offers.

9. GTL agrees to adequately maintain and timely provide to the Department, upon request, books, records, documents, basic identifying information for each claimant, and other business records in compliance with §374.205.2(2) and 20 CSR 100-8.040(2), (3), and (6).

10. GTL agrees to only issue policy and certificate forms approved by the Director. GTL further agrees that before inserting any language in policies or certificates, such language should be filed and approved by the Director.

11. GTL agrees it will not use the "Subrogation" provision referenced in allegation 10 above or other subrogation language in group policies and certificates in Missouri.

12. GTL agrees to verify that the "Subrogation" provision referenced in allegation 10 above is not in the policy and certificate forms it is currently using in Missouri.

13. GTL agrees it will not use the “Other Valid and Collectible Insurance or Plan” provision referenced in allegations 10 and 11 above in group policies and certificates in Missouri other than student accident plans.

14. GTL agrees to review all association group insurance claims made by or on behalf of Missouri residents that were processed at any time from January 1, 2014 through January 1, 2017 to determine if claims were inappropriately denied or reduced based upon the “Other Valid and Collectible Insurance or Plan” provision referenced in allegations 10 and 11 above. In carry out this review, the Company agrees to handle all claims as primary. If a claim was improperly denied or reduced, GTL must pay restitution to the claimant, including the payment of interest as required by §374.191 and 32.065, not to exceed nine per cent (9%) interest per annum. A letter must be included with the payment indicating that “as a result of a Missouri Market Conduct Examination” it was found that additional payment was owed on the claim.

15. GTL has represented that as part of their review under paragraph B.14 they will review, reprocess, and remediate all 566 claims found during the scope of the examination that were negatively affected by the “Other Valid and Collectible Insurance or Plan” provision, including interest at the annual adjusted prime rate of interest as determined by sections 374.191 and 32.065, not to exceed nine per cent (9%) interest per annum. A letter must be included with the payment indicating that “as a result of a Missouri Market Conduct Examination” it was found that additional payment was owed on the claim.

16. GTL agrees to develop and use insurance applications for association group coverage that are separate and distinct from association membership enrollment forms pursuant to 20 CSR 400-5.700(5)(A)9.

17. GTL agrees to develop and implement a process to insure that all Third Party Administrators (“TPAs”) utilized by GTL are properly licensed in Missouri prior to such TPA performing services for GTL on Missouri residents pursuant to §376.1075(1).

18. GTL agrees to audit all TPAs operating on its behalf in Missouri. Such audits will occur at least semiannually and will review business practices, adherence to fiduciary duties, and whether policies are being administered in good faith and in accordance with the provisions of the policy. At least one audit per year will be conducted at the offices of the entity which is being audited. Details of each audit, including the audit plan, date performed, items reviewed, concerns noted, and corrective action taken will be documented and retained by GTL. GTL also agrees to develop and maintain a procedure manual for conducting such audits.

19. GTL agrees not to issue a group accident and health insurance policy to an association offering insurance coverage to Missouri residents unless: (1) the association meets all the requirements of §376.421.1(5); or (2) if the association does not meet the requirements of §376.421.1(5), GTL has sought and received approval from the Director to issue the policy as a discretionary group policy pursuant to §376.421.2 and 20 CSR 400-2.130.

C. **Compliance.** GTL agrees to file documentation with the Division, in a format acceptable to the Division, within 120 days of the entry of a final order of any action taken to implement compliance with the terms of this Stipulation and to document payment of restitution required under the terms of this Stipulation. Such documentation is provided pursuant to §374.190 and §374.205.

D. **Examination Fees.** GTL agrees to pay any reasonable examination and investigation fees expended by the Division in conducting its review of the documentation provided

by the Company pursuant to Paragraph B and C of this Stipulation.

E. **Voluntary Forfeiture.** GTL agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$2,000 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

F. **Other Actions and Penalties.** The Division agrees that it will not seek penalties against GTL, other than those agreed to in this Stipulation, in connection with Market Conduct Investigations #10040-64211-LH and #11153-64211-LH and Market Conduct Examination #1306-12-TGT. The Department agrees that it will not bring any further action against GTL for conduct alleged in this Stipulation unless GTL failed to disclose relevant facts and circumstances relating to the issues addressed in the above referenced examination and/or investigations or unless GTL materially breaches the terms of this Stipulation.

G. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by GTL. This Stipulation is a compromised settlement to resolve disputed factual and legal allegations arising out of the above-referenced Market Conduct Investigations and Market Conduct Examination.

H. **Waivers.** GTL, 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 Investigations #10040-64211-LH and #11153-64211-LH and Market Conduct Examination #1306-12-TGT.

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

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

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

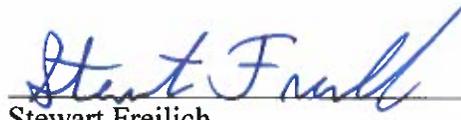
L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

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.

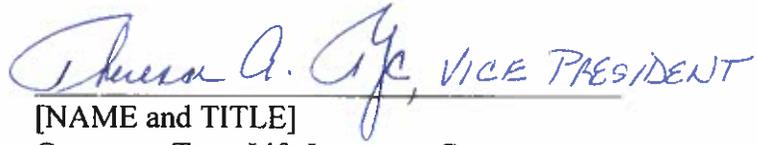
DATED: 3/29/2019

  
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Angela L. Nelson, Director  
Division of Insurance Market Regulation

DATED: 3/29/2019

  
\_\_\_\_\_  
Stewart Freilich  
Chief Market Conduct Examiner and  
Senior Counsel

DATED: March 18, 2019

  
\_\_\_\_\_  
[NAME and TITLE]  
Guarantee Trust Life Insurance Company