

IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

In Re:)
)
MIDLAND NATIONAL LIFE INSURANCE) **Market Conduct Investigation**
COMPANY (NAIC #66044)) **No. 238567**

ORDER OF THE DIRECTOR

NOW, on this 27th day of April, 2020, 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 Midland National Life Insurance Company (NAIC #66044) (hereinafter "Midland"), relating to the market conduct investigation set out in the caption above, 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 Midland and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Midland 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.

IT IS FURTHER ORDERED that Midland shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$6,000.00, 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 27th day of April, 2020.



Chlora Lindley-Myers
Chlora Lindley-Myers
Director

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

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STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and Midland National Life Insurance Company (NAIC #66044) (hereinafter “Midland”), 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; and

WHEREAS, Midland 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 Midland, investigation #238567; and

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

1. Midland did not file annuity contracts for approval in violation of §376.675.1¹
2. Midland did not fully disclose to Missouri policyholders that coverage was being offered through a Trust and that their contracts were subject to the terms of the trust and the underlying group policy in violation of §375.144, §375.936(6)(a) and §375.934.

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

WHEREAS, the Division and Midland 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.** Midland 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, to reasonably ensure that the errors noted in the market conduct investigation do not recur. Such remedial actions shall include the following:

1. Midland agrees to file for approval all forms issued through the Midland National Annuity Division Insurance Trust (hereinafter the "Trust") if the form still has an active Missouri certificate holder. The filings shall be submitted through the System for Electronic Rate and Form Filing (hereinafter "SERFF") and include the statement that "as a result of a Missouri Market Conduct Investigation, the attached forms are being filed for approval with the Director."

2. Midland agrees that it will not amend or terminate the trust as long as any forms issued through the Trust have an active Missouri certificate holder.

3. Within 90 days of receiving the approval referenced in Section B. 1. above, Midland agrees to provide notice to Missouri residents currently holding group annuity certificates issued through the Trust. The notice will include at a minimum the following information: a) That coverage issued to the Missouri resident is group coverage issued through the Trust; b) That possession of such coverage makes the certificate holder a participant of the Trust; and c) That the certificate holder has the right to review the Trust document which will be made available through a link if the

notice is provided electronically or upon request if the notice is mailed.

4. Midland agrees going forward to comply with the annuity filing requirements contained in §376.675.

C. **Compliance.** Midland agrees to file documentation with the Division, in a format acceptable to the Division, within 100 days of the entry of a final order of any remedial action taken pursuant to Paragraph B to implement compliance with the terms of this Stipulation. Such documentation is provided pursuant to §374.190.

D. **Voluntary Forfeiture.** Midland agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$6,000 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

E. **Other Penalties.** The Division agrees that it will not seek penalties against Midland, other than those agreed to in this Stipulation, in connection with the above-referenced market conduct investigation.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Midland, 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.** Midland, 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 investigation #238567.

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

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

L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by 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: 4-20-20



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

DATED: 3-30-2020



Brian D. Hansen
Senior Vice President, General Counsel
Midland National Life Insurance Company