

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

In Re:)
)
RELIABLE LIFE INSURANCE) **Market Conduct Investigation**
COMPANY (NAIC #68357)) **No. 351683**

ORDER OF THE DIRECTOR

NOW, on this 09th day of February, 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 Reliable Life Insurance Company (NAIC #68357) (hereinafter “Reliable”), relating to the market conduct investigation no. 351683, 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 Reliable and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Reliable 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 Reliable shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$3,500.00, 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 09th day of February, 2021.



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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RELIABLE LIFE INSURANCE) **Market Conduct Investigation**
COMPANY (NAIC #68357)) **No. 351683**

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and Reliable Life Insurance Company (NAIC #68357) (hereinafter “Reliable”), 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, Reliable 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 Reliable, investigation #351683; and

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

1. Reliable terminated 53 policyholders with over loaned policies without providing a 31 day termination notice as required by the policy.
2. Reliable did not disclose to at least seven policyholders who received a manually generated termination notice that the policyholder had 31 days to submit payment under the terms of the policy and avoid termination in violation of 20 CSR 400-1.010 (1)(E) and implicating the

provisions of §375.936 (6) (a)¹.

3. Reliable provided inaccurate information to the Division when it stated that it contacted certain terminated policyholders and offered to reinstate coverage for those policyholders in violation of §374.210.1 (2).

WHEREAS, Reliable denies that the above activities violate or implicate the cited provisions of Missouri law.

WHEREAS, the Division and Reliable 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.** Reliable 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. Reliable agrees to contact those 53 terminated policyholders who did not receive a termination notification and offer to reinstate their policy without proof of insurability. The offer shall inform the policyholders of any premium amounts and loan payment amounts, including interest, which are due for reinstatement.

2. Reliable agrees to conduct a search, from the above subset, for any terminated

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.

policyholders who did not receive notification of termination and are now deceased. For such policyholders, Reliable shall process the claim as if the policy was in force at the time of death, minus any indebtedness.

3. Reliable agrees to contact those terminated policyholders whose notice of cancellation did not inform the policyholder he or she had 31 days for making payment prior to termination, and offer to reinstate their policy without proof of insurability. The offer shall inform the policyholders of any premium amount due and loan payment amount, including interest, which is due for reinstatement.

4. Reliable agrees to conduct a search, from the above subset, for any terminated policyholder who was not informed he or she had 31 days to make payment, and are now deceased. For such policyholders, Reliable shall process the claim as if the policy was in force at the time of death, minus any indebtedness.

5. Reliable agrees to adopt and implement procedures to ensure that Missouri policyholders receive the number of days of notification required by the policy before being terminated.

6. Reliable agrees to review all in-use form termination and lapse letters and communications to Missouri policyholders to determine if those letters and communications accurately inform the policyholder of the notice requirement and grace period required under the policy. Reliable agrees to correct any such forms and communications that do not accurately reflect the notice and grace period provided under the policy.

7. Reliable agrees to adopt and implement procedures so that information that will be provided to the Department in response to future inquiries, investigations or examinations is as complete and accurate as possible.

C. **Compliance.** Reliable agrees to file a corrective action plan with the Division, in a format acceptable to the Division, within 90 days of the entry of a final order. The corrective action

plan shall detail remedial action to be taken or in process pursuant to Paragraph B to implement compliance with the terms of this Stipulation. Such documentation is provided pursuant to §374.190.

D. **Fees.** Reliable agrees to pay any reasonable fees expended by the Division in conducting its review of the documentation provided by the Company pursuant to Paragraphs B and C of this Stipulation.

E. **Voluntary Forfeiture.** Reliable agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$3,500, such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

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

G. **Waivers.** Reliable, 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 no. 351683.

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

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 Reliable 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 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: 2-5-2021



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

DATED: 1/28/2021



Jose Galiano
Vice President, Operations
Reliable Life Insurance Company