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

In Re:	)	
	)	
CENTRAL STATES HEALTH &	)	
LIFE CO. OF OMAHA	)	**Market Conduct Exam No. 1106-20-TGT**
(NAIC # 61751)	)	
	)	

ORDER OF THE DIRECTOR

NOW, on this 7th day of December, 2016, Director John M. Huff, after consideration and review of the market conduct examination of Central States Health & Life Co. of Omaha (NAIC #61751) (hereafter referred to as "Central States"), examination number 1106-20-TGT, and the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), does hereby issue the following orders:

This order, issued pursuant to §§ 374.046.15,[1] 374.205.2(5), and 374.280, is in the public interest.

IT IS THEREFORE ORDERED that Central States and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Central States shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Central States 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.

IT IS FURTHER ORDERED that Central States shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept,

1 All references, unless otherwise noted, are to Missouri Revised Statutes 2000 as amended.

the Voluntary Forfeiture of $49,000 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 7th day of December, 2016.

John M. Huff
Director

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

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STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter referred to as the "Division") and Central States Health & Life Co. of Omaha (NAIC #61751) (hereinafter referred to as "Central States"), 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, Central States 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 Examination of Central States; and

WHEREAS, the Market Conduct Examination of Central States revealed that:

1. In forty-seven (47) instances, certificates or policies of credit insurance were issued by unlicensed insurance producers in violation of § 375.076.1;

2. Central States failed to maintain and provide documentation of license information in violation of § 374.205.2(2) and 20 CSR 100-8.040;

3. Central States filed compensation reports pursuant to § 385.070.2 in 2006, 2007, 2008, and 2009, which were incomplete, untimely, and/or inaccurate in violation of 20 CSR 600-2.100(10)(B);

4. Central States charged joint life rates to a subset of single insureds by failing to change the premium when a joint insured reached the termination age of the policy in violation of § 375.936(11), and thereby failed to carry out its contracts in good faith in violation of § 375.445;

and

5. Central States did not maintain its books, records, documents and other business records in a manner so that the date of birth or age of claimant could be readily ascertained during the Market Conduct Examination in violation of § 374.205.2(2) and 20 CSR 100-8.040(2) and (3)(B).

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

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture 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. **Non-Admission.** Central States does not admit nor deny the issues or actions alleged in this Stipulation of Settlement and Voluntary Forfeiture and the Market Conduct Examination. This Stipulation of Settlement and Voluntary Forfeiture is a compromise settlement to resolve disputed factual and legal allegations arising out of the above-referenced Market Conduct Examination.

C. **Remedial Action.** Central States 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 assure that the errors noted in the above-referenced Market Conduct Examination do not recur. Such remedial actions shall include, but not be limited to, the following:

1. Central States agrees to properly maintain and 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). Central States additionally agrees to adjust its systems and file maintenance so as to be able to timely respond to a Department request as required by Missouri law.

2. Central States agrees to ensure that its accounts maintain proper licensure with the Department and do not issue certificates while unlicensed in violation of § 375.076.1.

3. Central States agrees to file complete, timely, and accurate compensation reports in compliance with 20 CSR 600-2.100(10)(B) going forward.

4. Central States agrees to review all joint credit life insurance products with premium or exposure in the State of Missouri issued from January 1, 2006 to the date of the Order closing this examination to determine if the failure to adjust the premium when a joint insured reached the termination age of the policy resulted in any insured paying additional premium on top of the premium they would have paid on a single life credit insurance policy. If the insured is entitled to a refund, Central States must issue any refund due to the insured, along with additional payment of nine percent (9%) interest per annum that is required pursuant to § 408.020. A letter must be included with the payment, indicating that "as a result of a Missouri Market Conduct Examination," it was found that a refund was due to the insured.

5. Central States agrees to immediately cease its practice of failing to adjust joint credit life insurance product premium when a joint insured reaches the termination age of the product.

D. **Compliance.** Central States agrees to file documentation with the Division within 90 days of the entry of a final order of all remedial action taken to implement compliance with the terms of this Stipulation and to document the payment of restitution required by this Stipulation.

E. **Voluntary Forfeiture.** Central States agrees, voluntarily and knowingly, to surrender and forfeit the sum of $49,000, such sum payable to the Missouri State School Fund, in accordance with § 374.280.

F. **Other Penalties.** The Division agrees that it will not seek penalties against Central States, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Examination No. 1106-20-TGT.

G. **Waivers.** Central States, 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.

H. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by all signatories to the Stipulation.

I. **Governing Law.** This Stipulation of Settlement and Voluntary Forfeiture 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 of Settlement and Voluntary Forfeiture.

K. **Effect of Stipulation.** This Stipulation of Settlement and Voluntary Forfeiture shall not become effective until entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

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

DATED: 12/6/2016

Angela L. Nelson
Director
Division of Insurance Market Regulation

DATED: 12/06/2016

Kelly Hopper
Legal Counsel
Division of Insurance Market Regulation

DATED: 11/23/16

Rebecca L Smart
Vice President/General Counsel
Central States Health & Life Co. of Omaha