

DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:)
)
AMERICAN GENERAL LIFE) **Market Conduct Examination No. 317030**
INSURANCE COMPANY (NAIC #60488))

ORDER OF THE DIRECTOR

NOW, on this 10th day of June, 2022, Director, Chlora Lindley-Myers, after consideration and review of the market conduct examination report of American General Life Insurance Company (NAIC #60488) (hereinafter “American General”), examination report number #317030, prepared and submitted by the Division of Insurance Market Regulation (hereinafter “Division”) pursuant to §374.205.3(3)(a)¹, does hereby adopt such report as filed. After consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (“Stipulation”), relating to the market conduct examination #317030, the examination report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director’s findings and conclusions accompanying this order pursuant to §374.205.3(4). The Director does hereby issue the following orders:

This order, issued pursuant to §374.205.3(4), §374.280 RSMo, and §374.046.15. RSMo, is in the public interest.

IT IS THEREFORE ORDERED that American General and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

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

IT IS FURTHER ORDERED that American General 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, and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS FURTHER ORDERED that American General shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$117,300.00 payable to the Missouri State School Fund in connection with the examination.

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 10th day of June, 2022.



Chlora Lindley Myers
Chlora Lindley-Myers
Director

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

In Re:)
)
AMERICAN GENERAL LIFE) **Market Conduct Examination No. 317030**
INSURANCE COMPANY (NAIC #60488))

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and American General Life Insurance Company (hereinafter “American General”), 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, the Department issued American General a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct examination of American General, examination #317030;

WHEREAS, based on the market conduct examination of American General, the Division alleges that:

1. In seven instances, American General failed to provide complete responses in violation of §374.205.2(2)¹ and 20 CSR 100-8.040(6)(A).
2. In three instances, American General through its producers presented its Accident Choice Plus product in an ambiguous fashion causing confusion in consumers as to the product they were purchasing in violation of 20 CSR 400-5.700(3) and implicating the provisions of

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

§375.936(6)(a).

3. In 16 instances, American General utilized advertising materials for accidental death benefits containing an exclusion for suicide while insane contrary to American General's policy forms in violation of §§375.936(4), 375.936(6)(a), and 375.934(2) and 20 CSR 400-2.060(3)(F) and 20 CSR 400-5.700 (5)(A)1.

4. American General used three sales scripts to solicit and sell accidental injury coverage that misrepresented the benefits of the coverage in violation of §§375.936(4), 375.936(6)(a), and 375.934(2) and 20 CSR 400-5.100(3)(A).

5. In several instances, American General failed to send premium billing notices to policyholders and improperly terminated the policies without notice and before the thirty-one (31) day grace period expired in violation of §§375.445.1(2), and 376.777.1(3) and 20 CSR 400-1.010(1)(E) and implicating the provisions of §375.936(13).

6. American General failed to fully comply with §376.678, and the requirements of the 2014 Stipulation and Order that resolved the allegations in Missouri market conduct examination number 1012-18-TGT by failing to provide the annual statement/notice to policyholders in violation of §§374.046.12 and 376.678 and 20 CSR 400-1.140.

7. In one instance, American General provided incorrect information to the Department and to the policyholder regarding the annual statement/notice and the insurance amount in violation of §§374.046.12, 375.936(4) and 375.934(1).

8. In 23 instances, the insurance applications failed to accurately reflect the producer who solicited, negotiated, and sold American General's insurance coverage in violation of §§374.205.2(2), 375.934(2), 375.936(5)(b) and 375.936(7) and 20 CSR 100-8.040(3)(A)1.B.

9. In 11 instances, American General failed to maintain adequate documentation for 2014 paid life claim files in violation of §§374.205.2(2), 375.1005(2), and 375.1007(3) and 20 CSR

100-8.040(3)(B)1.

10. In one instance, American General failed to maintain a copy of the original application in the claim file in violation of §§374.205.2(2), 375.1005(2), 375.1007(1), 375.1007(3) and 375.1007(4), and 20 CSR 100-8.040(3)(B)1.

11. In five instances, American General failed to maintain adequate documentation for 2015 paid life claim files in violation of §374.205.2(2) and 20 CSR 100-8.040(3)(B)1, implicating the provisions of §375.1007(3).

12. In two instances, American General failed to maintain adequate documentation for 2016 paid life claim files in violation of §374.205.2(2) and 20 CSR 100-8.040(3)(B)1, implicating the provisions of §375.1007(3).

13. In three instances, American General failed to maintain adequate documentation for 2017 paid life claim files in violation of §374.205.2(2) and 20 CSR 100-8.040(3)(B)1, implicating the provisions of §375.1007(3).

14. In one instance, American General failed to maintain adequate documentation for 2017 denied and closed without payment life claim files in violation of §§374.205.2(2), 375.1005(2) and 375.1007(3) and 20 CSR 100-8.040(3)(B)1.

15. In one instance, American General improperly denied a claim for accidental death benefits on the basis that the insured committed suicide without conducting a complete investigation as to the insured's sanity implicating the provisions of §§375.1007(3), 375.1007(4) and 375.1007(6).

WHEREAS, the Division and American General have agreed to resolve the issues raised in the market conduct examination #317030 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.** American General agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times to reasonably ensure that the errors noted in the market conduct examination #317030 and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. American General agrees to timely provide full and complete records in response to future document requests made by the Department in market conduct examinations or investigations.

2. American General has represented that it discontinued sales of accident products on November 30, 2018. If American General offers, solicits or writes accident coverage in the future, American General agrees to ensure that its accident product is offered in a clear and unambiguous manner as to avoid confusion with consumers pursuant to 20 CSR 400-5.700. American General further agrees to issue a bulletin to all producers stating that customers purchasing health insurance coverage may be given the opportunity to purchase American General's accident product as supplemental coverage, but under no condition shall the producer make the purchase of any coverage dependent upon the purchase of American General's accident product. American General further agrees that the bulletin will advise producers to clearly inform customers that the health insurance coverage and the accident coverage are separate coverages issued by separate companies with separate premiums.

3. American General has represented that its Home Office District Billing System has been corrected to address the issue of premium billing notices not being sent to policyholders. American General agrees to issue premium billing notices to all policyholders going forward. If American General fails to send a premium billing notice, American General agrees to send notice to the policyholder and give the policyholder a thirty-one (31) day grace period before terminating the policy

for non-payment of premium per the policy provisions and pursuant to §376.777.1(3) and 20 CSR 400-1.010(1)(E). If the policy lapses and American General fails to provide proper notice pursuant to §376.777.1(3) and 20 CSR 400-1.010(1)(E), it agrees to reinstate the policy and pay any claim that was denied for policy lapse, according to the policy provisions.

4. American General has represented that it has corrected the programming issue in its AGNIS system and ALIP system so that all whole life policyholders are issued an annual statement as required by §376.678 and 20 CSR 400-1.140. American General agrees to issue annual statements to all whole life policyholders going forward pursuant to §376.678 and 20 CSR 400-1.140 and provide additional training to all customer service representatives of the annual notice requirements of §376.678 and 20 CSR 400-1.140.

5. American General agrees to maintain adequate documentation in claim files pursuant to §374.205.2(2) and 20 CSR 100-8.040(3)(B)1.

6. American General agrees to pay the death benefit for policy #*****5074 to the estate of the insured or to the known beneficiary, in accordance with its policy provisions. If an estate was not opened or American General is unable to identify the beneficiary, American General agrees to escheat the money to State pursuant to §447.510. American General shall include a letter with the payment stating that “as a result of a Missouri market conduct examination, additional death benefit was found to be payable.”

C. **Compliance.** American General agrees to file documentation with the Division pursuant to §374.205, in a format acceptable to the Division, within 90 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 or to document the payment of restitution required by this Stipulation.

D. **Ongoing Examination.** American General agrees to pay any reasonable examination fees incurred by the Division in conducting its review of the documentation provided by American

General pursuant to Paragraph C of this Stipulation.

E. **Voluntary Forfeiture.** American General agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$117,300, such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by American General, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct examination.

G. **Waivers.** American General, 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 examination #317030.

H. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and American General.

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 American General, 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. **Effective Date of Stipulation.** This Stipulation shall become effective only upon entry of an Order by the Director of the Department (hereinafter “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: June 1, 2022

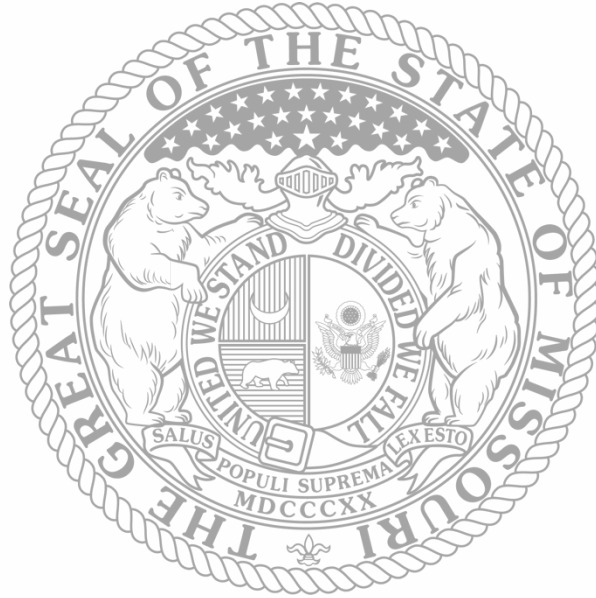


Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 5/27/2022

DocuSigned by:


72EE5CBFDC2048D
Riaz Abdul, Head of Operations
American General Life Insurance Company



**FINAL MARKET CONDUCT EXAMINATION REPORT
Life and Health Business of**

**American General Life Insurance Company
NAIC #60488**

MISSOURI SBS EXAMINATION #317030

NAIC MATS #MO-HICKSS1-98

June 1, 2022

**Home Office
2727 Allen Parkway
Houston, TX 77013**

**STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE**

JEFFERSON CITY, MISSOURI

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June 1, 2022

Honorable Chlora Lindley-Myers, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Lindley-Myers:

In accordance with your market conduct examination warrant, a targeted market conduct examination has been conducted of the specified lines of business and business practices of

American General Life Insurance Company (NAIC #60488)

hereinafter referred to as the Company. This examination was conducted as a desk examination at the offices of the Missouri Department of Commerce and Insurance (DCI).

FOREWORD

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products or files does not constitute approval thereof by the DCI.

During this examination, the examiners cited errors considered potential violations made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- “Company” refers to the American General Life Insurance Company
- “CSR” refers to the Missouri Code of State Regulations
- “DCI” refers to the Missouri Department of Commerce and Insurance
- “Director” refers to the Director of the Missouri Department of Commerce and Insurance
- “NAIC” refers to the National Association of Insurance Commissioners
- “RSMo” refers to the Revised Statutes of Missouri

SCOPE OF EXAMINATION

The DCI has authority to conduct this examination pursuant to, but not limited to, §§374.110, 374.190, 374.205, 375.938, and 375.1009, RSMo, conducted in accordance with §374.205.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DCI regulations. The primary period covered by this review is January 1, 2014, through December 31, 2017, unless otherwise noted. Errors found outside of this time period may also be included in the report.

The examination was a targeted examination involving the following lines of business and business functions: Life Insurance and Accident and Health Insurance in the areas of Operations/Management, Complaint Handling, Underwriting and Rating, Claims, Producer Licensing, Policyholder Service, and Marketing and Sales.

The examination was conducted in accordance with the standards in the NAIC's 2019 *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the NAIC *Market Regulation Handbook* when conducting reviews that applied a general business practice standard. The NAIC benchmark error rate for claims practices is seven percent (7%) and for other trade practices it is ten percent (10%). Error rates exceeding these benchmarks are presumed to indicate a general business practice. The benchmark error rates were not utilized for reviews not applying the general business practice standard.

In performing this examination, the examiners reviewed only a sample of the Company's practices, procedures, products and files. Therefore, some noncompliant practices, procedures, products and files may not have been found. As such, this report may not fully reflect all of the practices and procedures of the Company.

COMPANY PROFILE

The Company was incorporated in Delaware under the name Knights Life Insurance Company on April 11, 1960, and was first licensed in Missouri on June 30, 1960. On December 31, 1962, the Company changed its name to American General Life Insurance Company of Delaware. On December 31, 1991, the Company, California-Western States Life Insurance Company and American General Life Insurance Company merged, with the Company being the surviving entity. The Company subsequently redomesticated to Texas and changed its name to American General Life Insurance Company. In 2012, the Company was involved in a series of mergers with affiliates that resulted in the Company being the surviving entity.

The Company's ultimate controlling entity is American International Group, Inc. (AIG) through AIG's indirect ownership of AGC Life Insurance Company, a Missouri domiciled insurance company and the Company's direct parent. The Company is currently licensed in Missouri to write life insurance, annuities and endowments, accident and health insurance, and variable contracts.

EXECUTIVE SUMMARY

The DCI conducted a targeted market conduct examination of American General Life Insurance Company. The examiners found the following areas of concern:

OPERATIONS/MANAGEMENT

- The Company failed to provide complete responses to seven formal requests within the time period for responding. Reference: §374.205.2(2), RSMo, and 20 CSR 100-8.040(6).

COMPLAINT HANDLING

- In one complaint, the Company presented and offered its Accident Choice Plus product in an ambiguous manner. Reference: §375.936(6)(a), RSMo and 20 CSR 400-5.700(3).

MARKETING AND SALES

- The Company used 16 advertising pieces for accidental death benefits that contained an exclusion for suicide while insane, which is contrary to the provisions of the Company's Missouri policy forms and 20 CSR 400-2.060(3)(F). Reference: §§375.936(4) and (6)(a), RSMo, 20 CSR 400-2.060(3)(F), and 20 CSR 400-5.700(5)(A)1.
- The Company used three sales scripts to solicit and sell accidental injury coverage that misrepresented the benefits of the coverage. Reference: §§375.936(4) and (6)(a), RSMo, and 20 CSR 400-5.100(3)(A).

POLICYHOLDER SERVICES

- The Company failed to send premium billing notices for 774 Missouri policies and improperly terminated the policies without notice before the thirty-one (31) day grace period. The Company remediated its errors prior to the commencement of the examination. Reference: §§375.445.1(2), 376.777.1(3) and 375.936(13), RSMo, and 20 CSR 400-1.010(1)(E).
- The Company failed to fully comply with §376.678, RSMo, and the requirements of the stipulation and order in Missouri market conduct examination number 1012-18-TGT during the scope of the examination. The Company made additional efforts to comply during the course of the examination and sent out 31,527 additional annual statements/notices. Reference: §§374.046.12 and 376.678, RSMo, and 20 CSR 400-1.140.
- Due to the Company's failure to fully comply with §376.678, RSMo, and the requirements of the stipulation and order in Missouri market conduct examination number 1012-18-TGT prior to the examination, a Company customer service representative provided incorrect information to the Department and a policyholder inquiring as to why the policyholder had not previously received annual statements/notices. In addition, the annual statement/notice the policyholder had recently received contained a misstatement as to the insurance amount. Reference: §§374.046.12, 375.936(4), and 376.678, RSMo, and 20 CSR 400-1.140.

UNDERWRITING AND RATING

- Two individuals were unknowingly sold the Company's accident coverage that had been bundled with other coverage. Reference: §375.936(6)(a), RSMo and 20 CSR 400-5.700(3).
- The applications in 23 policy files failed to accurately reflect the producer who solicited, negotiated, and sold the Company's insurance coverage. Reference: §§374.205.2(2) and 375.936(5)(b) and (7), RSMo, and 20 CSR 100-8.040(3)(A)1.

CLAIMS

- The Company failed to maintain adequate documentation in 22 claim files provided to the examiners. Reference: §§374.205.2(2) and 375.1007(3), RSMo, and 20 CSR 100-8.040(3)(B)1.
- For one claim, the Company failed to maintain a copy of the original application in the file resulting in the Company paying the claim in an amount that differed from the amount

shown on the reinstatement application that was in the file. Reference: §§374.205.2(2) and 375.1007(1), (3), and (4), RSMo, and 20 CSR 100-8.040 (3)(B)1.

- The Company denied a claim for accidental death benefits on the basis that the insured committed suicide without conducting a complete investigation as to the insured's sanity, even though there was evidence in the file that the insured had mental health issues. Reference: §§375.1007(3), (4) and (6), RSMo.

EXAMINATION FINDINGS

I. OPERATIONS/MANAGEMENT

The operations/management portion of the examination provides a review of what the Company is and how it operates.

A. NAIC Operations/Management Standard 7: Records are adequate, accessible, consistent and orderly, and comply with state record retention requirements.

To test for this standard, the examiners reviewed the sufficiency of the records supplied in the other reviews conducted for this examination. Errors noted are discussed below in the "NAIC Claims Standard 5" portion of this examination report.

B. NAIC Operations/Management Standard 9: The regulated entity cooperates on a timely basis with examiners performing the examinations.

Pursuant to §374.205.2(2), RSMo, and 20 CSR 100-8.040(6), insurance companies being examined are required to respond to formal requests and criticisms within 10 calendar days of receipt unless an extension of time has been requested and granted. The examiners tracked the response time for all criticisms and formal requests during the course of the examination and found the following errors.

Finding 1: As noted in the "Criticisms and Formal Requests Time Study" portion of this examination report, the Company failed to provide complete responses to seven formal requests within the time period for responding.

Reference: §374.205.2(2), RSMo, and 20 CSR 100-8.040(6)

C. NAIC Operations/Management Standard 11: The regulated entity has developed and implemented written policies, standards and procedures for the management of insurance information.

To test for this standard, the examiners requested and reviewed all manuals or other written documentation detailing the company's processes and procedures for record maintenance and retention. While errors were noted in the execution of the Company's written procedures as discussed below in "NAIC Claims Standard 5," the examiners found no errors in their review of the written procedures.

D. NAIC Operations/Management Standard 18: All data required to be reported to departments of insurance is complete and accurate.

To test for this standard, the examiners reviewed and validated data provided by the Company in response to examination data requests.

The examiners found no errors in this review.

II. COMPLAINT HANDLING

The complaint handling portion of the examination provides a review of the Company's complaint handling practices. The examiners reviewed how the Company handled complaints to ensure it was performing according to its own guidelines and Missouri statutes and regulations.

A. NAIC Complaint Handling Standard 1: All complaints are recorded in the required format on the regulated entity's complaint register.

Pursuant to §375.936(3), RSMo, and 20 CSR 100-8.040(3)(D), insurance companies are required to maintain a log or register of all written complaints received for the last three years. The log or register must include all Missouri complaints, including those sent to the DCI and those sent directly to the company. The examiners requested and reviewed the Company's complaint log as to content and format. The examiners also checked to see that all DCI complaints were listed in the log.

The examiners found no errors in this review.

B. NAIC Complaint Handling Standard 2: The regulated entity has adequate complaint handling procedures in place and communicates such procedures to policyholders.

To test for this standard, the examiners requested and reviewed the Company's complaint handling procedure manual.

The examiners found no errors in this review.

C. NAIC Complaint Handling Standard 3: The regulated entity takes adequate steps to finalize and dispose of the complaint in accordance with applicable statutes, rules and regulations and contract language.

To test for this standard, the examiners reviewed and analyzed the 521 complaint lines listed on the Company's complaint register and selected 100 complaint files for review based upon significant issues noted in the data. The complaint files were reviewed to determine if the Company's response fully addressed the issues raised. The results of this review are summarized below.

Field Size	521
Sample Size	100
Type of Sample	Selective
Number of Errors	1

The examiners found the following error in this review.

Finding 1: In one complaint, the Company presented and offered its Accident Choice Plus product in an ambiguous manner.

Reference: §375.936(6)(a), RSMo and 20 CSR 400-5.700(3).

D. NAIC Complaint Handling Standard 4: The time frame within which the regulated entity responds to complaints is in accordance with applicable statutes, rules and regulations.

While reviewing the 100 complaint files noted above, the examiners also assessed whether the company responded to complaints in a timely manner.

The examiners found no errors in this review.

III. MARKETING AND SALES

The marketing and sales portion of the examination evaluates the representations made by the Company about its product(s) or services. This includes reviews of all advertising and sales material and all producer sales training materials to determine compliance with Missouri statutes and regulations.

A. NAIC Marketing and Sales Standard 1: All advertising and sales materials are in compliance with applicable statutes, rules and regulations.

To test for this standard, the examiners requested a listing of all advertisements used during the scope of the examination. The examiners requested and reviewed all 45 of the advertising pieces listed.

Field Size	45
Type of Sample	Census
Number of Errors	16
Error Ratio	35.6%

The examiners found the following errors in this review.

Finding 1: The Company used 16 advertising pieces for accidental death benefits that contained an exclusion for suicide while insane, which is contrary to the provisions of the Company's Missouri policy forms and 20 CSR 400-2.060(3)(F).

Reference: §§375.936(4) and (6)(a), RSMo, 20 CSR 400-2.060(3)(F), and 20 CSR 400-5.700 (5)(A)1.

B. NAIC Marketing and Sales Standard 2: Regulated entity internal producer training materials are in compliance with applicable statutes, rules and regulations.

To test for this standard, the examiners requested all producer training materials used during the scope of the examination. This request included manuals, videos and sales scripts used to train producers about the Company’s products. The examiners requested and reviewed all 23 of the training materials listed along with three sales scripts included in the Company’s advertising listing.

Field Size	26
Type of Sample	Census
Number of Errors	3
Error Ratio	11.5%

The examiners found the following errors in this review.

Finding 2: The Company used three sales scripts to solicit and sell accidental injury coverage that misrepresented the benefits of the coverage.

Reference: §§375.936(4) and (6)(a), RSMo, and 20 CSR 400-5.100(3)(A).

C. NAIC Life and Annuity Examination Marketing and Sales Standard 2: The insurer’s rules pertaining to producer requirements in connection with replacements are in compliance with applicable statutes, rules and regulations.

To test for this standard, the examiners requested a random sample of 114 policy files from a listing of replaced policies provided by the Company. The examiners reviewed the policy files for compliance with the replacement standards for producers in 20 CSR 400-5.400. The examiners also requested and reviewed Company procedures and training materials.

The examiners found no errors in this review.

D. NAIC Life and Annuity Examination Marketing and Sales Standard 3: The insurer’s rules pertaining to replacements are in compliance with applicable statutes, rules and regulations.

To test for this standard, the examiners reviewed the same random sample of replacement policies noted above in “NAIC Life and Annuity Examination Marketing and Sales Standard 2,” along with the Company procedures and training materials, for compliance with the replacement standards for insurers in 20 CSR 400-5.400.

The examiners found no errors in this review.

IV. PRODUCER LICENSING

The producer licensing portion of the examination reviews a regulated entity's compliance with Missouri producer licensing laws and regulations.

A. NAIC Producer Licensing Standard 2: The producers are properly licensed and appointed and have appropriate continuing education (if required by state law) in the jurisdiction where the application was taken.

The examiners tested for this standard by checking the licensing status of producers appearing on applications in policy files reviewed for the other standards in the examination.

The examiners found no errors in this review.

V. POLICYHOLDER SERVICE

The policyholder service portion of the examination reviews the Company's compliance with Missouri statutes and regulations regarding notice/billing, delays/no response, and premium refund and coverage questions.

A. NAIC Policyholder Service Standard 1: Premium notices and billing notices are sent out with an adequate amount of advance notice.

To test for this standard, the examiners monitored for premium notice and billing issues as they reviewed files for the other standards in the examination. The examiners found the following errors in this review.

Finding 1: The Company failed to send premium billing notices for 774 Missouri policies and improperly terminated the policies without notice before the thirty-one (31) day grace period. The Company remediated its errors prior to the commencement of the examination.

Reference: §§375.445.1(2), 376.777.1(3) and 375.936(13), RSMo and 20 CSR 400-1.010(1)(E).

B. NAIC Life and Annuity Examination Policyholder Service Standard 3: The regulated entity provides each policyowner with an annual report of policy values in accordance with statutes, rules and regulations and, upon request, an in force illustration or contract policy summary.

To test for this standard, the examiners focused on determining whether the Company had complied with the terms of a stipulation of settlement and order regarding a previous market conduct examination of American General Life and Accident Insurance Company (Missouri examination number 1012-18-TGT). The prior examination found that the Company had failed to comply with the annual statement/notice requirements of §376.678, RSMo. As a result of the previous market conduct examination the Company agreed to establish a process to comply with the requirements of §376.678, RSMo, and the Director issued an order directing the Company to do so. Accordingly, the examiners requested all policies, procedures,

communications, and other documents developed by the Company to comply with the stipulation and order. In reviewing this information, the examiners found the following errors.

Finding 2: The Company failed to fully comply with §376.678, RSMo, and the requirements of the stipulation and order in Missouri market conduct examination number 1012-18-TGT during the scope of this examination. The Company made additional efforts to comply during the course of this examination and sent out 31,527 additional annual statements/notices.

Reference: §§374.046.12 and 376.678, RSMo, and 20 CSR 400-1.140.

Finding 3: Due to the Company's failure to fully comply with §376.678, RSMo, and the requirements of the stipulation and order in Missouri market conduct examination number 1012-18-TGT prior to this examination, a Company customer service representative provided incorrect information to the Department and a policyholder inquiring as to why the policyholder had not previously received annual statements/notices. In addition, the annual statement/notice the policyholder had recently received contained a misstatement as to the insurance amount.

Reference: §§374.046.12, 375.936(4), and 376.678, RSMo, and 20 CSR 400-1.140.

C. NAIC Policyholder Service Standard 5: Policy transactions are processed accurately and completely.

To test for this standard, the examiners monitored for policy transaction issues as they reviewed files for the other standards in this examination.

The examiners found no errors in this review.

D. NAIC Policyholder Service Standard 6: Reasonable attempts to locate missing policyholders or beneficiaries are made.

To test for this standard, the examiners conducted a review of the Company's compliance with the "Global Resolution Agreement" between the Company and the unclaimed property regulators of various states (including the Missouri Treasurer) and the "Regulatory Settlement Agreement" between the Company and the various state insurance departments (including Missouri). The examiners requested and reviewed documented procedures developed by the Company to comply with the terms of the two agreements as well as a random sample of 109 policies from a list of 8,606 life policies where either the policyholder or the beneficiary was a Missouri resident and the Company paid the policy proceeds to an unclaimed property regulator of any state.

The examiners found no errors in this review.

VI. UNDERWRITING AND RATING

The underwriting and rating portion of the examination provides a review of the Company's compliance with Missouri statutes and regulations regarding underwriting and rating practices

such as the use of policy forms, adherence to underwriting guidelines, assessment of premium, and procedures to decline or terminate coverage.

A. NAIC Underwriting and Rating Standard 2: All mandated disclosures are documented and in accordance with applicable statutes, rules and regulations.

To test for this standard, examiners requested and reviewed a random sample of 126 accident and health insurance policy files. Underwriting manuals were also requested and reviewed for applicable processes. The results of this review are summarized below.

Field Size	13,786
Sample Size	126
Type of Sample	Random
Number of Errors	2
Error Ratio	1.6%

The examiners found the following errors in this review.

Finding 1: Two individuals were unknowingly sold the Company’s accident coverage that had been bundled with other coverage, which is contrary to the standards in the Company’s compliance manual.

Reference: §375.936(6)(a), RSMo and 20 CSR 400-5.700(3).

B. NAIC Health Examination Underwriting and Rating Standard 2: Pertinent information on applications that form a part of the policy is complete and accurate.

To test for this standard, the examiners reviewed the random sample of policy files noted above in “NAIC Underwriting and Rating Standard 2” for issues in the applications. Underwriting manuals were also reviewed for applicable processes. The results of this review are summarized below.

Field Size	13,786
Sample Size	126
Type of Sample	Random
Number of Errors	23
Error Ratio	18.3%

The examiners noted the following errors during their review.

Finding 2: The applications in 23 policy files failed to accurately reflect the producer who solicited, negotiated, and sold the Company’s insurance coverage.

Reference: §§374.205.2(2) and 375.936(5)(b) and (7), RSMo, and 20 CSR 100-8.040(3)(A) 1.B.

C. NAIC Underwriting and Rating Standard 7: Rejections and declinations are not unfairly discriminatory.

To test for this standard, the examiners selected a random sample of 24 files from a population of 898 files listed in the Company’s life declinations data and requested the files to review for any unfairly discriminatory practices. Underwriting manuals were also reviewed for applicable processes.

The examiners found no errors in this review.

D. NAIC Underwriting and Rating Standard 9: Rescissions are not made for non-material misrepresentation.

The Company provided a listing of five underwriting files based on rescissions. The examiners reviewed the files for appropriate handling. The examiners also reviewed underwriting manuals and claim manuals for rescission processes.

The examiners found no errors in this review.

VII. CLAIMS

The claims portion of the examination provides a review of the Company’s compliance with Missouri statutes and regulations regarding claims handling practices such as the timeliness of handling, accuracy of payment, adherence to contract provisions, and compliance with Missouri statutes and regulations.

A. NAIC Claims Standard 1: The initial contact by the regulated entity with the claimant is within the required time frame.

To test for this standard, the examiners extracted separate samples of life insurance claims for each year within the scope of the examination. For each year, the examiners extracted two sets of claims. The first set of claims was comprised of all claims shown in the data as being paid; from which the following random samples were drawn:

Year	2014	2015	2016	2017
Field Size	2,273	2,266	1,873	1,749
Sample Size	107	108	58	97

The second set of claims was comprised of all claims shown in the data as being denied or closed without payment; from which all claims were reviewed:

Year	2014	2015	2016	2017
Sample Size	2	0	48	8

The examiners requested the claim files for each sample and reviewed the files for compliance with the acknowledgment time standards in 20 CSR 100-1.030. The examiners also requested claim manuals for review. The results of this review are summarized below.

1. Acknowledgement Time for Paid Life Claims

The examiners found no errors in this review.

2. Acknowledgement Time for Denied/Closed Without Payment Life Claims

The examiners found no errors in this review.

B. NAIC Claims Standard 2: Timely investigations are conducted.

The same samples of paid claims and denied/closed without payment claims noted above in “NAIC Claims Standard 1” were reviewed for compliance with the claim investigation standards in 20 CSR 100-1.050(1)(C) and (4). Claim manuals were also reviewed for claim investigation processes. The results of this review are summarized below.

1. Investigation Time for Paid Life Claims

The examiners found no errors in this review.

2. Investigation Time for Denied/Closed Without Payment Life Claims

The examiners found no errors in this review.

C. NAIC Claims Standard 3: Claims are resolved in a timely manner.

The same samples of paid claims and denied/closed without payment claims noted above in “NAIC Claims Standard 1” were reviewed for compliance with the claim determination standards in 20 CSR 100-1.050(1)(A). Claim manuals were also reviewed for claim resolution processes. The results of this review are summarized below.

1. Determination Time for Paid Life Claims

The examiners found no errors in this review.

2. Determination Time for Denied/Closed Without Payment Life Claims

The examiners found no errors in this review.

D. NAIC Claims Standard 4: The regulated entity responds to claims correspondence in a timely manner.

The same samples of paid claims and denied/closed without payment claims noted above in “NAIC Claims Standard 1” were reviewed for compliance with the communication standards

in 20 CSR 100-1.030(2). Claim manuals were also reviewed for claim communication processes. The results of this review are summarized below.

1. Claim Communication Time for Paid Life Claims

The examiners found no errors in this review.

2. Claim Communication Time for Denied/Closed Without Payment Life Claims

The examiners found no errors in this review.

E. NAIC Claims Standard 5: Claim files are adequately documented.

The same samples of paid claims and denied/closed without payment claims noted above in “NAIC Claims Standard 1” were reviewed for compliance with the claim file documentation standards in 20 CSR 100-8.040(3)(B). Claim manuals were also reviewed for claim documentation processes. The results of this review are summarized below.

1. Adequate Claim File Documentation for 2014 Paid Life Claims

Field Size	2,273
Sample Size	107
Type of Sample	Random
Number of Errors	12
Error Ratio	11.2%

The examiners found the following errors in this review.

Finding 1: The Company failed to maintain adequate documentation in 11 claim files provided to the examiners.

Reference: §§374.205.2(2) and 375.1007(3), RSMo, and 20 CSR 100-8.040(3)(B)1.

Finding 2: For one claim, the Company failed to maintain a copy of the original application in the file resulting in the Company paying the claim in an amount that differed from the amount shown on the reinstatement application that was in the file.

Reference: §§374.205.2(2) and 375.1007(1), (3), and (4), RSMo, and 20 CSR 100-8.040 (3)(B)1.

2. Adequate Claim File Documentation for 2015 Paid Life Claims

Field Size	2,266
Sample Size	108
Type of Sample	Random
Number of Errors	5
Error Ratio	4.6%

The examiners found the following errors in this review.

Finding 3: The Company failed to maintain adequate documentation in five claim files provided to the examiners.

Reference: §§374.205.2(2) and 375.1007(3), RSMo, and 20 CSR 100-8.040(3)(B)1.

3. Adequate Claim File Documentation for 2016 Paid Life Claims

Field Size	3,481
Sample Size	58
Type of Sample	Random
Number of Errors	2
Error Ratio	3.4%

The examiners found the following errors in this review.

Finding 4: The Company failed to maintain adequate documentation in two claim files provided to the examiners.

Reference: §§374.205.2(2) and 375.1007(3), RSMo, and 20 CSR 100-8.040(3)(B)1.

4. Adequate Claim File Documentation for 2017 Paid Life Claims

Field Size	2,715
Sample Size	97
Type of Sample	Random
Number of Errors	3
Error Ratio	3.1%

The examiners found the following errors in this review.

Finding 5: The Company failed to maintain adequate documentation in three claim files provided to the examiners.

Reference: §§374.205.2(2) and 375.1007(3), RSMo, and 20 CSR 100-8.040(3)(B)1.

5. Adequate Claim File Documentation for 2014 Denied/Closed Without Payment Life Claims

The examiners found no errors in this review.

6. Adequate Claim File Documentation for 2015 Denied/Closed Without Payment Life Claims

There were no denied or closed without payment claims in the data for 2015.

7. Adequate Claim File Documentation for 2016 Denied/Closed Without Payment Life Claims

The examiners found no errors in this review.

8. Adequate Claim File Documentation for 2017 Denied/Closed Without Payment Life Claims

Sample Size	8
Type of Sample	Census
Number of Errors	1
Error Ratio	12.5%

The examiners found the following errors in this review.

Finding 6: The Company failed to maintain adequate documentation in one claim file provided to the examiners.

Reference: §§374.205.2(2) and 375.1007(3), RSMo, and 20 CSR 100-8.040(3)(B)1.

F. NAIC Claims Standard 7: Regulated entity claim forms are appropriate for the type of product.

The same samples of paid claims and denied/closed without payment claims noted above in “NAIC Claims Standard 1” were reviewed to determine if claim forms contained in the files include appropriate content and are used appropriately. The results of this review are summarized below.

1. Claim Forms for Paid Life Claims

The examiners found no errors in this review.

2. Claim Forms for Denied/Closed Without Payment Life Claims

The examiners found no errors in this review.

G. NAIC Claims Standard 9: Denied and closed without payment claims are handled in accordance with policy provisions and state law.

The same samples of denied/closed without payment claims noted above in “NAIC Claims Standard 1” were reviewed for compliance with general claim handling standards. Claim manuals were also reviewed for claim handling processes. The results of this review are summarized below.

1. Denied and Closed Without Payment 2014 Life Claims

The examiners found no errors in this review.

2. Denied and Closed Without Payment 2015 Life Claims

There were no denied or closed without payment claims in the data for 2015.

3. Denied and Closed Without Payment 2016 Life Claims

Sample Size	48
Type of Sample	Census
Number of Errors	1
Error Ratio	2.1%

Finding 7: The Company denied a claim for accidental death benefits on the basis that the insured committed suicide without conducting a complete investigation as to the insured’s sanity, even though there was evidence in the file that the insured had mental health issues.

Reference: §§375.1007(3), (4) and (6), RSMo.

4. Denied and Closed Without Payment 2017 Life Claims

The examiners found no errors in this review.

VIII. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri statutes and regulations require companies to respond to criticisms and formal requests within 10 calendar days. In the event an extension of time was requested by the Company and granted by the examiners, the response was deemed timely if it was received within the subsequent time frame. If the response was not received within the allotted time, the response was not considered timely.

A. Criticism Time Study

Number of Calendar Days to Respond	Number of Criticisms	Percentage of Total
0 to 10 days	15	60.0%
Over 10 days with extension	10	40.0%
Over 10 days without extension or after extension due date	0	0.0%
Totals	25	100.0%

The examiners found no errors in this review.

B. Formal Request Time Study

Number of Calendar Days to Respond	Number of Requests	Percentage of Total
0 to 10 days	34	45.3%
Over 10 days with extension	34	45.3%
Over 10 days without extension or after extension due date	7	9.3%
Totals	75	100.0%

Finding 1: The Company failed to provide complete responses to seven formal requests within the time period for responding.

Reference: §374.205.2(2), RSMo, and 20 CSR 100-8.040(6).

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of American General Life Insurance Company (NAIC #60488), Examination Number 317030, MATS #MO-HICKSS1-98. This examination was conducted by Examiner-In-Charge, John Korte, CIE, MCM, FLMI, AIRC, Kembra Springs, Aubrey Snyder, CIE, and Brad Gerling. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated October 27, 2021. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.

June 1, 2022

Date



Teresa Kroll
Chief Market Conduct Examiner