

STATE OF MISSOURI



DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:

AMERICAN HERITAGE LIFE
INSURANCE COMPANY
(NAIC #60534)

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)

Market Conduct Examination No. 373678

ORDER OF THE DIRECTOR

NOW, on this 02nd day of August, 2024, Director Chlora Lindley-Myers, after consideration and review of the market conduct examination report of American Heritage Life Insurance Company (hereinafter "AHL"), examination report number #373678, 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 #373678, 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) and §374.046.15. RSMo, is in the public interest.

IT IS THEREFORE ORDERED that the Director does hereby approve the Stipulation as agreed to by AHL and the Division.

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

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

IT IS FURTHER ORDERED that AHL shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$1,500.00, 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 02 day of AUGUST, 2024.



Chlora Lindley Myers
Chlora Lindley-Myers
Director

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

In Re:)
)
AMERICAN HERITAGE)
LIFE INSURANCE COMPANY)
(NAIC # 60534)) **Market Conduct Examination No. 373678**
)

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

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

WHEREAS, the Division conducted a market conduct examination of AHL, examination no. 373678; and

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

1. AHL did not issue notices to group life dependents of their right to an individual policy when eligible, in violation of § 376.699, RSMo.¹
2. In three instances, AHL did not maintain complete complaint files, implicating the provisions of § 375.936(3), and violating 20 CSR 100-8.040(3)(D).
3. AHL’s claims data contained claim records from other states, in violation of § 374.205.2(2) and

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

20 CSR 100-8.040(2).

4. In seven paid life claim files, AHL did not provide an acknowledgement letter, in violation of § 375.1007(2), § 375.1005, 20 CSR 100-1.030(1)(A), and 20 CSR 100-8.040(3)(B).

5. AHL did not provide notices of claims denials to four individuals, implicating the provisions of § 375.1007(7) and violating 20 CSR 100-1.050(1)(A).

6. In two instances, AHL issued premium refund letters that misrepresented facts of the refund, implicating the provisions of § 375.1007(1).

7. In five files, AHL did not adopt and implement reasonable standards for the settlement of claims arising under its policies, implicating the provisions of § 375.1007(3) and violating 20 CSR 100-8.040(3)(B).

8. In one claim denial letter, AHL misrepresented relevant facts, implicating the provisions of § 375.1007(1) and violating 20 CSR 100-1.020(1)(A).

9. AHL did not pay a named beneficiary the funds due the claimant until the claimant filed suit against AHL, implicating the provisions of § 375.1007(5).

10. In two instances, AHL did not promptly refund unearned premium at the time of the claim, in violation of § 375.1007(4), § 375.1005, 20 CSR 100-1.010(1)(B), and 20 CSR 100-1.050(4).

WHEREAS, the Division and AHL 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 (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.** AHL 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. Such remedial actions shall include the following:

1. AHL agrees to develop and implement written procedures for sending out conversion notices in accordance with § 376.699;

2. AHL agrees to provide additional notices to all certificate holders removed from Company mailing lists on or after January 2022, and going forward, who should have received additional notices had they remained on the mailing list. AHL agrees to provide evidence of this remedial action in a form acceptable to the Division;

3. AHL agrees to conduct a review of group life insurance policies that have not previously been audited and were in force at any time since January 1, 2020, to conduct a review to identify all certificate holders, and all group dependents who are aging out who have not received notices of right to conversion to an individual policy. The review shall include, but not be limited to, certificates in which there was no additional premium charge for dependents; employer group policies for which the employer maintains the eligibility files or a third party maintains eligibility, or for which AHL receives dependent eligibility information directly from the employee/employer benefit administration platform; and certificate holders under an employer group policy who requested alternate means of communication. AHL agrees to take the following actions in regard to this group:

- a. For all group dependents who are aging out, AHL shall send notices of right to conversion to an individual policy offering the option to convert their group coverage to an individual life insurance policy without evidence of insurability, pursuant to the terms of their respective certificates and § 376.699. AHL shall provide a timeframe in the notice of no less than thirty days to respond after the date the notice is received;

- b. For all certificate holders, AHL shall send the letter and form to request a dependent be removed who has aged off. AHL shall send a letter to all certificate holders offering the option to retroactively cancel their group coverage and receive a premium refund as of the date they were no longer eligible for the coverage, and refund any total premium for those who take this option. If the retroactive cancellation will affect a previously paid or ongoing Terminal Illness Accelerated Death Benefit claim, Accelerated Death Benefit for Critical Care Condition claim, or other claim paid to the certificate holder, AHL shall advise the certificate holder of this fact and provide the dollar amount of the claim payment(s) that will be deducted from any premium refund, when applicable. AHL shall include interest, calculated pursuant to § 374.191, with any premium refund. Any refund issued shall be accompanied by a letter stating that as a result of a Missouri Market Conduct Examination, it was determined that a refund was owed. For group policies in which the employer or third-party administrator maintains the eligibility files, if AHL utilizes the employer or third-party administrator to send the letter and form, AHL shall keep a record of the certificate holders who were sent the letters, shall provide such information to the Division, and shall maintain a record in the policy file going forward;
- c. Upon completion of the review, AHL shall provide a follow-up report to the Division in a manner satisfactory to the Division, to include a list of all identifiable certificate holders in each of the above-stated categories who were sent the notice and letter with form to remove the dependent, and a list of all group dependents provided with notices of right to conversion. The report shall further identify and provide a list of any groups for which AHL did not send notices and does not plan to send notices going forward;
- d. Going forward, AHL agrees to send conversion notices and letters and forms to request a

dependent be removed who has aged off as required by § 376.699.

4. AHL shall maintain a complete and accurate record of complaint files as required by § 375.936(3) and 20 CSR 100-8.040.

5. AHL shall provide notices of claim denial to all claimants, even if they are not the beneficiary.

6. AHL shall develop and implement clear and specific standards for recording proof of death dates and dates of death.

7. AHL shall develop and implement written procedures to promptly refund unearned premium in accordance with § 375.1007, and shall provide a copy of the written procedures to the Division.

C. **Compliance.** AHL agrees to file documentation pursuant to § 374.190 with the Division, in a format acceptable to the Division, within 30 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation.

D. **Voluntary Forfeiture.** AHL agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$1,500.00, such sum payable to the Missouri State School Fund, in accordance with §§ 374.049.11 and 374.280.2.

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

F. **Waivers.** AHL, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to 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 no. 373678.

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and AHL.

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

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

J. **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.

K. **Effect of Stipulation.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter “Director”) approving this Stipulation.

L. **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: July 30, 2024

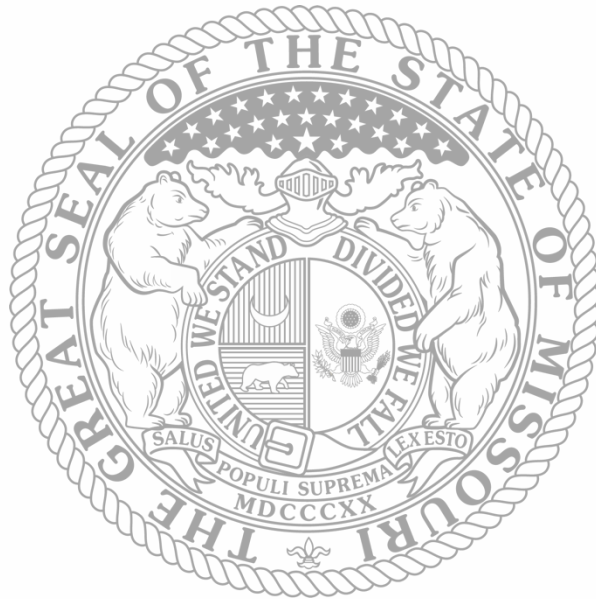


Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: July 3, 2024



Name:
Title: Chief Operating Officer, Allstate Health & Benefits
American Heritage Life Insurance Company



MARKET CONDUCT EXAMINATION REPORT
Life and Health Business of

American Heritage Life Insurance Company
NAIC # 60534

MISSOURI SBS EXAMINATION # 373678

NAIC MATS #MO-HICKSS1-150

January 19, 2024

Home Office
1776 American Heritage Life Drive
Jacksonville, FL 32224

STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE

JEFFERSON CITY, MISSOURI

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January 19, 2024

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 Heritage Life Insurance Company (NAIC #60534)

hereinafter referred to as AHL or 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 Heritage 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 2016 version of the Revised Statutes of Missouri, unless otherwise specified in the report.

SCOPE OF EXAMINATION

The DCI has authority to conduct this examination pursuant to, but not limited to, §§374.110, 374.190, 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, 2018, through December 31, 2020, 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: Accident and Health insurance in the areas of Operations/Management, Complaint Handling, and Claims; Life Insurance in the areas of Operations/Management, Marketing and Sales, Complaint Handling, and Claims.

The examination was conducted in accordance with the standards in the NAIC’s *2020 Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the NAIC *2020 Market Regulation Handbook* when conducting reviews that are subject to 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, practices and procedures of the Company.

COMPANY PROFILE

American Heritage Life Insurance Company is foreign insurer domiciled in the State of Florida. AHL was incorporated on September 11, 1956, and obtained their Certificate of Authority in the State of Missouri on July 31, 1961. AHL is a wholly owned subsidiary of Allstate Financial Insurance Holdings Corporation (AFIHC). AFIHC is a wholly owned subsidiary of the Allstate Corporation. AHL has one subsidiary, First Colonial Insurance Company which is a property and casualty insurance company also domiciled in the State of Florida.

During the time period of the examination, AHL reported significant amounts of Accident and Health and Life insurance premiums on its Missouri Supplement to the Annual Financial Statement. With regard to AHL’s reported Missouri life business, during the examination, over 70% of the Company’s direct written premiums were associated with the Company’s individual universal life business. With regard to the Company’s reported Missouri accident and health business, during the examination, over 50% of the Company’s reported direct written premiums were associated with the Company’s group and individual specified disease products. See table below for information regarding total life and group accident and health premiums reported in Missouri during the examination.

Missouri Supplement to the Annual Financial Statement 2018 to 2020						
	2018		2019		2020	
	Direct Written Premium	Missouri Insureds	Direct Written Premium	Missouri Insureds	Direct Written Premium	Missouri Insureds
Total Life	\$ 7,618,178.00	22,752	\$ 7,494,800.00	22,624	\$ 7,646,754.00	21,298
Total Accident and Health	\$ 17,162,485.00	147,901	\$ 16,401,931.00	142,741	\$ 16,113,161.00	136,405

EXECUTIVE SUMMARY

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

OPERATIONS/MANAGEMENT

- The Company did not issue notices to group life dependents of their right to an individual policy when eligible. Reference: §376.699, RSMo.
- The Company did not maintain complete complaint files. Reference: §375.936(3), RSMo, and 20 CSR 100-8.040(3)(D).
- The Company's claim data contained a record incorrectly coded as another state, which examiners unknowingly sampled. Reference: §374.205.2(2), RSMo, and 20 CSR 100-8.040(2).

CLAIMS

- Seven claimants were not provided acknowledgement letters. Reference: §375.1007(2), RSMo, 20 CSR 100-1.030(1)(A) and 20 CSR 100-8.040(3)(B).
- The Company did not provide notices of claim denial to four siblings of one claim file. Reference: §375.1007(7), RSMo, and 20 CSR 100-1.050(1)(A).
- The Company issued two premium refund letters, which were not clear about the facts of the refund. Reference: §375.1007(1), RSMo.
- The Company did not have reasonable standards for the settlement of its claims when it came to recording pertinent claim dates in its system. Reference: §375.1007(3), RSMo, and 20 CSR 100-8.040(3)(B).
- The Company misrepresented relevant facts in one claim denial letter. Reference: §375.1007(1), RSMo, and 20 CSR 100-1.020(1)(A).
- The Company did not pay the named beneficiary the funds due until the claimant filed suit. Reference: §375.1007(5), RSMo.
- The Company did not promptly refund unearned premiums. Reference: §375.1007(4), RSMo., 20 CSR 100-1.010(1)(B), and 20 CSR 100-1.050(4).

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 Market Regulation Handbook Chapter 20 - Operations/Management Standard 1: The regulated entity has an up-to-date, valid internal or external audit program.

To test for this standard, the examiners reviewed the Company's audit plans, audit reports, findings, and procedural manuals. The examiners also reviewed Company corrective actions implemented after the previous market conduct examination. The scope of the previous examination, Missouri Market Conduct Examination 0513-35-LAH, was to review the lines of

life, health & accident, credit, cancer, and disability insurance for year 2002 through 2005. In that examination, examiners reviewed the following areas of Company's operations for the aforementioned lines of business: sales and marketing, forms and filings, underwriting and rating, claims, complaints, nonforfeitures, and unclaimed property.

Finding 1: The Company issued group life insurance policies with child term riders (CTR)s. Under the CTRs, dependents should have been notified of their chance to convert to an individual policy upon attaining age 26. AHL did not notify insureds of their right to an individual policy when eligible.

Reference: §376.699, RSMo.

B. NAIC Market Regulation Handbook Chapter 20 - Operations/Management Standard 7: Records are adequate, accessible, consistent and orderly and comply with state record retention requirements.

Citations	Field Size	Sample Type	No. of Errors
§375.936(3), RSMo.	20	Census	3

To test for this standard, the examiners reviewed data and documents for complete file documentation and consistent records handling. Examiners also reviewed Company records for any other record retention issues during the scope of the examination.

Finding 1: In three instances, the Company did not maintain complete complaint files.

Reference: §375.936(3), RSMo, and 20 CSR 100-8.040(3)(D).

C. NAIC Market Regulation Handbook Chapter 20 - Operations/Management Standard 9: The regulated entity cooperates on a timely basis with examiners performing the examinations.

To test for this standard, the examiners evaluated the Company's timeliness in providing requested material and responding to inquiries.

The examiners found no errors in this review.

D. NAIC Market Regulation Handbook Chapter 20 - 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 Company responses to the initial data requests.

Finding 1: The Company's claims data contained claim records from other states. The examiners sampled files based on data indicating the claim state was Missouri. One record sampled included a claim marked "MO" but actually occurred in a different state.

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

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 Market Regulation Handbook Chapter 20 - Complaint Handling Standard 1: All complaints are recorded in the required format on the regulated entity's complaint register.

To test for this standard, the examiners requested and reviewed a copy of the Company's complaint register, complaints the DCI received, and noted any complaints received through the review of files to assess whether the Company included all complaints on the complaint register.

The examiners found no errors in this review.

B. NAIC Market Regulation Handbook Chapter 20 - 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 a copy of the Company's complaint handling procedure manual.

The examiners found no errors in this review.

C. NAIC Market Regulation Handbook Chapter 20 - 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 a census of 20 complaint files, provided by the Company, to determine if the regulated entity responses fully address the issues raised.

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 may include reviews of all advertising and sales material and all producer sales training materials to determine compliance with Missouri statutes and regulations.

A. NAIC Market Regulation Handbook Chapter 23 - Marketing and Sales Standard 4: An illustration used in the sale of a policy contains all required information and is delivered in accordance with statutes, rules, and regulations.

To test for this standard, the examiners requested a random sample of 115 policy files and reviewed the illustrations for signature requirements.

The examiners found no errors in this review.

IV. 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 Market Regulation Handbook Chapter 20 - 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 a sample of paid and denied Accident and Health claims from the data supplied by the Company. The sample of 109 files was taken from eight unique data sets that contained different products issued by AHL. A proportional sample was taken from each data set to test for compliance with Missouri laws and regulations.

Examiners requested claim files and reviewed them for compliance with the acknowledgment time standards in 20 CSR 100-1.030. The examiners also requested and reviewed the Company's claim manuals.

Concerning AHL's life business, to test for this standard the examiners reviewed life claims data received. The data showed 216 paid claims and 19 claims denied or closed without payment. Examiners sampled 76 paid claims and a census review of all 19 denied or closed without payment claims. The examiners also requested claim manuals for review.

1. Acknowledgement Time for Accident and Health Claims

The examiners found no errors in this review.

2. Acknowledgement Time for Paid Life Claims

Citations	Field Size	Sample Type	Sample Size	No. of Errors	Error Ratio
§375.1007(2), RSMo,	216	Random	76	7	9.21%

Finding 1: Seven paid life claim files did not contain an acknowledgement letter.

Reference: §375.1007(2), RSMo, 20 CSR 100-1.030(1)(A) and 20 CSR 100-8.040(3)(B).

3. Acknowledgement Time for Denied Life Claims

The examiners found no errors in this review.

B. NAIC Market Regulation Handbook Chapter 20 - Claims Standard 2: Timely investigations are conducted.

To test for this standard, the same random sample of claims noted above in 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 evaluated for timeliness standards.

1. Timely investigations for Accident and Health Claims

The examiners found no errors in this review.

2. Timely investigations for Paid Life Claims

The examiners found no errors in this review.

3. Timely investigations for Denied Life Claims

The examiners found no errors in this review.

C. NAIC Market Regulation Handbook Chapter 20 - Claims Standard 3: Claims are resolved in a timely manner.

To test for this standard, the same random sample of claims noted above in Claims Standard 1 were reviewed for compliance with the claim determination standards in 20 CSR 100-1.050(1)(A). Claim manuals were also evaluated for timeliness standards.

1. Timely determinations for Accident and Health Claims

The examiners found no errors in this review.

2. Timely determinations for Paid Life Claims

The examiners found no errors in this review.

3. Timely determinations for Denied Life Claims

The examiners found no errors in this review.

D. NAIC Market Regulation Handbook Chapter 20 - Claims Standard 4: The regulated entity responds to claims correspondence in a timely manner.

To test for this standard, the same random sample of claims noted above in Claims Standard 1 were reviewed for compliance with the claim time requirements in 20 CSR 100-1.030. Claim manuals were also reviewed for timeliness standards.

1. Correspondence standards for Accident and Health Claims

The examiners found no errors in this review.

2. Correspondence standards for Paid Life Claims

Citations	Field Size	Sample Type	Sample Size	No. of Errors	Error Ratio
§375.1007(2), RSMo.	216	Random	76	1	1.31%

Finding 1: The Company did not provide notices of claim denial to four siblings of one claim file.

Reference: §375.1007(7), RSMo, 20 CSR 100-1.050(1)(A).

3. Correspondence standards for Denied Life Claims

Citations	Field Size	Sample Type	No. of Errors
§375.1007(1), RSMo.	19	Census	2

Finding 1: The Company issued premium refund letters in connection with two denied life claims to two policy owners, which failed to disclose relevant facts related to the refund.

Reference: §375.1007(1), RSMo.

E. NAIC Market Regulation Handbook Chapter 20 - Claims Standard 5: Claim files are adequately documented.

To test for this standard, the same random sample of claims noted above in Claims Standard 1 were reviewed for compliance with the claim records maintenance standards in 20 CSR 100-8.020(3)(B). Claim manuals were also reviewed for claim documentation standards.

1. Complete Claim Files for Accident and Health Claims

The examiners found no errors in this review.

2. Complete Claim Files for Paid Life Claims

Citations	Field Size	Sample Type	Sample Size	No. of Errors	Error Ratio
§375.1007(3), RSMo	216	Random	76	5	6.57%

Finding 1: The Company did not implement reasonable standards for the settlement of its claims as the Company’s 2017 claims manual did not inform claim processors how to determine proof of death date or record the date of death in the Company’s interest calculator. This resulted in five observed errors.

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

3. Complete Claim Files for Denied Life Claims

The examiners found no errors in this review.

F. NAIC Market Regulation Handbook Chapter 20 - Claims Standard 6: Claims are properly handled in accordance with policy provisions and applicable statutes (including HIPAA), rules and regulations.

To test for this standard, the random sample of claims noted above in Claims Standard 1 were reviewed for compliance with benefit and claim disclosure standards in 20 CSR 100-1.020(1)(A). Claim manuals were also reviewed for compliance with Missouri law.

1. Claim Files for Accident and Health Claims

The examiners found no errors in this review.

2. Claim Files for Paid Life Claims

Citations	Field Size	Sample Type	Sample Size	No. of Errors	Error Ratio
§375.1007(1) RSMo.	216	Random	76	1	1.31%
§375.1007(5) RSMo.	216	Random	76	1	1.31%

Finding 1: The Company misrepresented relevant facts in one claim denial letter.

Reference: §375.1007(1) RSMo. and 20 CSR 100-1.020(1)(A).

Finding 2: The Company did not pay the claimant the funds due them until the claimant filed suit.

Reference: §375.1007(5), RSMo.

3. Claim Files for Denied Life Claims

Citations	Field Size	Sample Type	Sample Size	No. of Errors	Error Ratio
375.1007(4), RSMo	19	Census	19	2	10.52%

Finding 1: The Company did not promptly refund unearned premium for two claims.

Reference: §375.1007(4), RSMo, 20 CSR 100-1.010(1)(B), and 20 CSR 100-1.050(4).

V. 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	16	100%
Over 10 days with extension	0	0%
Over 10 days without extension or after extension due date	0	0%
Totals	16	100%

B. Formal Request Time Study

Number of Calendar Days to Respond	Number of Requests	Percentage of Total
0 to 10 days	30	63.82%

Over 10 days with extension	17	36.17%
Over 10 days without extension or after extension due date	0	0.00%
Totals	47	100%

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation’s Final Report of the examination of American Heritage Life Insurance Company, Examination Number 373678, MATS #MO-HICKSS1-150. This examination was conducted by Examiner-In-Charge, John Korte, CIE, MCM, FLMI, AIRC; Aubrey Snyder, CIE, CPC; and Brad Gerling. The findings in the Final Report were extracted from the Market Conduct Examiner’s Draft Report, dated January 19, 2024. 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.

July 30, 2024
Date



Teresa Kroll
Chief Examiner, Market Conduct