



**DEPARTMENT OF COMMERCE & INSURANCE**

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

*In Re:*

MINNESOTA LIFE INSURANCE  
COMPANY (NAIC #66168)

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**Market Conduct Investigation No. 349462**

**ORDER OF THE DIRECTOR**

NOW, on this 11<sup>th</sup> day of October, 2022, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), and Minnesota Life Insurance Company (NAIC #66168) (hereinafter “Minnesota Life”), relating to the market conduct investigation no. 349462, does hereby issue the following orders:

This order, issued pursuant to §374.046.15<sup>1</sup> and §374.280 is in the public interest.

**IT IS THEREFORE ORDERED** that Minnesota Life and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

**IT IS FURTHER ORDERED** that Minnesota Life 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.

<sup>1</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

**IT IS FURTHER ORDERED** that Minnesota Life shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$3,000.00, payable to the Missouri State School Fund.

**IT IS SO ORDERED.**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 11<sup>th</sup> day of October, 2022.



*Chlora Lindley Myers*  
Chlora Lindley-Myers  
Director

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

*In Re:* )  
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MINNESOTA LIFE INSURANCE ) **Market Conduct Investigation No. 349462**  
COMPANY (NAIC #66168) )

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and Minnesota Life Insurance Company (NAIC #66168) (hereinafter “Minnesota Life”), 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 Minnesota Life a certificate of authority to transact the business of insurance in the State of Missouri;

**WHEREAS**, the Division conducted a market conduct investigation of Minnesota Life, investigation no. 349462;

**WHEREAS**, based on the market conduct investigation of Minnesota Life the Division alleges that:

1. Minnesota Life enrolled Missourians whose coverage was being discontinued with another carrier (“terminating carrier”), in Minnesota Life accidental death and dismemberment (hereinafter AD&D) coverage on an opt-out basis in violation of §375.144.<sup>1</sup>
2. Minnesota Life used unfiled application and enrollment forms when it issued

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<sup>1</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

coverage to groups and group members previously insured by an unaffiliated terminating carrier, by relying on the terminating carrier's application and enrollment forms for issuance of Minnesota Life insurance policies and certificates, form numbers 05-50285 and 05-50286, in violation of §376.405 and 20 CSR 100-9.100(3)(A).

3. Minnesota Life matched the terminating carrier's rates and benefits for the various configurations of Missouri insureds. In doing so, one population was charged less with regard to contributory rates ("Configuration 6") than a similar population of insureds ("Configuration 2") with identical benefit configurations under policy form number 05-50285 and certificate form number 05-50286 in violation of §§375.934(1) and 375.936(11)(b).

4. Minnesota Life issued policies which contain ambiguous language because they refer to the "signed application" as being part of the contract when there was no application signed with Minnesota Life, implicating the provisions of §376.405.3.

5. Minnesota Life omitted to disclose to the Department that its filed forms would not be utilized in all instances when it issued coverage under form numbers 05-50285 and 05-50286 in violation of §374.210.1(2).

6. Minnesota Life failed to file multiple forms, including application and certificate forms, issued to policy and certificate holders in Missouri in violation of §376.405 and 20 CSR 400-2.130.

7. Minnesota Life failed to timely file rates in violation of §376.465.

**WHEREAS**, the Division and Minnesota Life have agreed to resolve the issues raised in the market conduct investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter, "Stipulation") embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent

that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** Minnesota Life 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, but are not limited to, the following:

1. Minnesota Life agrees that in transactions where Minnesota Life is acquiring a group block of business that has been terminated by an unaffiliated carrier, like the transaction identified in this investigation, Minnesota Life agrees that it will require the group policyholder to complete an application or it will obtain the group policyholder's affirmative consent, whether written or verbally, before issuing or binding coverage. If the group policyholder elects coverage with Minnesota Life, Minnesota Life agrees to obtain affirmative consent, whether written or verbally, from all premium paying certificate holders under the group policy before issuing or binding coverage for these certificate holders. Minnesota Life further agrees that if the affirmative consent is in a format that meets the definition of a form under 20 CSR 100-9.100(1)(J), Minnesota Life shall file such form with the Department through the System for Electronic Rate and Form Filing ("SERFF") prior to use. Minnesota Life further agrees to maintain the affirmative consent in the policy file pursuant to 20 CSR 100-8.040.

2. Minnesota Life agrees that it will not utilize or rely upon another carrier's application or enrollment forms when issuing coverage on a group block of business that has been terminated by an unaffiliated carrier.

3. Minnesota Life agrees to utilize a professional address verification service such as Accurant, as approved by the Department, to verify the most current mailing address of each active Missouri policyholder and certificate holder whose AD&D coverage was discontinued by the terminating carrier and to whom Minnesota Life issued AD&D coverage under group policy form

number 05-50285 and certificate form number 05-50286. Minnesota Life further agrees to utilize a professional address verification service such as Accurant, as approved by the Department, to verify the most current mailing address of each contributory Missouri Configuration 2 certificate holder whose coverage has ceased.

4. Minnesota Life agrees to send a written notice, as previously approved by the Division, to each active Missouri group certificate holder who were formerly insured under the unaffiliated terminating carrier's policy and who received Minnesota Life AD&D coverage under group policy form number 05-50285 and certificate form number 05-50286. The notice will provide the certificate holder with the opportunity to terminate Minnesota Life coverage and receive a full refund of premiums paid to Minnesota Life less the value of any benefits received or claims paid. The notice shall be accompanied by that certain Certificate Amendment, form number 20-51346 Rev 12 2021 that was approved by the Division on July 14, 2022. The Certificate Amendment clarifies Minnesota Life's intention to insure the policyholder and certificate holder despite the absence of a signed Minnesota Life application or other enrollment form. The Certificate Amendment shall be customized by Minnesota Life per the variability allowed in the Certificate Amendment to include such additional benefits needed to bring the coverage and its rates into compliance with loss ratios mandated by §376.465. Said notice and Certificate Amendment shall be mailed to the certificate holder at the address verified using professional address verification services within 180 days of Minnesota Life's receipt of the Order approving this Stipulation.

5. Minnesota Life shall provide to each affected group policyholder a specimen copy of the notice, the Certificate Amendment, and a new group policy with appropriate corresponding adjustments informing the group policyholder of the changes in coverage. Said notice shall be provided to the group policyholder at the address verified using professional address verification

services within 30 days of Minnesota Life's receipt of the Order approving this Stipulation.

6. Minnesota Life agrees to send a written notice to all active Missouri Minnesota Life policyholders and certificate holders, other than those described in Remedial Actions 3 and 4. The notice to the certificate holder shall include the Certificate Amendment informing the certificate holder of the additional benefits and changes in coverage. The notice to the policyholder shall include the Certificate Amendment and a new group policy with appropriate corresponding adjustments informing the group policyholder of the changes in coverage. Said notices to policyholders shall be sent within 30 business days of Minnesota Life's receipt of the Order approving this Stipulation, and notices to certificate holders shall be sent within 180 days of Minnesota Life's receipt of the Order approving this Stipulation.

7. Minnesota Life agrees that the opportunity to terminate coverage and receive a full refund, described in Remedial Action 3, will remain open for a period of 90 days from the date such written notice is sent and will be available to any insured who responds to the notice indicating a desire to terminate coverage, or otherwise seeks to terminate coverage. Such refunds shall be promptly processed as requests are received, and in no case longer than 15 days of receiving such request.

8. Once the 90-day period to terminate coverage has passed, Minnesota Life will determine the number of contributory certificate holders entitled to the Configuration 2 refund referenced in Remedial Action 8. The number of contributory certificate holders entitled to the Configuration 2 refund shall be all those Missouri certificate holders under group policy form number 05-50285 and certificate form number 05-50286 in Configuration 2 who have not requested their coverage be terminated within the 90 day termination period as outlined above, together with those Configuration 2 certificate holders who had canceled prior to the 90 day period referenced in Remedial Action 6 ("Configuration 2 Refund Recipients").

9. Minnesota Life agrees to issue a refund of premium to the Configuration 2 Refund Recipients under certificate form number 05-50286.

a. The refund herein shall be calculated by comparing the Configuration 2 rate to the comparison rate population referred to as Configuration 6.

b. The refund shall be issued to all Configuration 2 Refund Recipients who were insured by Minnesota Life at any time between October 1, 2018, when Minnesota Life on boarded Configuration 6 in identical coverage at a lower rate, and the effective date of the benefit additions as of the date the first notices are sent out, as referenced in Remedial Action 3 and 4.

c. The refund should be the computed difference of the amount charged to each Configuration 2 Refund Recipient and the rate which would have been charged that Configuration 2 Refund Recipient if they were part of Configuration 6 during the time period described in Section B.9.b. above.

d. Refunds are only owed to Configuration 2 certificate holders for the time period during which they were insured with Minnesota Life.

e. Refunds of premium need not be made to Configuration 2 certificate holders who elect to terminate coverage under Section B.4. of this stipulation.

f. For any Configuration 2 Refund Recipients that Minnesota Life is unable to locate, Minnesota Life agrees to escheat the restitution amount owed those certificate holders to the State of Missouri Unclaimed Property.

g. Minnesota Life is not required to issue premium refunds if the amount of the refund is less than \$10.00 or if the certificate holder has received a claims payment under their policy. Minnesota Life will also not be required to pay interest.

h. The restitution described herein shall be paid no later than 180 days of the



entry of a final order.

10. To the extent Minnesota Life has not already done so, the policy and certificate amendment(s) referenced above shall be filed pursuant to sections 376.405, 376.777, and 374.056. Said filing(s) shall be submitted through SERFF within 30 days from the date of the Order approving this Stipulation. The SERFF filing will include a statement indicating that “as a result of a Missouri market conduct investigation, the attached amendment is being filed with the Department.”

11. As of the date of this Stipulation, Minnesota Life asserts that it has made filings, including the filing of certificate forms issued to Missouri residents covered under non-employer sponsored groups situated outside of Missouri, as required under §376.405 and §376.465. Minnesota Life agrees that it will continue to make necessary filings as required under Missouri law, including but not limited to filings required by §376.405 and §376.465.

12. Minnesota Life asserts that it has filed rates that are not excessive, inadequate, or unfairly discriminatory for all health benefit plans both actively marketed in the State of Missouri and to Missouri residents, and for all in-force health benefit plans no longer actively marketed but continued, delivered, issued or renewed in the State of Missouri in accordance with the terms of §376.465. However, the parties agree that no filings need be made at this time for that product referred to by Minnesota Life as the “Neighborhood Champions product”, as Minnesota Life has asserted that the product is inactive, the product has not been marketed since 2010, and Minnesota Life has no intention to market the product in the future.

13. Minnesota Life agrees that its rate filings will clearly state the method of determining the rates for coverage issued to any group policyholder, regardless of whether the group’s insured members elect to purchase optional or additional coverages made available by Minnesota Life.

14. Minnesota Life agrees that no other rates shall be implemented that are not disclosed in the rate filings as required by §376.465.

15. Minnesota Life agrees that information which it provides to the Department will be complete and accurate.

C. **Compliance.** Minnesota Life agrees to submit a progress report, in a format acceptable to the Division within 180 days of the entry of an Order addressing the implementation and execution of the requirements of Section B of this Stipulation. Minnesota Life agrees to file documentation with the Division, in a format acceptable to the Division, within 270 days of the entry of an Order of any remedial action taken to implement compliance with the terms of this Stipulation or to document the payment of restitution required by this Stipulation. Such documentation will include a copy of all responses received pursuant to Section B.3. and an excel spreadsheet listing all refunds provided pursuant to Section B.3. or Section B.8. to include policy number, insured name, insured ID, total amount of premium charged, amount of premium refunded, and date refund was paid.

D. **Voluntary Forfeiture.** Minnesota Life agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$3,000 such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2.

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

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

G. **Waivers.** Minnesota Life, 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 investigation no. 349462.

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

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 Minnesota Life 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.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department (hereinafter the “Director”) approving this Stipulation.

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

DATED: September 26, 2022

  
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Teresa Kroll  
Chief Market Conduct Examiner  
Division of Insurance Market Regulation

DATED: 9/23/2022

**Elizabeth Johnson** Digitally signed by Elizabeth Johnson  
Date: 2022.09.23 11:15:03 -05'00'  
\_\_\_\_\_  
Elizabeth D. Johnson  
2<sup>nd</sup> Vice President Affinity Solutions  
Minnesota Life Insurance Company