



**DEPARTMENT OF COMMERCE & INSURANCE**

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

*In Re:* )  
 )  
NATIONAL GUARDIAN LIFE ) **Market Conduct Investigation No. 335207**  
INSURANCE COMPANY (NAIC #66583) )

**ORDER OF THE DIRECTOR**

NOW, on this 23<sup>rd</sup> day of December, 2021, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), and National Guardian Life Insurance Company (NAIC #66583) (hereinafter “NGL”), relating to the market conduct investigation no. 335207, 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 NGL and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

**IT IS FURTHER ORDERED** that NGL shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

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<sup>1</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2016, as amended, or to the Code of State Regulations, 2020, as amended.

**IT IS FURTHER ORDERED** that NGL 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 <sup>23<sup>rd</sup></sup> day of December, 2021.



*Chlora Lindley-Myers*  
Chlora Lindley-Myers  
Director

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

*In Re:* )  
 )  
NATIONAL GUARDIAN LIFE ) **Market Conduct Investigation**  
INSURANCE COMPANY (NAIC #66583) ) **No. 335207**

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and National Guardian Life Insurance Company (NAIC #66583) (hereinafter “NGL”), 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**, NGL 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 investigation of NGL, investigation #335207; and

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

1. NGL’s AssetGuard advertisements contained statistical information that did not accurately reflect recent and/or relevant facts in violation of 20 CSR 400-5.100 (4) (R) and implicating the provisions of §§375.936 (4) & (6)<sup>1</sup>.

2. NGL’s AssetGuard advertisements did not disclose that in Missouri the life

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<sup>1</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended or to the Code of State Regulations, 2020, as amended.

insurance coverage was issued on a group basis, that Nationwide Consumers of America (“NCOA”) is the group policyholder, and that eligibility for the AssetGuard group coverage requires membership in the NCOA association in violation of §§375.936 (4) & (6) (a), §375.934 and 20 CSR 400-5.100 (3) (A).

3. NGL AssetGuard advertisements did not prominently describe the type of policy being advertised as a group policy or that some policies were “graded death benefit” type policies in violation of §§375.936 (4) & (6) (a) and 20 CSR 400-5.100 (4) (E).

4. NGL AssetGuard advertisements did not disclose the limitation of benefits for graded death benefit plans or clearly call attention to the amount of minimum death benefits under the policy in violation of §§375.936 (4) & (6) (a), §375.934 and 20 CSR 400-5.100 (4) (G).

5. NGL did not distribute or cause to be distributed to prospective insureds a written notice that compensation will or may be paid to NGL for enrolling new members in the NCOA, or that compensation will or may be paid to the National Administration Company, Inc. (“NAC”) for administrative services provided to the group policyholder in violation of §376.694.2.

**WHEREAS**, the Division and NGL 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.** NGL 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 investigation and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. NGL agrees to cease using in the State of Missouri any AssetGuard advertisements that:

- a. State or imply that consumers are purchasing a policy or will be issued a policy if they are purchasing life insurance coverage that is issued via a certificate;
- b. Do not disclose that AssetGuard life insurance products available in Missouri are group products;
- c. Do not disclose that Nationwide Consumers of America is the group policyholder of the AssetGuard life insurance products available in Missouri;
- d. Do not disclose that membership in Nationwide Consumers of America is required for the AssetGuard life insurance products available in Missouri;
- e. Contain statistics that do not accurately reflect recent and relevant facts;
- f. Do not prominently disclose the types of policies being advertised, including whether they are individual or group policies; or
- g. Do not prominently disclose any limitation on benefits, including graded death benefits.

2. NGL agrees to revise or replace its existing AssetGuard advertisements to fully comply with the Missouri laws cited in this Stipulation. The revised or new advertisements shall be submitted to the Division for review and approval prior to use in the State of Missouri pursuant to 20 CSR 400-5.100 (8) (B). Said filings shall be submitted through the System for Electronic Rate and Form Filing ("SERFF") within 60 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 amended advertisements are being filed with the Department."

3. NGL agrees to distribute, or cause to be distributed, to prospective AssetGuard insureds a written notice that compensation will or may be paid. The written notice shall accompany any application or enrollment form provided to prospective insureds.

4. NGL agrees it shall not deny any valid life insurance death benefit claims based on the active or inactive status of the insured's membership or the certificateholder's membership with the group policyholder, NCOA.

5. For the purpose of implementing remedial action 4, NGL agrees to file an amendment to its AssetGuard master life insurance policies and certificates that revises the "Eligibility" provision from, "Only a Member and the Member's Spouse are eligible for insurance coverage under the Group Policy" to, "Only a Member of the group policyholder and the Member's Spouse are eligible to enroll in insurance coverage under the Group Policy. Remaining an active member of the group policyholder is not necessary to maintain eligibility for insurance coverage under the Group Policy." Said filing shall be submitted through SERFF within 60 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." The amendment shall be submitted to the Department for review and approval prior to use in the State of Missouri pursuant to §376.675.1.

6. NGL agrees to issue on a retroactive basis to all Missouri inforce AssetGuard certificateholders the amendment discussed in remedial action 5, above, upon approval of the amendment by the Department.

C. **Compliance.** NGL agrees to file documentation with the Division, 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. Such

documentation is provided pursuant to §374.190.

D. **Ongoing Investigation.** NGL agrees to pay any reasonable investigation fees expended by the Division in conducting its review of the documentation provided by NGL pursuant to Paragraph C of this Stipulation.

E. **Voluntary Forfeiture.** NGL agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$1,500 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 NGL, 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.** NGL, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the above-referenced market conduct investigation.

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

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 NGL respectively.

K. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution and delivery of this Stipulation by facsimile or by an electronically

transmitted signature shall be fully and legally effective and binding.

L. **Effect of Stipulation.** This Stipulation shall become effective only upon 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: 12-07-2021



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

DATED: 12/06/2021



AVP, Compliance  
National Guardian Life Insurance Company