IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

In Re: )
) TRANSAMERICA LIFE INSURANCE )
) COMPANY (NAIC #86231) )
) ) Market Conduct Investigation
) No. 333479
) TRANSAMERICA PREMIER LIFE
) INSURANCE COMPANY (NAIC #66281)
)

ORDER OF THE DIRECTOR

NOW, on this 14th day of September, 2019, 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”), Transamerica Life Insurance Company (NAIC #86231) (hereinafter “TLIC”), and Transamerica Premier Life Insurance Company (NAIC #66281) (hereinafter “TPLIC”), relating to the market conduct investigation set out in the caption above, does hereby issue the following orders:

This order, issued pursuant to §374.046.15 and §374.280 is in the public interest.

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

IT IS FURTHER ORDERED that TLIC and TPLIC shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place each 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 TLIC shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of $26,000.00, payable to the Missouri State School Fund.

1 At the time the Stipulation was signed, the Division was a part of the Department of Insurance, Financial Institutions and Professional Registration. The Division is now a part of the Department of Commerce and Insurance.
2 All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.
IT IS FURTHER ORDERED that TPLIC shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of $36,000.00, 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 24th day of September, 2019.

Chlora Lindley-Myers
Director
IN THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
STATE OF MISSOURI

In Re: TRANSAMERICA LIFE INSURANCE COMPANY (NAIC #86231) Market Conduct Investigation No. 333479
TRANSAMERICA PREMIER LIFE INSURANCE COMPANY (NAIC #66281)

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the "Division"), Transamerica Life Insurance Company (NAIC #86231) (hereinafter "TLIC"), and Transamerica Premier Life Insurance Company (NAIC #66281) (hereinafter "TPLIC") as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri; and

WHEREAS, TLIC and TPLIC have been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Investigation of Stonebridge Life Insurance Company (hereinafter "SLIC"), Investigation #237658, and TLIC, Investigation #295698. SLIC ceased to exist in October 2015 following its merger into TLIC. TPLIC was made a part of the Missouri Market Conduct Investigation #237658 after assuming SLIC’s Missouri Medicare supplement business. The Division, TLIC, and TPLIC agreed that all issues found in Investigation #237658 and certain issues found in Investigation #295698 could be resolved;
therefore, the Division opened a new Market Conduct Investigation #333479 for the sole purpose of separating those issues to be addressed and resolved through this Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”). All other remaining issues not addressed herein will remain open under Investigation #295698. Investigation #237658 is now closed.

WHEREAS, based on the Market Conduct Investigation #333479, the Division alleges that:

1. TLIC and TPLIC, in connection with the offer, sale, solicitation, or negotiation of insurance, failed to actively disclose through their Medicare supplement advertisements, the material fact that individuals under age 65 are eligible for the companies’ Medicare supplement plans during open enrollment in violation of §375.144(2).

2. TLIC and TPLIC made, published, disseminated, circulated, or placed before the public advertisements that inaccurately represented the companies’ Medicare supplement plans are available only to persons age 65 and older in violation of §375.934(2), §375.936(4), and 20 CSR 400-3.650(11)(F).

3. TLIC’s Medicare supplement application waives medical underwriting for persons during the open enrollment period for persons who are age 65 or who have turned age 65 within the last 6 months, but not for persons who are under age 65 and enrolled in Medicare Part B in the last 6 months in violation of 20 CSR 400-3.650(11)(B).

4. TLIC’s and TPLIC’s Administrative Guidelines state they will cancel applications for persons under age 64 ½ received outside the six month window of their Medicare Part B effective date in violation of 20 CSR 400-3.650(12)(A)(2).

5. TLIC’s and TPLIC’s Administrative Guidelines Appendix C represents “PLANS AVAILABLE PRE 65 (INSURED MUST BE DISABLED)”, in violation of 20 CSR 400-
6. TPLIC’s Medicare supplement producer training materials establish more restrictive eligibility requirements than those set out in Missouri law, by requiring people under age 65 to have “certain disabilities” in violation of 20 CSR 400-3.650(11)(B) and 20 CSR 400-3.650(12)(A)2.

WHEREAS, the Division, TLIC, and TPLIC have agreed to resolve the issues raised in the Market Conduct Investigation as follows:

A. Scope of Agreement. This 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. TLIC and TPLIC agree to take remedial action bringing each into compliance with the statutes and regulations of Missouri and agree to maintain such remedial actions at all times, to reasonably assure that the errors noted in the Market Conduct Investigation do not recur. Such remedial actions shall include, but not be limited to, the following:

1. TLIC and TPLIC agree to delete from their Medicare supplement administrative guidelines, and all other materials, any and all statements that Medicare supplement applications will be rejected or cancelled because of the applicant’s age.

2. TLIC and TPLIC agree to program or otherwise modify all relevant systems to receive Missouri Medicare supplement applications, without regard for the applicant’s age.

3. TLIC and TPLIC agree to actively market Medicare supplement insurance during open enrollment periods without regard to age.
4. TLIC agrees to cease the use of its current Missouri Medicare supplement applications and to file for approval with the Department new applications that waive medical underwriting for all persons, without regard to age, who enrolled in Medicare Part B within the last 6 months, in accordance with 20 CSR 400-3.650(11).

5. TLIC and TPLIC agree to cease the use of all training presentations that represent Missouri applicants under age 65 must have “certain disabilities” in order to qualify for the companies’ Medicare supplement plans.

6. For a period of three years from the date of the Order approving this Stipulation, TLIC and TPLIC agree to file for approval with the Department a copy of any Medicare supplement advertisement intended for use in this state whether through written, radio, or television medium. A letter must be included with each filing during this period, indicating that “as a result of a Missouri Market Conduct examination, the attached advertisement(s) is/are being submitted for approval by the director.”

C. Compliance. TLIC and TPLIC agree to file documentation with the Division within 90 days of the entry of a final order of all remedial action taken to implement compliance with the terms of this Stipulation. Such documentation is provided as part of ongoing investigation pursuant to §374.190.

D. Voluntary Forfeiture. TLIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of $26,000, with such sum payable to the Missouri State School Fund in accordance with §374.049.11 and §374.280.2. TPLIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of $36,000, with such sum payable to the Missouri State School Fund in accordance with §374.049.11 and §374.280.2.

E. Waivers. TLIC and TPLIC, after being advised by legal counsel, do 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 #333479.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by TLIC or TPLIC, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced Market Conduct Investigation #333479.

G. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division, TLIC, or TPLIC.

H. **Counterparts.** This Stipulation may be executed in one or more counterparts, all of which shall be deemed an original and all of which, when taken together, shall constitute one and the same Stipulation. Execution and delivery of this Stipulation may be performed by e-mail or facsimile transmission.

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, TLIC, and TPLIC respectively.

K. **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.

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: 8-27-19

Angela Nelson
Director, Division of Insurance
Market Regulation

DATED: 9/3/2019

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

DATED: 8-15-19

Dave Paulsen
Executive Vice President
Transamerica Life Insurance Company

DATED: 8-15-19

Dave Paulsen
Executive Vice President
Transamerica Premier Life Insurance Company