



## DEPARTMENT OF COMMERCE & INSURANCE

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

*In Re:*

SILAC INSURANCE COMPANY  
(NAIC #4888-62952)

Market Conduct Investigation No. 391143

### ORDER OF THE DIRECTOR

NOW, on this 24th day of July, 2025, Director Angela L. Nelson, after consideration and review of the Stipulation of Settlement (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division") and SILAC Insurance Company (NAIC #4888-62952) (hereinafter "SILAC"), relating to the market conduct investigation no. 391143, does hereby issue the following orders:

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

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

**IT IS FURTHER ORDERED** that SILAC 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.

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

**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 20<sup>th</sup> day of July, 2025.



  
Angela L. Nelson  
Director

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

***In Re:***

**SILAC INSURANCE COMPANY  
(NAIC #4888-62952)**

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**Market Conduct Investigation No. 391143**

**STIPULATION OF SETTLEMENT**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”) and SILAC Insurance Company (hereinafter “SILAC”), 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**, SILAC 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 SILAC, investigation no. 391143; and

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

1. SILAC did not have effective procedures in place to verify producer licensure or to assure that verification occurred prior to payment of a commission, in violation of §375.158.3<sup>1</sup> and 20 CSR 100-8.040 (3) (C).

2. SILAC did not maintain an accurate and up-to-date producer registry in that its registry failed to include lines of authority and business entity producers, in violation of §375.022.1 and 20 CSR 100-

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

8.040 (3) (C).

3. Of the 126 producers reviewed by the Division, SILAC accepted applications from, and paid commissions to, three producers not licensed in Missouri for any line of authority at the time of policy issuance, in violation of §375.076.1.

4. SILAC did not maintain a system of supervision and control necessary to ensure compliance with annuity replacement standards under Missouri law, in violation of §375.936 (6) (f), §375.934, and 20 CSR 400-5.400 (4) (B).

5. SILAC did not take into consideration whether replacement annuities were unsuitable on the basis that the consumer had annuity replacement within the preceding 36 months, in violation of §375.936 (6) (f), §375.934, and 20 CSR 400-5.900 (4) (A) 3 C.

6. SILAC did not send replacement notifications to the replaced insurer within five business days, in violation of 20 CSR 400-5.400 (5) (A) 2.

7. SILAC issued some annuities without a reasonable basis to believe the annuities were suitable based on the consumer's suitability information, implicating the provisions of §375.936 (6) (f) and in violation of 20 CSR 400-5.900 (4) (C).

8. SILAC did not maintain suitability standards adequate to assure the suitability of annuity sales and replacements, in that for one period of time under review, the standards were not specific as to conditions that would result in escalated suitability review, and for another period of time under review, the standards were not specific as to the conditions that would justify declining an application, all in violation of 20 CSR 400-5.900 (4) (F) 1.D (effective March 30, 2017).

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

A. **Scope of Agreement.** This Stipulation of Settlement (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.** SILAC 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. SILAC agrees to develop and implement procedures to ensure that commissions are not paid to an unlicensed producer or a producer selling a variable annuity whose license does not include the authority to sell variable annuities.

2. SILAC agrees to develop and implement procedures to ensure compliance with the record requirement provisions of 20 CSR 100-8.040 (3) (C), and to maintain a complete and accurate producer registry.

3. SILAC agrees to include business entity producers acting as insurance producers on its producer registry for Missouri. SILAC further agrees to note the line of business for each producer on the producer registry.

4. SILAC agrees not to accept applications from or pay commissions to unlicensed producers.

5. SILAC agrees to maintain a system of supervision and control that meets the requirements of 20 CSR 400-5.400 (4) (B).

6. SILAC agrees to take into consideration, for purposes of suitability review, annuity exchanges or replacements occurring within the preceding 36 months.

7. SILAC agrees to ensure that replacement notifications are sent to the replaced insurer within five business days.

8. SILAC agrees to develop procedures that clearly and specifically set out conditions a) that would result in an escalated suitability review and b) that would cause SILAC to decline an annuity application.

9. SILAC agrees, in any escalated suitability review, to develop and implement procedures to document specific factors and conditions that were considered in determining that a sale is appropriate despite possible evidence of unsuitability.

10. SILAC agrees to review 31 annuity contracts reviewed during the investigation for compliance with the suitability requirements of 20 CSR 400-5.900. A list of these annuity contracts will be provided to SILAC by the Division. SILAC further agrees, at the option of the purchaser, to cancel any annuity and issue a full refund of the purchase price to the annuitant for any annuity sold that did not meet the suitability requirements of 20 CSR 400-5.900. Payment of interest will be included in an amount to be determined pursuant to §374.191. Any annuity payments made to the annuitant under the terms of the contract may be deducted from the refund amount. A copy of the notice to be sent to annuitants giving them the option of cancelling their annuity shall be pre-approved by the Division prior to being sent to annuitants. SILAC shall complete this review within 120 days from the date of the Order approving this Stipulation. SILAC shall report the results of the review along with supporting evidence as requested by the Division within 60 days of the end of the review period.

11. For a period of one year after the date of the Order approving this Stipulation, SILAC agrees to conduct four quarterly audits of at least 25 randomly selected annuities issued by the Company during each audit period for compliance with the suitability requirements of 20 CSR 400-5.900. The first audit period will begin on the date of the Order adopting this Stipulation and continue for three months. The second audit period will begin the day after the previous audit period ended and continue for three months. The third and fourth audit periods will begin the day after the previous audit period ended and continue

for three months. SILAC further agrees, at the option of the purchaser, to cancel any annuity and issue a full refund of the purchase price to the annuitant for any annuity sold that did not meet the suitability requirements of 20 CSR 400-5.900. Payment of interest will be included in an amount to be determined pursuant to §374.191. A copy of the notice to be sent to annuitants giving them the option of cancelling their annuity shall be pre-approved by the Division prior to being sent to annuitants. SILAC shall report the results of each audit along with supporting evidence as requested by the Division within 60 days of the end of the audit period.

C. **Compliance.** SILAC agrees to file documentation pursuant to § 374.190 with the Division, in a format acceptable to the Division, within 60 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. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by SILAC, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above-referenced market conduct investigation.

E. **Waivers.** SILAC, 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. 391143.

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

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

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

I. **Counterparts and Electronic Signature.** 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.

J. **Effect of Stipulation.** This Stipulation shall not become effective until the entry of an Order by the Director approving this Stipulation.

K. **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 17, 2025



Teresa Kroll  
Chief Market Conduct Examiner  
Division of Insurance Market Regulation

DATED:

7/11/2025

DocuSigned by:



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Name: G. Daniel Acker  
Title: President & CMO  
SILAC Insurance Company