

BEFORE THE DIVISION OF INSURANCE  
DEPARTMENT OF LABOR AND REGULATION  
STATE OF SOUTH DAKOTA

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IN THE MATTER OF  
CHESAPEAKE LIFE INS. CO.

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CONSENT ORDER

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In resolution of the above matter and in lieu of issuance of a Notice of Hearing and a formal hearing, the undersigned parties do hereby agree to the following:

CHESAPEAKE LIFE INS. CO., ("CHESAPEAKE") whose address of record is 9151 Boulevard 26, North Richland Hills, TX 76180 holds a certificate of authority to do business in the State of South Dakota;

CHESAPEAKE is aware that the South Dakota Division of Insurance ("Division") has conducted an investigation into their business activity in South Dakota;

The Division alleges the following:

- 1) CHESAPEAKE failed to timely remit their Fraud Prevention Unit Fund Assessment Fee, a violation of SDCL § 58-4A-14;
- 2) CHESAPEAKE failed to respond to the Divisions inquiries within in 20 days, a violation of SDCL §§ 58-33-66(1) and 58-33-68;
- 3) The above-cited conduct may be grounds for the revocation or suspension of CHESAPEAKE's certificate of authority pursuant to SDCL §§ 58-6-46, 58-4A-14, 58-33-66(1), and 58-33-68;

CHESAPEAKE is aware of and understands the nature of the allegations and has been informed that it has the right to a Notice of Hearing, counsel, and appeal; and that by agreeing to sign this Consent Order, waives these rights;

In return for CHESAPEAKE agreeing to and complying with the provisions of this Consent Order, the Division agrees not to proceed to administrative hearing and agrees that this Consent Order will constitute an informal disposition of the above allegations;

By the execution of this Consent Order and the payment of a penalty pursuant to this Consent Order, CHESAPEAKE waives its right to contest the allegations contained in this Consent Order in any future actions or licensing procedures with the Division;

CHESAPEAKE agrees to pay a monetary penalty of \$2,500 pursuant to SDCL §§ 58-6-46 and 58-4-28.1, in lieu of an administrative hearing and Final Decision;

CHESAPEAKE further agrees to conduct itself in accordance with the insurance laws and regulations of the State of South Dakota;

CHESAPEAKE further agrees that this Consent Order may be considered for the purpose of determining the appropriate sanction in any future actions with the Division for any violations of the laws or regulations of the State of South Dakota or for failing to abide by any order of the Director;

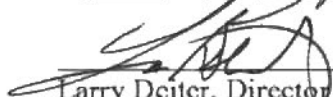
Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that CHESAPEAKE pay a monetary penalty in the amount of \$2,500 payable to "South Dakota Division of Insurance" for deposit in the general fund of the State of South Dakota; and it is further

ORDERED that CHESAPEAKE abide by the agreements made in this Consent Order; and it is further

ORDERED that the use of this Consent Order for competitive purposes by an insurance agent or third-party administrator holding a license in the State of South Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority; and it is further

ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

Dated at Pierre, South Dakota this 21<sup>st</sup> day of September, 2018.

  
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Larry Deiter, Director  
South Dakota Division of Insurance

The undersigned, on behalf of CHESAPEAKE, represents that the company understands the terms of this Consent Order and the waiver of its due process rights and that it voluntarily enters into this Consent Order.

Dated this 17<sup>th</sup> day of September, 2018.

  
\_\_\_\_\_  
Signature of Authorized Representative

Connie Palacios  
\_\_\_\_\_  
Printed Name

Sr.VP Finance, Controller, Prin. Acctg Officer  
\_\_\_\_\_  
Title