IN THE MATTER OF UNION SECURITY INSURANCE COMPANY

CONSENT ORDER

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:

UNION SECURITY INSURANCE COMPANY ("UNION SECURITY"), whose address of record is PO BOX 419052, Kansas City, MO 64141, is an insurance company holding a certificate of authority to transact business in the State of South Dakota;

UNION SECURITY is aware that the South Dakota Division of Insurance ("Division") has conducted an investigation of its insurance-related activities in South Dakota;

The Division has alleged the following:

1) UNION SECURITY mistakenly reported that eleven brokers were terminated for cause when, in fact, they were terminated for lack of production.

2) UNION SECURITY failed to respond within 20 days of the Division’s request for a written explanation regarding the terminations and whether any of the brokers had written any business in South Dakota after their appointments were terminated in violation of SDCL § 58-33-66(1);

3) Any of the above-cited conduct may be grounds for the revocation or suspension of UNION SECURITY’s certificate of authority pursuant to SDCL § 58-6-46;

UNION SECURITY is aware of and understands the nature of the charges and has been informed that it has the right to notice, hearing, and appeal, and that by agreeing to and signing this Consent Order waives these rights;

In return for UNION SECURITY agreeing to the provisions of this Consent Order, the Division agrees not to proceed to hearing and agrees that this Consent Order will constitute an informal disposition of this licensing matter pursuant to SDCL § 1-26-20;

UNION SECURITY agrees to a monetary penalty in the amount of $7,500 pursuant to SDCL § 58-4-28.1, in lieu of contesting this matter formally; and

UNION SECURITY provided a written explanation on December 3, 2014, indicating that the eleven brokers were not terminated for cause and that none of the terminated brokers conducted insurance business in South Dakota after their appointments were terminated and agrees to provide further explanation regarding how the mistaken report occurred and what corrective action was taken.

UNION SECURITY further agrees to conduct itself in accordance with the insurance laws and regulations of the State of South Dakota;
UNION SECURITY 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 future 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 UNION SECURITY pay a monetary penalty in the amount of $7,500 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 UNION SECURITY provide the Division with a written explanation regarding the mistaken terminations for cause and whether any insurance business was conducted in South Dakota after the appointments were terminated and what corrective action was taken.

ORDERED that should UNION SECURITY fail to comply with the provisions of this Order, the Division may seek the suspension or revocation of UNION SECURITY’s Certificate of Authority at hearing pursuant to SDCL § 58-6-46, or seek other remedies available at law; 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 UNION SECURITY abide by the agreement made by it in this Consent Order.

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 23rd day of February, 2015.

[Signature]
Larry Deiter, Interim Director
South Dakota Division of Insurance

The undersigned, on behalf of UNION SECURITY, represents it understands the terms of this Consent Order and the waiver of its due process rights and voluntarily enter into this Consent Order.

Dated this 18th day of February, 2015.

[Signature]
Signature of Authorized Representative

[Printed Name]
Melonee Jones

[Title]
Compliance Officer