

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

IN THE MATTER OF
ALLIANCE-ONE SERVICES, INC.

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)

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:

ALLIANCE-ONE SERVICES, INC. ("ALLIANCE-ONE"), whose address of record is 99 Buckshire Place, Holland, PA 18966, is a third-party administrator ("TPA") in the State of South Dakota holding a TPA Registration;

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

The Division alleges the following:

- 1) ALLIANCE-ONE's conversion of certain life insurance policies and annuity contracts to its policy administration system ("Conversion") affected and continues to affect ALLIANCE-ONE's ability to comply with SDCL Ch. 58-33;
- 2) Violations of SDCL Ch. 58-33 constitute grounds for the revocation or suspension of ALLIANCE-ONE's South Dakota TPA Registration pursuant to SDCL § 58-29D-31;

By the execution of this Consent Order and the payment of a penalty pursuant to this Consent Order, ALLIANCE-ONE neither admits to nor denies the allegations contained herein, including violations of the laws of the State of South Dakota but is aware of and understands the nature of the allegations set forth above 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 ALLIANCE-ONE 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 administrative matter pursuant to SDCL § 1-26-20;

ALLIANCE-ONE agrees to a monetary penalty in the amount of \$60,000 pursuant to SDCL §§ 58-4-28.1 and 58-29D-33, in lieu of contesting this matter formally;

ALLIANCE-ONE further agrees to take corrective action to address the Division's concerns regarding the Conversion and agrees to follow the Corrective Action and Reporting Plan that is attached as Exhibit A to this Consent Order and incorporated herein by reference;

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

ALLIANCE-ONE 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 other than violations based on the matters in this Consent Order or for failing to abide by any order of the Director;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that ALLIANCE-ONE pay a monetary penalty in the amount of \$60,000 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 should ALLIANCE-ONE fail to comply with the provisions of this Order, the Division may seek the suspension or revocation of ALLIANCE-ONE's South Dakota TPA Registration at hearing pursuant to SDCL Ch. 58-29D, or seek other remedies available at law; and it is further

ORDERED that upon ALLIANCE-ONE's compliance with the provisions of this Consent Order, the Division will release ALLIANCE-ONE, its current or former affiliates, and their respective officers, directors, employees, agents and representatives from any and all claims and any further administrative action or other proceeding based on the matters in this Consent Order; and it is further


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

ORDERED that ALLIANCE-ONE will conduct itself in accordance with the insurance laws and regulations of the State of South Dakota; 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 21st day of March, 2018.

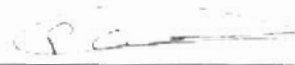


Larry Deiter, Director
South Dakota Division of Insurance

[Signature page of ALLIANCE-ONE follows]

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

Dated this 16 day of March, 2018.



Signature of Authorized Representative

Phil Ratcliff

Printed Name

President

Title

Exhibit A
Corrective Action and Reporting Plan

Commencing on the fifteenth day following execution of this Consent Order and on or before the fifteenth day of each month thereafter until June 30, 2018, ALLIANCE-ONE shall provide a confidential monthly report to the Division ("Monthly Report") as part of the Division's investigation setting forth the following information (the "Listed Items") related to the Conversion of policies issued to South Dakota residents:

1. A list of South Dakota policies still requiring remediation;
2. A list of South Dakota policies that have been remediated but have not yet received an annual statement or policies that have material errors in the annual statement;
3. A list of South Dakota policies that have become restricted or suspended since the last Monthly Report; and
4. A list of open and closed complaints for South Dakota policyholders.

The Division will provide ALLIANCE-ONE written notice of any of the ongoing or future concerns the Division has regarding the Listed Items. ALLIANCE-ONE agrees to use commercially reasonable efforts to substantially resolve the Division's concerns by June 30, 2018.

The Monthly Reports and any communications with respect thereto shall be treated as confidential pursuant to applicable law, including under SDCL §§ 1-27-1.5, 1-27-1.6, and SDCL Chapter 58-3, as confidential examination and investigation materials.