

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

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IN THE MATTER OF  
ACCORDIA LIFE AND  
ANNUITY COMPANY

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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:

ACCORDIA LIFE AND ANNUITY COMPANY ("ACCORDIA LIFE"), with an address of record of 215 10<sup>th</sup> Street, #1100, Des Moines, IA 50309, holds a Certificate of Authority to transact insurance business in the State of South Dakota;

ACCORDIA LIFE is aware that the South Dakota Division of Insurance ("Division") has investigated its insurance-related activities as regards a data conversion issue;

The Division has alleged the following:

- 1) ACCORDIA LIFE contracted with a third-party administrator ("TPA"), Alliance-One Services, Inc. ("Alliance-One"), regarding the servicing and data conversion of a substantial block of business to a new computer system ("the Conversion") starting in 2016;
- 2) The Conversion impacted South Dakota consumers over a long period of time, and has resulted in:
  - a. Inability to pay premiums when scheduled, timely receive financial statements on accounts, or obtain updated information;
  - b. Incorrect financial statements to consumers;
  - c. Continuous delays regarding consumer inquiries on their accounts and products;
  - d. Unauthorized bank withdrawals, overcharges, incorrect policy and contract value calculations;
  - e. Repeated consumer complaints with the Division; and
  - f. Policy lapses, cancellations, or surrenders;
- 3) ACCORDIA LIFE is responsible for the conduct of Alliance-One, its TPA, and the Conversion;
- 4) This conduct constitutes grounds for the revocation or suspension of ACCORDIA LIFE's Certificate of Authority pursuant to SDCL §§ 58-1-5, 58-1-26, 58-6-46, 58-29D-13, 58-33-5, and 58-33-6;

ACCORDIA LIFE reports that it has completed the Conversion, that policies are now being billed appropriately, and all accounts have received outstanding annual statements from the Conversion.

ACCORDIA LIFE 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 ACCORDIA LIFE 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;

ACCORDIA LIFE agrees to a monetary penalty in the amount of \$120,000 pursuant to SDCL §§ 58-4-28.1 and 58-6-46, in lieu of contesting this matter formally; and

ACCORDIA LIFE further agrees to conduct itself in accordance with the insurance laws and regulations of the State of South Dakota, including the attached Compliance Plan;

ACCORDIA LIFE 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 ACCORDIA LIFE pay a monetary penalty in the amount of \$120,000 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 ACCORDIA LIFE comply with the attached Compliance Plan and promptly pay penalties for noncompliance as specified therein; and it is further

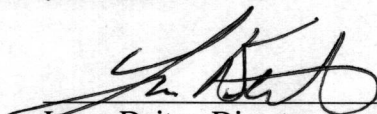
ORDERED that ACCORDIA LIFE abide by the agreements made by it in this Consent Order; and it is further

ORDERED that should ACCORDIA LIFE fail to comply with the provisions of this Order or the Compliance Plan, the Division may seek the suspension or revocation of ACCORDIA LIFE'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

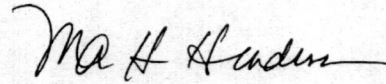
ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

Dated at Pierre, South Dakota this 12<sup>th</sup> day of JUNE, 2019.

  
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Larry Deiter, Director  
South Dakota Division of Insurance

The undersigned, on behalf of ACCORDIA LIFE, 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 31st day of May, 2019.



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Signature of Authorized Representative

Maureen Henderson  
Printed Name

Senior Vice President  
Title



## COMPLIANCE PLAN

ACCORDIA LIFE shall abide by this Compliance Plan as follows:

1. Right-dating premiums. ACCORDIA LIFE shall apply any Back Premium Payments received for the Covered Policies retroactively to the appropriate due dates that would have been used but for any Conversion-Related Issues, rather than as a lump sum premium payment.
2. Retroactive-fixed interest. For Traditional UL Covered Policies, any interest due when Back Premium Payments are made will be applied retroactively to the appropriate due dates that would have been used but for any Conversion-Related Issues at the rates effective 1/1/2013 for each applicable Covered Policy. Indexed Universal Life and Interest Sensitive Whole Life Covered Policies shall receive the Basic Interest Account ("BIA") rate applicable to each Covered Policy at the time of Conversion, per the terms of the Covered Policies on the first available sweep date following receipt of the Back Premium Payments.
3. Lapse remediation. ACCORDIA LIFE shall review South Dakota policies in Lapse Status to determine that the proper Lapse Policy Notifications were sent. Any South Dakota consumers whose Covered Policies did not receive the proper Lapse Policy Notification, or for any Covered Policies for which the ACCORDIA LIFE cannot determine whether the proper Lapse Policy Notifications were sent, will be provided the opportunity to reinstate the Covered Policy or Policies to active status with no additional underwriting required, subject to the South Dakota consumer making any Back Premium Payments.
4. All South Dakota Policy Death Claims have or will be reviewed by ACCORDIA LIFE to determine that any denials are proper and that any Death Benefits due are accurate. Any premiums, including Back Due Premiums, owed will be deducted from any valid Death Benefits due.
5. ACCORDIA LIFE has tested and will continue to test all of the Converted Policies to ensure that all Conversion-Related Issues have been addressed. If ACCORDIA LIFE determines any Conversion-Related Issues remain, ACCORDIA LIFE will remedy any Conversion-Related Issues including issuance of correspondence and updated annual statements as necessary.
6. ACCORDIA LIFE will continue to update the Division monthly through 12/31/19, with the status of policies determined to be in scope for a post Conversion clean-up project that may include the need to correspond with policyholders or update any statements, until our process of testing Conversion results is complete
7. Subject to the remedial efforts as referenced above, ACCORDIA LIFE will send billing statements and annual statements to South Dakota consumers timely as required by each policy or contract; additionally, if South Dakota consumers have any Conversion-related claims, such consumer will have the benefit of making a claim under the class settlement.
8. ACCORDIA LIFE will provide to the Division a report no later than February 14, 2020 with a report of all South Dakota policyholders affected by the Conversion updated to December 31, 2019 for the 2019 calendar year and containing the following information:
  - a. A list of consumer names and policy numbers;

- b. A trend chart showing the number of policies in the various stages of Remediation;
- c. Confirmation of each policy status, with indications as to whether each has been remediated and to what level;
- d. A full narrative describing of the status of the remediation as of December 31, 2019.