

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

IN THE MATTER OF)
FEDERAL LIFE) CONSENT ORDER
INSURANCE COMPANY)

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:

FEDERAL LIFE INSURANCE COMPANY ("FEDERAL LIFE"), with an address of record 3750 W. Deerfield Road, Riverwoods, IL 60015, is an insurance company holding a Certificate of Authority to transact business in the State of South Dakota;

FEDERAL LIFE is aware that the South Dakota Division of Insurance ("Division") has conducted an investigation of its insurance-related activities regarding administration and sales of its excepted benefit plans in South Dakota;

The Division has alleged the following:

- 1) FEDERAL LIFE utilized unappointed insurance producers, an unlicensed third-party administrator, and a disapproved association group regarding sales of its excepted benefit plans, in violation of SDCL 58-18-1 to 58-18-6, 58-29D-13, 58-29D-21, 58-30-171, 58-30-175, and 58-30-176;
- 2) FEDERAL LIFE did not provide for the competent administration of its programs regarding its excepted benefit plans, in violation of SDCL 58-29D-13;
- 3) FEDERAL LIFE has been subject to complaints regarding its excepted benefit plans;
- 4) The above-cited conduct may be grounds for the revocation or suspension of FEDERAL LIFE's Certificate of Authority pursuant to SDCL 58-6-46;

FEDERAL LIFE represents it no longer markets the products subject to this Consent Order and has taken steps to remediate the issues above;

By the execution of this Consent Order and the payment of a penalty pursuant to this Consent Order, FEDERAL LIFE neither admits to nor denies any violation of the laws of the State of South Dakota, but waives its right to contest this Consent Order in any future actions or licensing proceedings with the Division;

FEDERAL 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 FEDERAL 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;

FEDERAL LIFE agrees to a monetary penalty in the amount of \$145,000 pursuant to SDCL 58-4-28.1, in lieu of contesting this matter formally; and

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

FEDERAL LIFE 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 FEDERAL LIFE pay a monetary penalty in the amount of \$145,000 payable to "South Dakota Division of Insurance" for deposit in the general fund of the State of South Dakota; and it is further

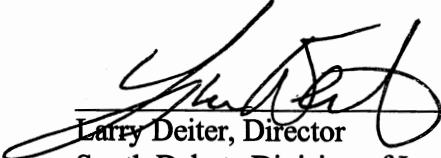
ORDERED that FEDERAL LIFE abide by the agreements made by it in this Consent Order; and it is further

ORDERED that should FEDERAL LIFE fail to comply with the provisions of this Order, the Division may seek the suspension or revocation of FEDERAL 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 19th day of December, 2024.



Larry Deiter, Director
South Dakota Division of Insurance

[Company signature page follows.]

The undersigned, on behalf of FEDERAL 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 17th day of December, 2024.



Signature of Authorized Representative

Dianne Fox
Printed Name

COO
Title