

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

IN THE MATTER OF THE TARGET)	
MARKET CONDUCT EXAMINATION)	CONSENT ORDER
OF ABILITY 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:

ABILITY INSURANCE COMPANY ("the Company"), whose address of record is 225 South 15th Street, 1202S, Omaha, NE 68102, is an insurance company holding a Certificate of Authority to transact business in the State of South Dakota;

The Company is aware that the South Dakota Division of Insurance has conducted an examination of its insurance-related activities in South Dakota:

The South Dakota Division of Insurance has alleged violations of South Dakota Insurance Law, including: SDCL §§ 58-1-26, 58-3-7, 58-3-7.4, 58-12-1, 58-17-30.8, 58-17B-6, 58-17B-7(1), 58-33-66, and 58-33-67(1), and ARSD 20:06:21:01(6), 20:06:21:04, 20:06:21:04(3), 20:06:21:08, 20:06:21:49, 20:06:21:55(1), (2), (3), and (4), and 20:06:21:72 by the Company between January 1, 2006 and June 30, 2010;

The Company has reported that it has instituted substantive changes with respect to the matters made the subject of the alleged violations;

The Company is aware of and understands the nature of the allegations and has been informed that it has the right to notice, hearing, and appeal;

The Company hereby agrees to informal disposition of this matter without a hearing pursuant to SDCL § 1-26-20 and to a monetary penalty of \$325,000 pursuant to SDCL § 58-4-28.1 in lieu of contesting this matter formally;

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

The Company further agrees that nothing in this Consent Order shall be construed to limit the Division's ability to perform any examination or investigation of the Company as authorized by law;

The Company further agrees that this Consent Order may be considered for the purpose of determining the appropriate sanction in any future actions with the South Dakota Division of Insurance 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;

By the execution of this Consent Order and the payment of a penalty pursuant to this Consent Order, the Company neither admits to nor denies violation of the laws of the State of South Dakota;


Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that the Company pay a monetary penalty in the amount of \$325,000 payable to "South Dakota Division of Insurance" for deposit in the general fund of the State of South Dakota within 30 days of the execution of this Consent Order by the Director; and it is further

ORDERED that if the Company fails to comply with the provisions of this Order, the South Dakota Division of Insurance may seek the suspension or revocation of the Company'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

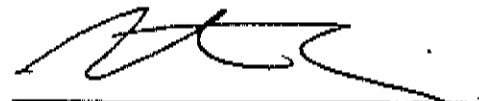
ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

Dated this 8th day of July, 2013.


Merle Scheiber, Director
South Dakota Division of Insurance

The undersigned, on behalf of the Company, 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 3rd day of July, 2013.


Signature of Authorized Representative

Kenneth King
Name of Authorized Representative

President + CEO
Title of Authorized Representative