

**LOUISIANA DEPARTMENT OF INSURANCE
DIVISION OF LEGAL SERVICES**

REGULATORY STIPULATION

BY AND BETWEEN

**THE LOUISIANA DEPARTMENT OF INSURANCE
AND
AMERICAN HEALTH AND LIFE INSURANCE COMPANY**

BE IT KNOWN, on the dates herein below specified, came and appeared

American Health and Life Insurance Company (hereinafter referred to as the "AHLIC") and the Louisiana Department of Insurance (hereinafter referred to as the "LDI") who hereby mutually stipulate, agree, covenant, and warrant as follows:

WHEREAS, the Commissioner of Insurance is charged by law and vested with the authority to administer and enforce the provisions of the Louisiana Insurance Code, Title 22:1 *et seq.*, in order to regulate the insurance industry in all its phases;

WHEREAS, AHLIC is an admitted insurer in Louisiana (NAIC No. 60518, LDI No. 140) authorized to write policies of insurance in this state.

WHEREAS, AHLIC acquired Sears Group term policies that offered a conversion of the policy, at age 70, to individual whole-life policies at the time the Sears group term coverage terminated at the end of 2014. AHLIC failed to offer eleven (11) policyholders, who requested and were entitled to conversion from group to individual whole-life policies, at the time the group term coverage terminated.

WHEREAS, AHLIC has provided the LDI with a written plan for compliance regarding offering conversions to whole-life policies to existing policyholders, has provided a full refund of premiums paid by each of the eleven (11) policyholders denied conversion, and AHLIC has fully cooperated with the LDI in the resolution of this matter.

WHEREAS, it is the intent of the LDI and AHLIC to fully compromise and resolve this matter.

WHEREAS, the LDI, appearing herein through Matthew Stewart, Deputy Commissioner, Office of Fraud & Enforcement, and AHLIC (LDI No. 140) appearing herein through Dava Carson, President, its duly authorized, empowered and undersigned representative, do hereby stipulate and agree to the following:

- A. AHLIC was charged with violating La. R.S. 22: 942(10) of the Louisiana Insurance Code specifically to wit:


"Conversion on termination of eligibility. A provision that if the insurance, or any portion of it, on an individual covered under the policy ceases because of termination of employment or of membership in the class or classes eligible for coverage under the policy, such individual shall be entitled to have issued to him by the insurer, without evidence of insurability, an individual policy of life insurance without disability or other supplementary benefits, provided application for the individual policy shall be made and the first premium paid to the insurer within thirty-one days after such termination...."

NOW THEREFORE, LDI and AHLIC agree to the following:

- A. AHLIC admits that it has been notified of the wrongful conduct alleged by the LDI to have occurred.

- B. AHLIC agrees that it violated La. R.S. 22:942 (10) by failing to offer eleven (11) policyholders conversion to individual whole-life policies, in accordance with the terms of the group policy documents, at the time the group term coverage terminated.
- C. AHLIC agrees to comply with La. R.S. 22:942 (10) by offering conversions to individual whole-life policies when the existing policyholder's group life terminates by reason of age.
- D. AHLIC has issued a full refund of premium paid by the eleven (11) policyholders who requested and were entitled to a conversion of their group term coverage into individual whole-life policies.
- E. AHLIC agrees to pay Eleven Thousand (\$11,000.00) dollars in the form of a check made payable to the Louisiana Department of Insurance within thirty (30) days after the effective date of this Regulatory Stipulation.
- F. AHLIC agrees that by entering into this Regulatory Stipulation it waives the appearance and any other rights it may have to adjudicatory hearing regarding the actions stipulated to herein.

This Stipulation shall be effective upon the last date signed by all parties.

BY: 
AMERICAN HEALTH & LIFE INSURANCE
COMPANY
Dava Carson, President

4/15/2019
Date

BY: 
LOUISIANA DEPARTMENT OF INSURANCE
Matthew Stewart, Deputy Commissioner
Division of Insurance Fraud

4/15/2019
Date