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DEPT. OF INSURANCE
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STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:

**AMERICAN BANKERS LIFE ASSURANCE COMPANY OF
FLORIDA, NAIC # 60275,**
Respondent.

) Docket No. 03A-155-INS

) **CONSENT ORDER**
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Examiners for the Department of Insurance (the "Department") conducted a market conduct examination of American Bankers Life Assurance Company of Florida ("ABLAC"). In the Report of Examination of the Market Conduct Affairs of ABLAC, the Examiners allege that ABLAC violated A.R.S. §§20-298 20-461, 20-20-1605, 20-1613, 20-2106 and A.A.C. R20-6-801.

ABLAC wishes to resolve this matter without formal proceedings, admits that the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. ABLAC is authorized to transact life and disability insurance pursuant to a Certificate of Authority issued by the Director.

2. The Examiners were authorized by the Director to conduct a market conduct examination of ABLAC. The on-site examination covered the time period from January 1, 2001 to December 31, 2001 and was concluded on September 16, 2002. Based on their findings, the Examiners prepared the "Report of Examination of the Market Conduct Affairs of American Bankers Life Assurance Company" dated September 16, 2002.

3. Following a market conduct examination of American Bankers Life

1 Assurance Company of Florida as of September 10, 1993, the Director entered a
2 Consent Order, Docket No. 97A-154, which was filed on September 10, 1997 (the
3 "1997 Order"). Section 1 of the "Order" portion of the 1994 Order stated as follows:

4 "1. Respondents shall: ...

5 D maintain automobile, mobile home, travel trailer, unemployment, property and credit life
6 and disability claim files in a manner which would allow pertinent events and dates to be
7 reconstructed."

8 4. The Examiners reviewed the Company's procedures for paying
9 commissions during the time frame of the examination and found that ABLAC paid
10 commissions to Specialty Retailers, Central Arizona Insurance, and Centex Home
11 Equity Corporation, none of whom were licensed as a producer in Arizona.

12 5. The Examiners reviewed all of the forms used by the Company during the
13 time frame of the examination and found as follows:

14 a. ABLAC used 16 claim forms [C1121, C1128-0996, C1128-0301,
15 C2011-0301, C2129(1)-0400, C2129(1)-0800, C2129(1)-0601, C2199-0800, C2317-
16 0601, C1030-0300, C1030-0301, C1030-0701, C1099-0598, C1099-0998, SCPPLIFE,
17 CLM02A] that

18 i. Failed to specify the length of time that the authorization
19 remains valid.

20 ii. Failed to include notice that the individual or the individual's
21 authorized representative is entitled to receive a copy of the authorization.

22 b. ABLAC used one claim form [C2011-0795] that failed to include
23 notice that the individual or the individual's authorized representative is entitled to
24 receive a copy of the authorization.

25 6. The Examiners reviewed 87 of 798 XYCOR applications processed by
the Company during the time frame of the Examination and found that ABLAC issued
38 certificates of insurance that exceeded the amount of unpaid indebtedness.

1 ORDER

2 **IT IS HEREBY ORDERED THAT:**

3 1. ABLAC shall cease and desist from:

4 a. Failing to comply with an Order of the Director.

5 b. Paying commissions to unlicensed producers.

6 c. Using claim forms that fail to contain a compliant *Authorization for*
7 *the Release of Information.*

8 d. Issuing certificates of insurance with amounts that exceed the
9 amount of unpaid indebtedness.

10 e. Authorizing creditors to settle or adjust claims.

11 f. Failing to maintain claim files so that pertinent events and the
12 dates of those events can be reconstructed.

13 2. Within 90 days of the filed date of this Order, ABLAC shall submit to the
14 Arizona Department of Insurance, for approval, evidence that corrections have been
15 implemented and communicated to the appropriate personnel, regarding the issues
16 outlined in Paragraph 1 of the Order section of this Consent Order. Evidence of
17 corrective action and communication thereof includes, but is not limited to, memos,
18 bulletins, E-mails, correspondence, procedures manuals, print screens, and training
19 materials.

20 3. The Department shall be permitted, through authorized representatives,
21 to verify that ABLAC has complied with all provisions of this Order.

22 4. ABLAC shall pay a civil penalty of \$20,000.00 to the Director for
23 remission to the State Treasurer for deposit in the State General Fund in accordance
24 with A.R.S. §§ 20-220(B) and 20-456. The civil penalty shall be provided to the Market
25 Oversight Division of the Department prior to the filing of this Order.

1 5. The Report of Examination of the Market Conduct Affairs of American
2 Bankers Life Assurance Company of Florida as of September 16, 2002, including the
3 letter of objection to the Report of Examination, shall be filed with the Department upon
4 the filing of this Order.

5 DATED at Phoenix, AZ this 16th day of October, 2003.

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8 Charles R. Cohen
9 Director of Insurance
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1 **CONSENT TO ORDER**

2 1. American Bankers Life Assurance Company of Florida has reviewed the
3 foregoing Order.

4 2. American Bankers Life Assurance Company of Florida admits the
5 jurisdiction of the Director of Insurance, State of Arizona, admits the foregoing Findings
6 of Fact, and consents to the entry of the Conclusions of Law and Order.

7 3. American Bankers Life Assurance Company of Florida is aware of the
8 right to a hearing, at which it may be represented by counsel, present evidence and
9 cross-examine witnesses. American Bankers Life Assurance Company of Florida
10 irrevocably waives the right to such notice and hearing and to any court appeals
11 related to this Order.

12 4. American Bankers Life Assurance Company of Florida states that no
13 promise of any kind or nature whatsoever was made to it to induce it to enter into this
14 Consent Order and that it has entered into this Consent Order voluntarily.

15 5. American Bankers Life Assurance Company of Florida acknowledges
16 that the acceptance of this Order by the Director of the Arizona Department of
17 Insurance is solely for the purpose of settling this matter and does not preclude any
18 other agency or officer of this state or its subdivisions or any other person from
19 instituting proceedings, whether civil, criminal, or administrative, as may be appropriate
20 now or in the future.

21 6. Russel Kirsch, who holds the office of
22 S.V.P. Regulatory Admin. of American Bankers Life Assurance Company of
23 Florida, is authorized to enter into this Order for them and on their behalf.

24 **AMERICAN BANKERS LIFE ASSURANCE COMPANY OF FLORIDA**

25 10/15/03
Date

By

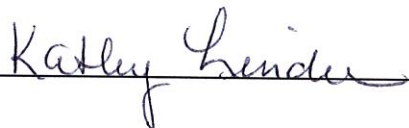
[Signature]

1 COPY of the foregoing mailed/delivered
2 this 17th day of October, 2003, to:

- 3 Gerrie Marks
Acting Deputy Director for Regulatory Affairs
- 4 Mary Butterfield
Assistant Director
5 Consumer Affairs Division
- 6 Paul J. Hogan
Market Oversight Administrator
- 7 Deloris E. Williamson
Assistant Director
8 Rates & Regulations Division
- 9 Steve Ferguson
Assistant Director
Financial Affairs Division
- 10 Allan Griffieth
Chief Financial Examiner
- 11 Alexandra Schafer
Assistant Director
12 Life and Health Division
- 13 Terry L. Cooper
Fraud Unit Chief

14
15 DEPARTMENT OF INSURANCE
2910 North 44th Street, Second Floor
16 Phoenix, AZ 85018

17
18 Russell G. Kirsch, Sr. Vice President
19 American Bankers Life Assurance Company of Florida
11222 Quail Roost Drive
20 Miami, FL 33157-6596

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