

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE

In the Matter of)
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Unified Life Insurance Company)
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(NAIC No. 11121),)
Financial Examination FE 14-04)
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&)
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In the matter of)
)
Unified Life Insurance Company)
)
(NAIC No. 11121),)
Market Conduct Examination) Case Nos. H 15-04 & H 15-05
MCE 14-09)

STIPULATED AGREEMENT AND ORDER

The Division of Insurance (Division) and Unified Life Insurance Company
(Unified) stipulate and agree to the following.

BACKGROUND:

A. Unified is a life/health insurer, NAIC Company Code 11121, located at Overland Park, KS, 66213.

B. The Division called targeted financial and market conduct examinations of the Apollo MT, LLC program of Unified. The exams commenced on March 4, 2014 and covered the period from January 1, 2008 through December 31, 2013.

C. On April 21, 2015 the Division issued the Report on the Market Conduct Examination of Unified (MCE 14-09) and on April 10, 2015 the Division issued the Report on the Financial Examination of Unified (FE 14-04).

D. FE 14-04 did not find any violations of the Alaska Insurance code or regulations, but concluded Unified “failed to provide adequate oversight of the Apollo Program”. This conclusion was based upon the failure of the TPA, Hall, to establish oversight procedures as stated the TPA agreement and the examiner’s inability to conclude that the financial records maintained by Unified of the Apollo Program were complete and accurate.

E. MCE 14-09 found apparent violations of the insurance code related to the maintenance of records. The report concluded Unified failed to adequately oversee the Apollo program by failing to confirm written policies and procedures were in place for policy holder services, underwriting and, and claims and by failing to audit its agent, Apollo MT, LLC, or its TPA, J. Allan Hall and Associates, in the five years the Apollo program was in existence. Specifically, the examiners found Unified violated AS 21.09.320, AS 21.36.125, AS 21.36.495, and AS 21.42.120.

F. On August 5, 2015 Director Wing-Heier issued orders approving MCE 14-09 dated April 10, 2015 and FE 14-04 dated April 21, 2015.

G. On August 21, 2015 Unified filed Requests for Hearing on the orders approving FE 14-04 and MCE 14-09. In its requests Unified argued the reports failed to adequately consider Unified’s reliance on its TPA to administer the Apollo

program in compliance with Alaska insurance statutes and regulations. Unified, however, recognized that it is ultimately responsible for actions of its TPA and agent.

H. The parties now agree and stipulate these Requests for Hearing will be withdrawn and the issues discovered in FE 14-04 and MCE 14-09 will be resolved by the following terms of agreement.

TERMS OF AGREEMENT:

1. For the violations discovered in MCE 14-09 and in accordance AS 21.09.260, AS 21.36.910, and AS 21.97.200 Unified agrees to pay a civil penalty of \$60,000 with \$30,000 suspended.

a. The unsuspended penalty of \$30,000 is payable with 30 days from the time Unified is notified that the Director has signed the order approving this agreement. The unsuspended penalty shall be made payable to the "State of Alaska," shall reference Case No. H-15-04 & H-15-05, and shall be mailed to the Division of Insurance, P.O. Box 110804, Juneau, Alaska 99811-0805.

b. In the event Unified is found to have violated the Alaska insurance laws within two years of the date that the Director has signed the order approving this agreement, the suspended penalty referenced in paragraph 1 will be reinstated. Unified will also be subject to any and all sanctions authorized by the insurance laws including imposing additional penalties.

c. No violations of the Alaska insurance laws were found in FE 14-04 and no penalty will be assessed for the findings in FE 14-04.

2. Unified certifies it now has an Enterprise Risk Management program in place and will conduct audits of its business partners on a regular basis rather than rely upon “red flags” or other warnings that problems exist.

3. Unified agrees to pay interest owed of \$6,789.65 under AS 21.36.495(c) and (d) to the providers identified in MCE 14-09 within 90 days of being notified that the Director has signed the order approving this agreement.

a. Payment of interest owed shall be made upon mailing the interest owed to each provider identified in MCE 14-09 via certified mail, return receipt requested.

b. Unified agrees to track, prepare, file, and serve written notice regarding payment of the interest owed no later than 120 days after being notified that the Director has signed the order approving this settlement. This notice shall contain the provider’s name, provider’s address, amount of interest paid, check number for interest paid, certified mailing tracking number, and status of delivery. Upon filing of the written notice, Unified will have satisfied all obligations identified in and related to paragraph 3.


5. By signing this agreement Unified understands and agrees that any failure to comply with the terms of this agreement may be grounds to revoke, suspend or non-renew Unified’s certificate in the State of Alaska.

6. Unified understands that this agreement is not binding on the parties unless and until the Director signs the order approving the agreement.

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DIVISION OF INSURANCE

DATED: 9/26/2016

By: 
Daniel Wilkerson
Assistant Attorney General
Counsel for Division of Insurance
Alaska Bar No. 9306043

UNIFIED LIFE INSURANCE COMPANY

DATED: 9/26/2016

By: 
Laura Barson
Counsel for Unified Life Insurance Co.
Alaska Bar No. 0911049

APPROVED/DISAPPROVED

DATED: 10/3/2016

By: 
Anna Latham
Hearing Officer

ORDER

IT IS ORDERED that this Stipulated Agreement and Order is adopted in full resolution of the issues in the case and shall constitute the final order in this matter.

DATED this 14th day of October, 2016.


Lori Wing-Heier
Director of Insurance