

## REGULATORY SETTLEMENT AGREEMENT

This Regulatory Settlement Agreement (the “Agreement”) is entered into this 14<sup>th</sup> day of May, 2024 by and among (i) Freedom Life Insurance Company of America (“**the Company**”); (ii) the Delaware Department of Insurance (“**DE**”)(“Managing Lead State”); (iii) the Colorado Department of Regulatory Affairs Division of Insurance (“**CO**”); (iv) the Florida Office of Insurance Regulation (“**FL**”); (v) the Texas Department of Insurance (“**TX**”); (vi) the Virginia State Corporation Commission Bureau of Insurance (“**VA**”) (and collectively with the Managing Lead State, CO, FL, TX, and VA are referred to herein as the “**Lead States**”); and (vii) the insurance related regulatory bodies of such other jurisdictions choosing to adopt, agree to and approve this Agreement pursuant to the terms hereof (“**the Participating States**”, the Lead States and the Participating States are collectively referred to herein as the “**Settling Jurisdictions**”). The Settling Jurisdictions and the Company are each referred to herein as a “**Party/Parties**”.

### RECITALS

**WHEREAS**, the Lead States issued an examination warrant dated October 6, 2021 under Authority number 62324-21-714 (the “**Warrant**”) calling for a multistate targeted market conduct examination of Freedom Life Insurance Company of America and the examination focused on the Company’s health insurance products, including but not limited to Accident Only, Association, Critical Illness, Dental, Essential Health Benefits, Fixed Indemnity, Health, Short Term Medical, Specified Disease and Vision (collectively referred to as “**Health Insurance Business**”) in the following areas of operation: Company Operations and Management; Complaints, Appeals and Utilization Review Handling; Marketing and Sales; Producer Licensing; Policy Forms and Rates, Underwriting and Claims Handling (“**Examination Scope**”). The examination period was January 1, 2018 through September 30, 2021 (“**Examination Period**”) (The multistate market conduct examination as called by the Warrant with respect to the Examination Scope and the Examination Period shall be referred to as the “**Examination**”).

**WHEREAS**, there are presently thirty-one (31) jurisdictions participating in the Examination, including five (5) Lead States and twenty-six (26) Participating States, a list of which may be found on **Exhibit A**, attached hereto and by reference incorporated herein;

**WHEREAS**, through the Company’s marketing and sales of its products exclusively through agents of its sister company, USHEALTH Advisors, LLC., and the Associations of American Independent Business Coalition, the American Business Coalition and the Southern Consumers Alliance, the Company sold or contracted for the sale of Health Insurance Products to consumers in the Settling Jurisdictions;

**WHEREAS**, the EIC (defined below) has presented to the Company and to the Lead States preliminary findings and concerns based on information gathered to date;

**WHEREAS**, based upon communication with the Lead States and the Company, the Company agrees not to contest the findings of the final examination report as approved by the Lead States, to the conditions of this Agreement and to the resolution of those matters within the Examination Scope during the Examination Period.

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**WHEREAS**, the Company has cooperated with the EIC in the course of the Examination by making its books and records available for examination, responding to questions from and meeting on multiple occasions with the EIC, and making its personnel available to assist the EIC in its conduct of the Examination as requested by the EIC;

**WHEREAS**, the Company represents to the Settling Jurisdictions that at all times relevant to this Agreement, the Company and its officers, directors, employees, agents and representatives acted in good faith; and have fully, completely, and truthfully responded to all questions, interrogatories, and requests of the EIC and the Lead States;

**WHEREAS**, in view of the foregoing facts and circumstances, the complicated issues raised and the probability that long-term litigation and/or administrative proceedings would be required to resolve the disputes between the Parties hereto, and without admitting any fault of liability by the Company, the Parties have agreed to resolve all issues relating to the Examination and the regulatory issues through this Agreement;

**WHEREAS**, the Parties execute this Agreement knowingly and voluntarily, and the Parties acknowledge that this Agreement is in the public interest; and

**WHEREAS**, by this Agreement, the Company (1) acknowledges execution of this Agreement; (2) the Company does not admit to any of the regulatory findings related to the Agreement or in the examination, and the Parties understand and agree that they entered into this Agreement in order to promote regulatory efficiency, to avoid disruption to insureds, and to implement updated procedures on a national basis as outlined in this Agreement; (3) the Company agrees to undertake the actions set forth in this Agreement; and (4) the Company waives its rights to contest issues disposed of by this Agreement except to the extent provided for in this Agreement.

**NOW THEREFORE**, in consideration of the Recitals, the mutual covenants and agreements herein, and each act performed and to be performed hereunder, the Parties agree as follows:

1. **Incorporation of Recitals.** The above and foregoing Recitals, including, without limitation, all capitalized terms defined therein, are hereby incorporated into and made a part of this Agreement as if more fully set forth in the body of this Agreement.
2. **Definitions.** The terms listed below shall have either the meaning given in this section or the definition given elsewhere in this Agreement:
  - a. **Affiliate** shall mean a person or entity that directly, or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the person or entity specified.
  - b. **Agreement** shall have the meaning set forth in the first paragraph of page 1.
  - c. **Association** shall mean an association formed and maintained in good faith for purposes other than obtaining insurance meeting the requirements of applicable Insurance Law.
  - d. **CO** shall have the meaning set forth in the first paragraph of page 1.

- e. **Company** shall have the meaning set forth in the first paragraph of page 1.
- f. **Company Related Parties** shall mean the Affiliates, parents, subsidiaries and assigns of each of the entities within the definition of the Company.
- g. **Conditional Effective Date** shall be the date on which this Agreement has been signed by the Company and adopted by each of the five (5) Lead States.
- h. **DE** shall have the meaning set forth in the first paragraph of page 1.
- i. **DE Director** shall mean the Director of Market Conduct and Consumer Services Division of the Delaware Department of Insurance.
- j. **EIC** shall mean the Examiner-in-Charge, Frank Kyazze, Delaware Department of Insurance.
- k. **Examination Monitoring Cost** shall have the meaning set forth in Section 5.b.
- l. **Examination** shall have the meaning set forth in the first Recital on page 1.
- m. **Examination Period** shall have the meaning set forth in the first Recital on page 1.
- n. **Examination Scope** shall have the meaning set forth in the first Recital on page 1.
- o. **Final Effective Date** shall have the meaning set forth in Section 8.b.
- p. **FL** shall have the meaning set forth in the first paragraph of page 1.
- q. **Insurance Laws** shall mean the insurance statutes, rules, regulations and case law in effect in each Settling Jurisdiction, together with any other statutes, rules, regulations and case law relating to or otherwise affecting the sale, marketing, provision, servicing of the Health Insurance Business and other services or benefits provided to consumers by or through, directly or indirectly, Company or Company Related Parties. For purposes of illustration only and not limitation, Insurance Laws shall include unfair trade practice laws, and prompt payment of insurance claims laws. For purposes of this Agreement, the term shall also include bulletins, notices and official interpretations of law in effect in a Settling Jurisdiction unless reliance on such bulletins, notices or official interpretations is prohibited by a Settling Jurisdiction's laws.
- r. **Lead States** shall have the meaning set forth in the first paragraph of page 1.
- s. **Health Insurance Business** shall have the meaning set forth in the first Recital on page 1.
- t. **Managing Lead State** shall have the meaning set forth in the first paragraph of page 1.
- u. **Monitoring** shall have the meaning set forth in Section 5.
- v. **Monitoring Period** shall be a period of the 12 calendar months following the 90<sup>th</sup> day after the Conditional Effective Date, with the option of expanding an additional 12 months dependent on Company compliance with this Agreement.
- w. **Multistate Payment** shall have the meaning set forth in Section 4.a.
- x. **Participating States** shall have the meaning set forth in the first paragraph of page 1.
- y. **Party/Parties** shall have the meaning set forth in the first paragraph of page 1.
- z. **Settling Jurisdictions** shall have the meaning set forth in the first paragraph of page 1.
- aa. **Subscribing Jurisdiction Adoption Form** shall be that instrument attached hereto as Exhibit B.

- bb. **TPA** shall mean Third-Party Administrators.
- cc. **TX** shall have the meaning set forth in the first paragraph of page 1.
- dd. **Warrant** shall have the meaning set forth in the first Recital on page 1.
- ee. **VA** shall have the meaning set forth in the first paragraph of page 1.

3. Specific Business Practices and Reforms.

As of the Final Effective Date, with respect to its Health Insurance Business, the Company agrees to act in accordance with the terms as defined in the following Compliance Plan. The Company will ensure completion of the appropriate actions within 90 days of the Conditional Effective Date.

a Compliance Plan.

The Company agrees to implement and comply with the following requirements:

- i. The Company shall modify the existing TPA agreements to add the applicable State specific required language.
- ii. The Company shall review and revise the existing TPA contracts to ensure the applicable State specific required language is included.
- iii. The Company shall record all application verification calls, in their entirety, for the Health Insurance Business and shall retain the recordings for five years on a rolling basis.
- iv. The Company will retain proof of oversight of all TPAs ensuring said TPAs are in compliance with all Company sale protocols and pertinent state laws.
- v. The Company shall establish procedures to include performance-based metrics in its contracts with TPAs to ensure compliance with Company protocols and pertinent state laws.
- vi. The Company shall establish procedures to conduct audits of TPAs and provide the results of such audits to Management and the Board of Directors. These audits must be retained and made available for future examination purposes.
- vii. The Company shall ensure that all advertisements contain the required provisions where required by State Law.
- viii. The Company shall ensure that all Appeals are acknowledged and resolved in a timely manner as per applicable state laws and regulations.
- ix. The Company shall ensure that all forms in use are filed where required by applicable State law.
- x. The Company shall update its procedures to ensure that the policy forms do not include unapproved language.
- xi. The Company shall update its procedures to ensure documentation is retained confirming that the Outlines of Coverage are provided where required by State law.
- xii. The Company shall update its procedures to ensure that the Applications are completed in their entirety to the extent required by State Law.
- xiii. The Company shall update its procedures to ensure that the policy forms contain the approved State-specific language where required.
- xiv. The Company shall review each marketing piece with a noted exception or concern during the examination, and will confirm that the changes have been made, or it is no longer in use.
- xv. The Company shall ensure that all Explanation of Benefits (EOB) forms contain the required disclosures and are in accordance with applicable State Laws.



- xvi. The Company shall ensure that all claims are acknowledged, investigated and resolved in a timely manner as required by applicable State law.

At the conclusion of the Monitoring Period, the Lead States will conduct a targeted market conduct examination relating to the Health Insurance Business with the intention of ensuring that all system and procedure changes designed to address the concerns and exceptions noted in the examination report were fully implemented within 90 days of the Conditional Effective Date and continued in effect.

4. Multistate Payment.

- a. The Company shall be subject to a regulatory settlement of One Million Dollars (\$1,000,000.00) to the Settling Jurisdictions (the "**Multistate Payment**"). The payment shall be divided as follows: Five Hundred Thousand Dollars and no/100 Dollars (\$500,000.00) due upon the Final Effective Date and the remaining Five Hundred Thousand Dollars and no/100 Dollars (\$500,000.00), contingent on complete compliance with the Compliance Plan. This will be determined at the conclusion of the follow-up targeted market conduct exam noted in the Compliance Plan above and the Regulatory Oversight section below after discussion with the Company. The \$500,000 contingent penalty is the maximum that could be applied. A portion of the \$500,000 will be allocated to each requirement noted in the Compliance Plan noted above. If it is determined the Company failed to substantially comply with a particular requirement, they would only be assessed that requirement's portion of the contingent penalty. The Multistate Payment shall be allocated among the Settling Jurisdictions that sign the Subscribing Jurisdiction Adoption Form;
- b. Except as otherwise specifically provided in this Agreement, and except for the ongoing costs of the Examination, and provided the Company's full and complete compliance with this Agreement, the Multistate Payment shall be the sole amount charged, assessed or collected by the Settling Jurisdictions with respect to this Examination Scope during the Examination Period.
- c. Within ten (10) business days of the Final Effective Date, the DE Director shall provide the Company a document reflecting how the Multistate Payment shall be allocated among the Settling Jurisdictions, along with necessary payment information provided by the Settling Jurisdictions; and
- d. The Company acknowledges the validity and legitimacy of the Multistate Payment and shall pay the Multistate Payment in accordance with the DE Director's instructions within thirty (30) calendar days of the Final Effective Date. Once paid by the Company, the Multistate Payment is final and non-recoverable under any circumstances, including without limitation, termination of this Agreement.

5. Regulatory Oversight.

- a. During the Monitoring Period, the Lead States shall maintain regulatory authority and oversight over the Company's compliance with the terms of this Agreement.

With respect to such continuing oversight, the Company agrees to review the Compliance plan and implement all required improvements. In addition, the Company agrees to a targeted examination conducted by the Lead States to ensure said compliance, the costs of which will be paid by the Company.

- b. In addition to any payments otherwise provided in this Agreement, the costs of the Settling Jurisdictions related to the compliance with this Agreement, including without limitation this Section 5, and including without limitation the costs and expenses of conducting any future audits, reviews, or examinations permitted herein, the costs of participating in any meetings, presentations, or discussions with the Company, the Company's Related Parties, the Lead States and/or the Settling Jurisdictions and other necessary parties, together with the costs and expenses of any third-party examiners(s) (collectively, the "**Examination Monitoring Cost**") shall be the full and sole responsibility of the Company as costs of the Examination; and
- c. The ongoing monitoring during the Monitoring Period as provided by this Agreement (the "**Monitoring**") constitutes an ongoing examination by each of the Settling Jurisdictions pursuant to each of their respective jurisdiction's Insurance Laws; to the extent permitted by each Settling Jurisdiction's laws, all audit reports, statistical reports, work papers, documents and any other information produced, obtained or disclosed in connection with the Examination and any follow-up Examination or Monitoring contemplated under this Agreement, regardless of the manner of production or disclosure, shall be treated as confidential and privileged. Nothing in this Agreement is intended to, nor shall it, preclude Settling Jurisdiction(s) from sharing records and other information relating to the Examination, or this Agreement, or disclosing the results of compliance with the Agreement to other governmental or law enforcement entities.

6. Release.

Subject to the Company's full and complete performance of and compliance with the terms and conditions of this Agreement, each Settling Jurisdiction hereby releases the Company from any and all claims, demands, interest, penalties, actions, or causes of action that each Settling Jurisdiction may have or could have alleged against the Company by reason of any matter, cause or thing whatsoever, regarding or relating to those matters within the Examination Scope within the Examination Period; provided, however, that nothing herein shall preclude the Lead States from conducting subsequent examinations, audits and reviews to assess the Company's compliance with this Agreement; and provided further that this Release shall not limit in any way a Settling Jurisdiction's right to conduct subsequent examinations or other regulatory review of any entities or persons other than the Company.

7. Default.

- a. Company's failure to completely comply with any provisions of this Agreement shall be deemed a breach by the Lead States, together with any determination by a Lead State that the Company has made a misrepresentation in this Agreement or in

the conduct of the Examination, shall constitute a breach of this Agreement, a violation of an order of the Settling Jurisdictions, and a violation of the Company's agreement with the Settling Jurisdictions and shall subject the Company to such administrative and enforcement actions and penalties as each Settling Jurisdiction deems appropriate, consistent with each Settling Jurisdiction's respective Insurance Laws;

- b. If a Settling Jurisdiction believes that the Company has breached a provision of this Agreement or that the Company has made a misrepresentation in this Agreement or during the conduct of the Examination, such Settling Jurisdiction shall provide written notice of the alleged breach to the Company and the Managing Lead States that the breach has occurred. The Company shall have the opportunity, within twenty-one (21) calendar days of receipt of such notice to present evidence in writing and through appearance before the complaining jurisdiction's regulator in an attempt to rebut the allegations(s) or to seek an extension and to present a proposed action plan to address the alleged breach. A Settling Jurisdiction shall not pursue any enforcement action as set forth in this Section 7.a. against the Company until the twenty-one (21) calendar day response period described above has expired. If the Lead States accept the Company's method and/or action plan to correct the identified deficiencies, the Lead States will define the time by which the Company must fulfill its corrective obligations. At its discretion, the Lead States may reject in writing the Company's proposed action plan and proceed with the original administrative and enforcement actions and penalties as each Settling Jurisdiction deems appropriate. This Subsection b. of this Section 7 shall not be binding on the Commonwealth of Virginia or the State of Texas. As pertaining to Virginia-related or Texas-related conduct, any dispute or conflict which may arise in connection with breach of the Agreement or misrepresentation in this Agreement or during the conduct of the Examination, will be governed by the laws of the Commonwealth of Virginia or the State of Texas, as applicable; and
- c. Any agreement on the part of any Party hereto, to any extension or waiver shall be valid only if in writing signed by the Party granting such waiver or extension and, unless expressly provided otherwise, shall be a one-time waiver or extension only, and any such waiver or extension or any other failure to insist on strict compliance with any duty or obligation herein shall not operate as a waiver or extension of, or estoppel with respect to, any continuing, subsequent or other failure to comply with this Agreement.

8. Effectiveness.

- a. The DE Director shall arrange to deliver this Agreement within seven (7) calendar days following the Conditional Effective Date to the Settling Jurisdictions. The Settling Jurisdictions may adopt, agree to, or approve the Agreement by means of the Subscribing Jurisdiction Adoption Form attached as **Exhibit B** and by reference herein incorporated;

- b. This Agreement shall be effective on the date the DE Director provides the Company with a copy of this Agreement adopted, agreed to, and approved by 31 jurisdictions included in the Settling Jurisdictions (the **Final Effective Date**).
- c. The Lead States and the Company may agree in writing to extend the initial Final Effective Date and each extended Final Effective Date thereafter in writing, in which case the DE Director shall notify the Participating States who may then choose whether to participate hereunder on or before the extended Final Effective Date; and
- d. If the Final Effective Date does not occur by the initial Final Effective Date, as may be extended pursuant to the terms of this Agreement, this Agreement shall be deemed null and void and of no further force or effect.

9. Additional Terms.

- a. Third Party Reliance. This Agreement is an agreement solely among the named Parties, and no other person or entity shall be deemed to obtain or possess any enforceable rights against the Company as a third-party beneficiary or otherwise as a result of this Agreement. The Parties agree that this Agreement is not intended to and shall not confer any rights upon any other person or entity and shall not be used for any other purpose. Nothing in this Agreement shall be construed to provide for a private right of action to any person or entity not a party to this Agreement, nor shall this Agreement be admissible in any private suit. Nor shall the Agreement be deemed to create any intended or incidental third-party beneficiaries, and the matters herein shall remain within the sole and exclusive jurisdiction of the Settling Jurisdictions. Nothing contained herein shall affect any rights that the Company or any Company Related Party might have against third parties.
- b. No Admission of Liability. The Parties understand and agree that, by and through this Agreement, the Company (1) acknowledges execution of this Agreement; (2) the Company does not admit to any of the regulatory findings related to the Agreement or in the Examination, and the Parties understand and agree that they entered into this Agreement in order to promote regulatory efficiency, to avoid disruption to insureds, avoid protracted litigation, and to implement updated procedures on a national basis as outlined in this Agreement; (3) the Company agrees to undertake the actions set forth in this Agreement; and (4) the Company waives its rights to contest issues disposed of by this Agreement except to the extent provided for in this Agreement.
- c. Exhibits. The following exhibits are attached hereto and incorporated herein:
  - i. Exhibit A – Settling Jurisdictions
  - ii. Exhibit B – Subscribing Jurisdiction Adoption Form
- d. Time of the Essence. The Parties hereby agree that time shall be of the essence with respect to the performance of this Agreement.

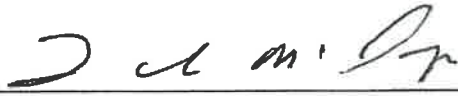
- e. *Rights and Remedies.* Except as otherwise provided in this Agreement, the rights, powers, remedies, and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges by applicable law.
- f. *Settling Jurisdiction Authority.* Each person signing on behalf of each of the Settling Jurisdiction gives his or her express assurance that under applicable laws, regulations, and judicial rulings, he or she has authority to enter into this Agreement.
- g. *Company Authority.* The Company expressly represents and warrants as of the date of its execution of this Agreement that: (i) it is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation or organization and has the absolute, unrestricted right, power, authority and capacity to execute and deliver this Agreement and to perform its obligations arising hereunder, without any further consent or approval being required from any individual person, parent company, or other organization or entity; (ii) it has obtained all necessary authorizations, approvals, or consents of any governmental entity required in connection with the execution, delivery, or performance by it of this Agreement; (iii) it has conducted all investigations it deems appropriate and necessary to determine whether to enter into this Agreement; and (iv) it has read this Agreement, enters into it knowingly and voluntarily, and has been advised by its legal counsel as to the legal effect of this Agreement.
- h. *Choice of Law.* This Agreement and any disputes or conflicts which may arise in connection with the interpretation or enforcement of this Agreement, and the rights and obligations of the Parties, shall be governed by the laws of the State of Delaware without regard or reference to choice or conflict of law rules. The Parties consent to the exclusive jurisdiction of the United States District Court for the State of Delaware or the State of Delaware Superior Court for the purposes of interpreting and enforcing this Agreement. Nothing in this Subsection h. of this Section 9 however, shall limit the rights of a Settling Jurisdiction to pursue administrative and enforcement actions and penalties consistent with such Settling Jurisdiction's laws, rules and regulations as provided in Section 7 of this Agreement. This Subsection h. of this Section 9 shall not be binding on the Commonwealth of Virginia or the State of Texas. As pertaining to Virginia-related or Texas-related conduct, this Agreement, any disputes or conflicts which may arise in connection with the interpretation or enforcement of this Agreement, and the rights and obligations of the Parties, will be governed by the laws of the Commonwealth of Virginia or the State of Texas, as applicable; and
- i. *Subsequent Law.* If a Settling Jurisdiction adopts an Insurance Law relating to or conflicting with any provision of this Agreement, then application of such provision of this Agreement shall be superseded by such Insurance Law as it applies in that Settling Jurisdiction, and all other unaffected terms and conditions of the Agreement shall remain in full force and effect.

- j. Joint Preparation. This Agreement, exclusive of any statements or findings, preliminary or otherwise, of the DE Director, shall be deemed to have been prepared jointly by the Parties hereto. Any ambiguity herein shall not be interpreted against any Party hereto and shall be interpreted as if each of the Parties hereto had prepared this Agreement.
- k. Interpretation. Titles and headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Whenever the context requires in this Agreement, the singular shall include the plural and vice versa.
- l. Invalidity. In the event that any portion of this Agreement is enjoined or held invalid under the laws of a Settling Jurisdiction, such enjoined or invalid portion shall be deemed to be severed only for the duration of the injunction, if applicable, and only with respect to that Settling Jurisdiction and its jurisdiction, and all remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.
- m. Full and Final Agreement. This Agreement, including any exhibits hereto, constitutes the entire understanding between the Company and the Settling Jurisdictions with respect to the subject matter contained herein and supersedes any and all prior or existing understandings, agreements, plans, and negotiations, whether written or oral, between the Company and any Settling Jurisdiction. All modifications to this Agreement must be in writing and signed by each of the Parties hereto.
- n. Counterparts. This Agreement may be executed in one or more counterparts, any of which shall be deemed an original and all of which taken together shall constitute one and the same Agreement. Execution and delivery of this Agreement may be evidenced by facsimile or electronic mail transmission.
- o. Bankruptcy. The Company understands and agrees that the amounts due and payable to the Department pursuant to this Regulatory Settlement Agreement are not dischargeable in any bankruptcy proceedings pursuant to 11 U.S.C. § 523(a)(7).
- p. Settlement. The Regulatory Settlement Agreement shall survive the Company and be enforceable against its successors, transfers, or assigns.

[SIGNATURES ON FOLLOWING PAGES]

In Witnesses Whereof, the Parties to this Regulatory Settlement Agreement have each caused their signatures to be set forth below on the date first set forth below.

**FREEDOM LIFE INSURANCE COMPANY OF AMERICA**

BY: 

Name: Troy Alan McQuagge

Title: President & CEO

DATE: 5-28-2024

**DELAWARE DEPARTMENT OF INSURANCE**

BY: 

The Honorable Trinidad Navarro  
Commissioner Of Insurance

DATE: 5/30/24





## REGULATORY SETTLEMENT AGREEMENT

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- o. **Final Effective Date** shall have the meaning set forth in Section 8.b.
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- q. **Insurance Laws** shall mean the insurance statutes, rules, regulations and case law in effect in each Settling Jurisdiction, together with any other statutes, rules, regulations and case law relating to or otherwise affecting the sale, marketing, provision, servicing of the Health Insurance Business and other services or benefits provided to consumers by or through, directly or indirectly, Company or Company Related Parties. For purposes of illustration only and not limitation, Insurance Laws shall include unfair trade practice laws, and prompt payment of insurance claims laws. For purposes of this Agreement, the term shall also include bulletins, notices and official interpretations of law in effect in a Settling Jurisdiction unless reliance on such bulletins, notices or official interpretations is prohibited by a Settling Jurisdiction's laws.
- r. **Lead States** shall have the meaning set forth in the first paragraph of page 1.
- s. **Health Insurance Business** shall have the meaning set forth in the first Recital on page 1.
- t. **Managing Lead State** shall have the meaning set forth in the first paragraph of page 1.
- u. **Monitoring** shall have the meaning set forth in Section 5.
- v. **Monitoring Period** shall be a period of the 12 calendar months following the 90<sup>th</sup> day after the Conditional Effective Date, with the option of expanding an additional 12 months dependent on Company compliance with this Agreement.
- w. **Multistate Payment** shall have the meaning set forth in Section 4.a.
- x. **Participating States** shall have the meaning set forth in the first paragraph of page 1.
- y. **Party/Parties** shall have the meaning set forth in the first paragraph of page 1.
- z. **Settling Jurisdictions** shall have the meaning set forth in the first paragraph of page 1.
- aa. **Subscribing Jurisdiction Adoption Form** shall be that instrument attached hereto as Exhibit B.

- bb. **TPA** shall mean Third-Party Administrators.
- cc. **TX** shall have the meaning set forth in the first paragraph of page 1.
- dd. **Warrant** shall have the meaning set forth in the first Recital on page 1.
- ee. **VA** shall have the meaning set forth in the first paragraph of page 1.

3. Specific Business Practices and Reforms.

As of the Final Effective Date, with respect to its Health Insurance Business, the Company agrees to act in accordance with the terms as defined in the following Compliance Plan. The Company will ensure completion of the appropriate actions within 90 days of the Conditional Effective Date.

a. Compliance Plan.

The Company agrees to implement and comply with the following requirements:

- i. The Company shall modify the existing TPA agreements to add the applicable State specific required language.
- ii. The Company shall review and revise the existing TPA contracts to ensure the applicable State specific required language is included.
- iii. The Company shall record all application verification calls, in their entirety, for the Health Insurance Business and shall retain the recordings for five years on a rolling basis.
- iv. The Company will retain proof of oversight of all TPAs ensuring said TPAs are in compliance with all Company sale protocols and pertinent state laws.
- v. The Company shall establish procedures to include performance-based metrics in its contracts with TPAs to ensure compliance with Company protocols and pertinent state laws.
- vi. The Company shall establish procedures to conduct audits of TPAs and provide the results of such audits to Management and the Board of Directors. These audits must be retained and made available for future examination purposes.
- vii. The Company shall ensure that all advertisements contain the required provisions where required by State Law.
- viii. The Company shall ensure that all Appeals are acknowledged and resolved in a timely manner as per applicable state laws and regulations.
- ix. The Company shall ensure that all forms in use are filed where required by applicable State law.
- x. The Company shall update its procedures to ensure that the policy forms do not include unapproved language.
- xi. The Company shall update its procedures to ensure documentation is retained confirming that the Outlines of Coverage are provided where required by State law.
- xii. The Company shall update its procedures to ensure that the Applications are completed in their entirety to the extent required by State Law.
- xiii. The Company shall update its procedures to ensure that the policy forms contain the approved State-specific language where required.
- xiv. The Company shall review each marketing piece with a noted exception or concern during the examination, and will confirm that the changes have been made, or it is no longer in use.
- xv. The Company shall ensure that all Explanation of Benefits (EOB) forms contain the required disclosures and are in accordance with applicable State Laws.

- xvi. The Company shall ensure that all claims are acknowledged, investigated and resolved in a timely manner as required by applicable State law.

At the conclusion of the Monitoring Period, the Lead States will conduct a targeted market conduct examination relating to the Health Insurance Business with the intention of ensuring that all system and procedure changes designed to address the concerns and exceptions noted in the examination report were fully implemented within 90 days of the Conditional Effective Date and continued in effect.

4. Multistate Payment.

- a. The Company shall be subject to a regulatory settlement of One Million Dollars (\$1,000,000.00) to the Settling Jurisdictions (the "**Multistate Payment**"). The payment shall be divided as follows: Five Hundred Thousand Dollars and no/100 Dollars (\$500,000.00) due upon the Final Effective Date and the remaining Five Hundred Thousand Dollars and no/100 Dollars (\$500,000.00), contingent on complete compliance with the Compliance Plan. This will be determined at the conclusion of the follow-up targeted market conduct exam noted in the Compliance Plan above and the Regulatory Oversight section below after discussion with the Company. The \$500,000 contingent penalty is the maximum that could be applied. A portion of the \$500,000 will be allocated to each requirement noted in the Compliance Plan noted above. If it is determined the Company failed to substantially comply with a particular requirement, they would only be assessed that requirement's portion of the contingent penalty. The Multistate Payment shall be allocated among the Settling Jurisdictions that sign the Subscribing Jurisdiction Adoption Form;
- b. Except as otherwise specifically provided in this Agreement, and except for the ongoing costs of the Examination, and provided the Company's full and complete compliance with this Agreement, the Multistate Payment shall be the sole amount charged, assessed or collected by the Settling Jurisdictions with respect to this Examination Scope during the Examination Period.
- c. Within ten (10) business days of the Final Effective Date, the DE Director shall provide the Company a document reflecting how the Multistate Payment shall be allocated among the Settling Jurisdictions, along with necessary payment information provided by the Settling Jurisdictions; and
- d. The Company acknowledges the validity and legitimacy of the Multistate Payment and shall pay the Multistate Payment in accordance with the DE Director's instructions within thirty (30) calendar days of the Final Effective Date. Once paid by the Company, the Multistate Payment is final and non-recoverable under any circumstances, including without limitation, termination of this Agreement.

5. Regulatory Oversight.

- a. During the Monitoring Period, the Lead States shall maintain regulatory authority and oversight over the Company's compliance with the terms of this Agreement.



With respect to such continuing oversight, the Company agrees to review the Compliance plan and implement all required improvements. In addition, the Company agrees to a targeted examination conducted by the Lead States to ensure said compliance, the costs of which will be paid by the Company.

- b. In addition to any payments otherwise provided in this Agreement, the costs of the Settling Jurisdictions related to the compliance with this Agreement, including without limitation this Section 5, and including without limitation the costs and expenses of conducting any future audits, reviews, or examinations permitted herein, the costs of participating in any meetings, presentations, or discussions with the Company, the Company's Related Parties, the Lead States and/or the Settling Jurisdictions and other necessary parties, together with the costs and expenses of any third-party examiners(s) (collectively, the "**Examination Monitoring Cost**") shall be the full and sole responsibility of the Company as costs of the Examination; and
- c. The ongoing monitoring during the Monitoring Period as provided by this Agreement (the "**Monitoring**") constitutes an ongoing examination by each of the Settling Jurisdictions pursuant to each of their respective jurisdiction's Insurance Laws; to the extent permitted by each Settling Jurisdiction's laws, all audit reports, statistical reports, work papers, documents and any other information produced, obtained or disclosed in connection with the Examination and any follow-up Examination or Monitoring contemplated under this Agreement, regardless of the manner of production or disclosure, shall be treated as confidential and privileged. Nothing in this Agreement is intended to, nor shall it, preclude Settling Jurisdiction(s) from sharing records and other information relating to the Examination, or this Agreement, or disclosing the results of compliance with the Agreement to other governmental or law enforcement entities.

6. Release.

Subject to the Company's full and complete performance of and compliance with the terms and conditions of this Agreement, each Settling Jurisdiction hereby releases the Company from any and all claims, demands, interest, penalties, actions, or causes of action that each Settling Jurisdiction may have or could have alleged against the Company by reason of any matter, cause or thing whatsoever, regarding or relating to those matters within the Examination Scope within the Examination Period; provided, however, that nothing herein shall preclude the Lead States from conducting subsequent examinations, audits and reviews to assess the Company's compliance with this Agreement; and provided further that this Release shall not limit in any way a Settling Jurisdiction's right to conduct subsequent examinations or other regulatory review of any entities or persons other than the Company.

7. Default.

- a. Company's failure to completely comply with any provisions of this Agreement shall be deemed a breach by the Lead States, together with any determination by a Lead State that the Company has made a misrepresentation in this Agreement or in

the conduct of the Examination, shall constitute a breach of this Agreement, a violation of an order of the Settling Jurisdictions, and a violation of the Company's agreement with the Settling Jurisdictions and shall subject the Company to such administrative and enforcement actions and penalties as each Settling Jurisdiction deems appropriate, consistent with each Settling Jurisdiction's respective Insurance Laws;

- b. If a Settling Jurisdiction believes that the Company has breached a provision of this Agreement or that the Company has made a misrepresentation in this Agreement or during the conduct of the Examination, such Settling Jurisdiction shall provide written notice of the alleged breach to the Company and the Managing Lead States that the breach has occurred. The Company shall have the opportunity, within twenty-one (21) calendar days of receipt of such notice to present evidence in writing and through appearance before the complaining jurisdiction's regulator in an attempt to rebut the allegations(s) or to seek an extension and to present a proposed action plan to address the alleged breach. A Settling Jurisdiction shall not pursue any enforcement action as set forth in this Section 7.a. against the Company until the twenty-one (21) calendar day response period described above has expired. If the Lead States accept the Company's method and/or action plan to correct the identified deficiencies, the Lead States will define the time by which the Company must fulfill its corrective obligations. At its discretion, the Lead States may reject in writing the Company's proposed action plan and proceed with the original administrative and enforcement actions and penalties as each Settling Jurisdiction deems appropriate. This Subsection b. of this Section 7 shall not be binding on the Commonwealth of Virginia or the State of Texas. As pertaining to Virginia-related or Texas-related conduct, any dispute or conflict which may arise in connection with breach of the Agreement or misrepresentation in this Agreement or during the conduct of the Examination, will be governed by the laws of the Commonwealth of Virginia or the State of Texas, as applicable; and
- c. Any agreement on the part of any Party hereto, to any extension or waiver shall be valid only if in writing signed by the Party granting such waiver or extension and, unless expressly provided otherwise, shall be a one-time waiver or extension only, and any such waiver or extension or any other failure to insist on strict compliance with any duty or obligation herein shall not operate as a waiver or extension of, or estoppel with respect to, any continuing, subsequent or other failure to comply with this Agreement.

## 8. Effectiveness.

- a. The DE Director shall arrange to deliver this Agreement within seven (7) calendar days following the Conditional Effective Date to the Settling Jurisdictions. The Settling Jurisdictions may adopt, agree to, or approve the Agreement by means of the Subscribing Jurisdiction Adoption Form attached as **Exhibit B** and by reference herein incorporated;

- b. This Agreement shall be effective on the date the DE Director provides the Company with a copy of this Agreement adopted, agreed to, and approved by 31 jurisdictions included in the Settling Jurisdictions (the **Final Effective Date**).
- c. The Lead States and the Company may agree in writing to extend the initial Final Effective Date and each extended Final Effective Date thereafter in writing, in which case the DE Director shall notify the Participating States who may then choose whether to participate hereunder on or before the extended Final Effective Date; and
- d. If the Final Effective Date does not occur by the initial Final Effective Date, as may be extended pursuant to the terms of this Agreement, this Agreement shall be deemed null and void and of no further force or effect.

9. Additional Terms.

- a. Third Party Reliance. This Agreement is an agreement solely among the named Parties, and no other person or entity shall be deemed to obtain or possess any enforceable rights against the Company as a third-party beneficiary or otherwise as a result of this Agreement. The Parties agree that this Agreement is not intended to and shall not confer any rights upon any other person or entity and shall not be used for any other purpose. Nothing in this Agreement shall be construed to provide for a private right of action to any person or entity not a party to this Agreement, nor shall this Agreement be admissible in any private suit. Nor shall the Agreement be deemed to create any intended or incidental third-party beneficiaries, and the matters herein shall remain within the sole and exclusive jurisdiction of the Settling Jurisdictions. Nothing contained herein shall affect any rights that the Company or any Company Related Party might have against third parties.
- b. No Admission of Liability. The Parties understand and agree that, by and through this Agreement, the Company (1) acknowledges execution of this Agreement; (2) the Company does not admit to any of the regulatory findings related to the Agreement or in the Examination, and the Parties understand and agree that they entered into this Agreement in order to promote regulatory efficiency, to avoid disruption to insureds, avoid protracted litigation, and to implement updated procedures on a national basis as outlined in this Agreement; (3) the Company agrees to undertake the actions set forth in this Agreement; and (4) the Company waives its rights to contest issues disposed of by this Agreement except to the extent provided for in this Agreement.
- c. Exhibits. The following exhibits are attached hereto and incorporated herein:
  - i. Exhibit A – Settling Jurisdictions
  - ii. Exhibit B – Subscribing Jurisdiction Adoption Form
- d. Time of the Essence. The Parties hereby agree that time shall be of the essence with respect to the performance of this Agreement.




- e. *Rights and Remedies.* Except as otherwise provided in this Agreement, the rights, powers, remedies, and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges by applicable law.
- f. *Settling Jurisdiction Authority.* Each person signing on behalf of each of the Settling Jurisdiction gives his or her express assurance that under applicable laws, regulations, and judicial rulings, he or she has authority to enter into this Agreement.
- g. *Company Authority.* The Company expressly represents and warrants as of the date of its execution of this Agreement that: (i) it is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation or organization and has the absolute, unrestricted right, power, authority and capacity to execute and deliver this Agreement and to perform its obligations arising hereunder, without any further consent or approval being required from any individual person, parent company, or other organization or entity; (ii) it has obtained all necessary authorizations, approvals, or consents of any governmental entity required in connection with the execution, delivery, or performance by it of this Agreement; (iii) it has conducted all investigations it deems appropriate and necessary to determine whether to enter into this Agreement; and (iv) it has read this Agreement, enters into it knowingly and voluntarily, and has been advised by its legal counsel as to the legal effect of this Agreement.
- h. *Choice of Law.* This Agreement and any disputes or conflicts which may arise in connection with the interpretation or enforcement of this Agreement, and the rights and obligations of the Parties, shall be governed by the laws of the State of Delaware without regard or reference to choice or conflict of law rules. The Parties consent to the exclusive jurisdiction of the United States District Court for the State of Delaware or the State of Delaware Superior Court for the purposes of interpreting and enforcing this Agreement. Nothing in this Subsection h. of this Section 9 however, shall limit the rights of a Settling Jurisdiction to pursue administrative and enforcement actions and penalties consistent with such Settling Jurisdiction's laws, rules and regulations as provided in Section 7 of this Agreement. This Subsection h. of this Section 9 shall not be binding on the Commonwealth of Virginia or the State of Texas. As pertaining to Virginia-related or Texas-related conduct, this Agreement, any disputes or conflicts which may arise in connection with the interpretation or enforcement of this Agreement, and the rights and obligations of the Parties, will be governed by the laws of the Commonwealth of Virginia or the State of Texas, as applicable; and
- i. *Subsequent Law.* If a Settling Jurisdiction adopts an Insurance Law relating to or conflicting with any provision of this Agreement, then application of such provision of this Agreement shall be superseded by such Insurance Law as it applies in that Settling Jurisdiction, and all other unaffected terms and conditions of the Agreement shall remain in full force and effect.

- j. *Joint Preparation.* This Agreement, exclusive of any statements or findings, preliminary or otherwise, of the DE Director, shall be deemed to have been prepared jointly by the Parties hereto. Any ambiguity herein shall not be interpreted against any Party hereto and shall be interpreted as if each of the Parties hereto had prepared this Agreement.
- k. *Interpretation.* Titles and headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Whenever the context requires in this Agreement, the singular shall include the plural and vice versa.
- l. *Invalidity.* In the event that any portion of this Agreement is enjoined or held invalid under the laws of a Settling Jurisdiction, such enjoined or invalid portion shall be deemed to be severed only for the duration of the injunction, if applicable, and only with respect to that Settling Jurisdiction and its jurisdiction, and all remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.
- m. *Full and Final Agreement.* This Agreement, including any exhibits hereto, constitutes the entire understanding between the Company and the Settling Jurisdictions with respect to the subject matter contained herein and supersedes any and all prior or existing understandings, agreements, plans, and negotiations, whether written or oral, between the Company and any Settling Jurisdiction. All modifications to this Agreement must be in writing and signed by each of the Parties hereto.
- n. *Counterparts.* This Agreement may be executed in one or more counterparts, any of which shall be deemed an original and all of which taken together shall constitute one and the same Agreement. Execution and delivery of this Agreement may be evidenced by facsimile or electronic mail transmission.
- o. *Bankruptcy.* The Company understands and agrees that the amounts due and payable to the Department pursuant to this Regulatory Settlement Agreement are not dischargeable in any bankruptcy proceedings pursuant to 11 U.S.C. § 523(a)(7).
- p. *Settlement.* The Regulatory Settlement Agreement shall survive the Company and be enforceable against its successors, transfers, or assigns.

[SIGNATURES ON FOLLOWING PAGES]

In Witnesses Whereof, the Parties to this Regulatory Settlement Agreement have each caused their signatures to be set forth below on the date first set forth below.

**FREEDOM LIFE INSURANCE COMPANY OF AMERICA**

BY: 

Name: Troy Alan McQuagge

Title: President & CEO

DATE: 5-28-2024

**DELAWARE DEPARTMENT OF INSURANCE**

BY: \_\_\_\_\_

The Honorable Trinidad Navarro  
Commissioner Of Insurance

DATE: \_\_\_\_\_

**COLORADO DEPARTMENT OF REGULATORY AFFAIRS DIVISION  
OF INSURANCE**

BY: 

The Honorable Michael Conway  
Commissioner of Insurance

DATE: 8-20-24

**FLORIDA OFFICE OF INSURANCE REGULATION**

BY: \_\_\_\_\_

The Honorable Michael Yaworsky  
Commissioner of Insurance

DATE: \_\_\_\_\_

**TEXAS DEPARTMENT OF INSURANCE**

BY: \_\_\_\_\_

The Honorable Cassie Brown  
Commissioner of Insurance

DATE: \_\_\_\_\_

**VIRGINIA STATE CORPORATION COMMISSION BUREAU OF  
INSURANCE**

BY: \_\_\_\_\_

The Honorable Scott A. White  
Commissioner of Insurance

DATE: \_\_\_\_\_

## **EXHIBIT A**

### **Settling Jurisdictions**

1	Alabama	23	North Dakota
2	Alaska	24	Oklahoma
3	Arizona	25	Pennsylvania
4	California	26	South Carolina
5	Colorado *	27	Tennessee
6	Delaware **	28	Texas *
7	District of Columbia	29	Virginia *
8	Florida *	30	West Virginia
9	Georgia	31	Wyoming
10	Idaho		
11	Illinois		
12	Indiana		
13	Kansas		
14	Kentucky		
15	Louisiana		
16	Michigan		
17	Mississippi		
18	Missouri		
19	Nebraska		
20	Nevada		
21	New Jersey		
22	North Carolina		

\* Lead State

\*\* Managing Lead State

**EXHIBIT B**

**Multistate Targeted Market Conduct Examination Of  
Freedom Life Insurance Company Of America  
(Orig. No. 62324-21-714)  
Regulatory Settlement Agreement**

**SUBSCRIBING JURISDICTION ADOPTION FORM**

On behalf of Insert Name of Insurance Regulatory Agency. I Insert Name of Official Signing Below, have received, reviewed and do hereby adopt, agree to and approve that certain Regulatory Settlement Agreement executed by Freedom Life Insurance Co., and the Managing Lead States of Delaware, Colorado, Florida, Texas, and Virginia on the \_\_\_\_\_

\_\_\_\_\_  
[Print Name of Insurance Regulatory Agency]

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Please provide the following information as to how your jurisdiction's allocation of the Multistate Payment should be made from the Company.

CONTACTNAME: \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_

PAYMENT MADE TO: \_\_\_\_\_

If applicable, please provide wiring instructions separately.  
Upon completion, please return this form to:

Susan Jennette, Director  
Market Conduct/Consumer Services  
Delaware Department of Insurance  
1351 West North St., Ste. 101, Dover, DE 19904  
Email: Susan.Jennette@delaware.gov  
Ph: (302) 674-7319 Fax: (302) 736-7971

## REGULATORY SETTLEMENT AGREEMENT

This Regulatory Settlement Agreement (the “Agreement”) is entered into this 14<sup>th</sup> day of May, 2024 by and among (i) Freedom Life Insurance Company of America (“**the Company**”); (ii) the Delaware Department of Insurance (“**DE**”)(“Managing Lead State”); (iii) the Colorado Department of Regulatory Affairs Division of Insurance (“**CO**”); (iv) the Florida Office of Insurance Regulation (“**FL**”); (v) the Texas Department of Insurance (“**TX**”); (vi) the Virginia State Corporation Commission Bureau of Insurance (“**VA**”) (and collectively with the Managing Lead State, CO, FL, TX, and VA are referred to herein as the “**Lead States**”); and (vii) the insurance related regulatory bodies of such other jurisdictions choosing to adopt, agree to and approve this Agreement pursuant to the terms hereof (“**the Participating States**”, the Lead States and the Participating States are collectively referred to herein as the “**Settling Jurisdictions**”). The Settling Jurisdictions and the Company are each referred to herein as a “**Party/Parties**”.

### RECITALS

**WHEREAS**, the Lead States issued an examination warrant dated October 6, 2021 under Authority number 62324-21-714 (the “**Warrant**”) calling for a multistate targeted market conduct examination of Freedom Life Insurance Company of America and the examination focused on the Company’s health insurance products, including but not limited to Accident Only, Association, Critical Illness, Dental, Essential Health Benefits, Fixed Indemnity, Health, Short Term Medical, Specified Disease and Vision (collectively referred to as “**Health Insurance Business**”) in the following areas of operation: Company Operations and Management; Complaints, Appeals and Utilization Review Handling; Marketing and Sales; Producer Licensing; Policy Forms and Rates, Underwriting and Claims Handling (“**Examination Scope**”). The examination period was January 1, 2018 through September 30, 2021 (“**Examination Period**”) (The multistate market conduct examination as called by the Warrant with respect to the Examination Scope and the Examination Period shall be referred to as the “**Examination**”).

**WHEREAS**, there are presently thirty-one (31) jurisdictions participating in the Examination, including five (5) Lead States and twenty-six (26) Participating States, a list of which may be found on **Exhibit A**, attached hereto and by reference incorporated herein;

**WHEREAS**, through the Company’s marketing and sales of its products exclusively through agents of its sister company, USHEALTH Advisors, LLC., and the Associations of American Independent Business Coalition, the American Business Coalition and the Southern Consumers Alliance, the Company sold or contracted for the sale of Health Insurance Products to consumers in the Settling Jurisdictions;

**WHEREAS**, the EIC (defined below) has presented to the Company and to the Lead States preliminary findings and concerns based on information gathered to date;

**WHEREAS**, based upon communication with the Lead States and the Company, the Company agrees not to contest the findings of the final examination report as approved by the Lead States, to the conditions of this Agreement and to the resolution of those matters within the Examination Scope during the Examination Period.

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**WHEREAS**, the Company has cooperated with the EIC in the course of the Examination by making its books and records available for examination, responding to questions from and meeting on multiple occasions with the EIC, and making its personnel available to assist the EIC in its conduct of the Examination as requested by the EIC;

**WHEREAS**, the Company represents to the Settling Jurisdictions that at all times relevant to this Agreement, the Company and its officers, directors, employees, agents and representatives acted in good faith; and have fully, completely, and truthfully responded to all questions, interrogatories, and requests of the EIC and the Lead States;

**WHEREAS**, in view of the foregoing facts and circumstances, the complicated issues raised and the probability that long-term litigation and/or administrative proceedings would be required to resolve the disputes between the Parties hereto, and without admitting any fault of liability by the Company, the Parties have agreed to resolve all issues relating to the Examination and the regulatory issues through this Agreement;

**WHEREAS**, the Parties execute this Agreement knowingly and voluntarily, and the Parties acknowledge that this Agreement is in the public interest; and

**WHEREAS**, by this Agreement, the Company (1) acknowledges execution of this Agreement; (2) the Company does not admit to any of the regulatory findings related to the Agreement or in the examination, and the Parties understand and agree that they entered into this Agreement in order to promote regulatory efficiency, to avoid disruption to insureds, and to implement updated procedures on a national basis as outlined in this Agreement; (3) the Company agrees to undertake the actions set forth in this Agreement; and (4) the Company waives its rights to contest issues disposed of by this Agreement except to the extent provided for in this Agreement.

**NOW THEREFORE**, in consideration of the Recitals, the mutual covenants and agreements herein, and each act performed and to be performed hereunder, the Parties agree as follows:

1. **Incorporation of Recitals.** The above and foregoing Recitals, including, without limitation, all capitalized terms defined therein, are hereby incorporated into and made a part of this Agreement as if more fully set forth in the body of this Agreement.
2. **Definitions.** The terms listed below shall have either the meaning given in this section or the definition given elsewhere in this Agreement:
  - a. **Affiliate** shall mean a person or entity that directly, or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the person or entity specified.
  - b. **Agreement** shall have the meaning set forth in the first paragraph of page 1.
  - c. **Association** shall mean an association formed and maintained in good faith for purposes other than obtaining insurance meeting the requirements of applicable Insurance Law.
  - d. **CO** shall have the meaning set forth in the first paragraph of page 1.



- e. **Company** shall have the meaning set forth in the first paragraph of page 1.
- f. **Company Related Parties** shall mean the Affiliates, parents, subsidiaries and assigns of each of the entities within the definition of the Company.
- g. **Conditional Effective Date** shall be the date on which this Agreement has been signed by the Company and adopted by each of the five (5) Lead States.
- h. **DE** shall have the meaning set forth in the first paragraph of page 1.
- i. **DE Director** shall mean the Director of Market Conduct and Consumer Services Division of the Delaware Department of Insurance.
- j. **EIC** shall mean the Examiner-in-Charge, Frank Kyazze, Delaware Department of Insurance.
- k. **Examination Monitoring Cost** shall have the meaning set forth in Section 5.b.
- l. **Examination** shall have the meaning set forth in the first Recital on page 1.
- m. **Examination Period** shall have the meaning set forth in the first Recital on page 1.
- n. **Examination Scope** shall have the meaning set forth in the first Recital on page 1.
- o. **Final Effective Date** shall have the meaning set forth in Section 8.b.
- p. **FL** shall have the meaning set forth in the first paragraph of page 1.
- q. **Insurance Laws** shall mean the insurance statutes, rules, regulations and case law in effect in each Settling Jurisdiction, together with any other statutes, rules, regulations and case law relating to or otherwise affecting the sale, marketing, provision, servicing of the Health Insurance Business and other services or benefits provided to consumers by or through, directly or indirectly, Company or Company Related Parties. For purposes of illustration only and not limitation, Insurance Laws shall include unfair trade practice laws, and prompt payment of insurance claims laws. For purposes of this Agreement, the term shall also include bulletins, notices and official interpretations of law in effect in a Settling Jurisdiction unless reliance on such bulletins, notices or official interpretations is prohibited by a Settling Jurisdiction's laws.
- r. **Lead States** shall have the meaning set forth in the first paragraph of page 1.
- s. **Health Insurance Business** shall have the meaning set forth in the first Recital on page 1.
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- v. **Monitoring Period** shall be a period of the 12 calendar months following the 90<sup>th</sup> day after the Conditional Effective Date, with the option of expanding an additional 12 months dependent on Company compliance with this Agreement.
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- z. **Settling Jurisdictions** shall have the meaning set forth in the first paragraph of page 1.
- aa. **Subscribing Jurisdiction Adoption Form** shall be that instrument attached hereto as Exhibit B.

- bb. TPA shall mean Third-Party Administrators.
- cc. TX shall have the meaning set forth in the first paragraph of page 1.
- dd. Warrant shall have the meaning set forth in the first Recital on page 1.
- ee. VA shall have the meaning set forth in the first paragraph of page 1.

3. Specific Business Practices and Reforms.

As of the Final Effective Date, with respect to its Health Insurance Business, the Company agrees to act in accordance with the terms as defined in the following Compliance Plan. The Company will ensure completion of the appropriate actions within 90 days of the Conditional Effective Date.

a. Compliance Plan.

The Company agrees to implement and comply with the following requirements:

- i. The Company shall modify the existing TPA agreements to add the applicable State specific required language.
- ii. The Company shall review and revise the existing TPA contracts to ensure the applicable State specific required language is included.
- iii. The Company shall record all application verification calls, in their entirety, for the Health Insurance Business and shall retain the recordings for five years on a rolling basis.
- iv. The Company will retain proof of oversight of all TPAs ensuring said TPAs are in compliance with all Company sale protocols and pertinent state laws.
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- xi. The Company shall update its procedures to ensure documentation is retained confirming that the Outlines of Coverage are provided where required by State law.
- xii. The Company shall update its procedures to ensure that the Applications are completed in their entirety to the extent required by State Law.
- xiii. The Company shall update its procedures to ensure that the policy forms contain the approved State-specific language where required.
- xiv. The Company shall review each marketing piece with a noted exception or concern during the examination, and will confirm that the changes have been made, or it is no longer in use.
- xv. The Company shall ensure that all Explanation of Benefits (EOB) forms contain the required disclosures and are in accordance with applicable State Laws.

- xvi. The Company shall ensure that all claims are acknowledged, investigated and resolved in a timely manner as required by applicable State law.

At the conclusion of the Monitoring Period, the Lead States will conduct a targeted market conduct examination relating to the Health Insurance Business with the intention of ensuring that all system and procedure changes designed to address the concerns and exceptions noted in the examination report were fully implemented within 90 days of the Conditional Effective Date and continued in effect.

4. Multistate Payment.

- a. The Company shall be subject to a regulatory settlement of One Million Dollars (\$1,000,000.00) to the Settling Jurisdictions (the "**Multistate Payment**"). The payment shall be divided as follows: Five Hundred Thousand Dollars and no/100 Dollars (\$500,000.00) due upon the Final Effective Date and the remaining Five Hundred Thousand Dollars and no/100 Dollars (\$500,000.00), contingent on complete compliance with the Compliance Plan. This will be determined at the conclusion of the follow-up targeted market conduct exam noted in the Compliance Plan above and the Regulatory Oversight section below after discussion with the Company. The \$500,000 contingent penalty is the maximum that could be applied. A portion of the \$500,000 will be allocated to each requirement noted in the Compliance Plan noted above. If it is determined the Company failed to substantially comply with a particular requirement, they would only be assessed that requirement's portion of the contingent penalty. The Multistate Payment shall be allocated among the Settling Jurisdictions that sign the Subscribing Jurisdiction Adoption Form;
- b. Except as otherwise specifically provided in this Agreement, and except for the ongoing costs of the Examination, and provided the Company's full and complete compliance with this Agreement, the Multistate Payment shall be the sole amount charged, assessed or collected by the Settling Jurisdictions with respect to this Examination Scope during the Examination Period.
- c. Within ten (10) business days of the Final Effective Date, the DE Director shall provide the Company a document reflecting how the Multistate Payment shall be allocated among the Settling Jurisdictions, along with necessary payment information provided by the Settling Jurisdictions; and
- d. The Company acknowledges the validity and legitimacy of the Multistate Payment and shall pay the Multistate Payment in accordance with the DE Director's instructions within thirty (30) calendar days of the Final Effective Date. Once paid by the Company, the Multistate Payment is final and non-recoverable under any circumstances, including without limitation, termination of this Agreement.

5. Regulatory Oversight.

- a. During the Monitoring Period, the Lead States shall maintain regulatory authority and oversight over the Company's compliance with the terms of this Agreement.

With respect to such continuing oversight, the Company agrees to review the Compliance plan and implement all required improvements. In addition, the Company agrees to a targeted examination conducted by the Lead States to ensure said compliance, the costs of which will be paid by the Company.

- b. In addition to any payments otherwise provided in this Agreement, the costs of the Settling Jurisdictions related to the compliance with this Agreement, including without limitation this Section 5, and including without limitation the costs and expenses of conducting any future audits, reviews, or examinations permitted herein, the costs of participating in any meetings, presentations, or discussions with the Company, the Company's Related Parties, the Lead States and/or the Settling Jurisdictions and other necessary parties, together with the costs and expenses of any third-party examiners(s) (collectively, the "**Examination Monitoring Cost**") shall be the full and sole responsibility of the Company as costs of the Examination; and
- c. The ongoing monitoring during the Monitoring Period as provided by this Agreement (the "**Monitoring**") constitutes an ongoing examination by each of the Settling Jurisdictions pursuant to each of their respective jurisdiction's Insurance Laws; to the extent permitted by each Settling Jurisdiction's laws, all audit reports, statistical reports, work papers, documents and any other information produced, obtained or disclosed in connection with the Examination and any follow-up Examination or Monitoring contemplated under this Agreement, regardless of the manner of production or disclosure, shall be treated as confidential and privileged. Nothing in this Agreement is intended to, nor shall it, preclude Settling Jurisdiction(s) from sharing records and other information relating to the Examination, or this Agreement, or disclosing the results of compliance with the Agreement to other governmental or law enforcement entities.

6. Release.

Subject to the Company's full and complete performance of and compliance with the terms and conditions of this Agreement, each Settling Jurisdiction hereby releases the Company from any and all claims, demands, interest, penalties, actions, or causes of action that each Settling Jurisdiction may have or could have alleged against the Company by reason of any matter, cause or thing whatsoever, regarding or relating to those matters within the Examination Scope within the Examination Period; provided, however, that nothing herein shall preclude the Lead States from conducting subsequent examinations, audits and reviews to assess the Company's compliance with this Agreement; and provided further that this Release shall not limit in any way a Settling Jurisdiction's right to conduct subsequent examinations or other regulatory review of any entities or persons other than the Company.

7. Default.

- a. Company's failure to completely comply with any provisions of this Agreement shall be deemed a breach by the Lead States, together with any determination by a Lead State that the Company has made a misrepresentation in this Agreement or in

the conduct of the Examination, shall constitute a breach of this Agreement, a violation of an order of the Settling Jurisdictions, and a violation of the Company's agreement with the Settling Jurisdictions and shall subject the Company to such administrative and enforcement actions and penalties as each Settling Jurisdiction deems appropriate, consistent with each Settling Jurisdiction's respective Insurance Laws;

- b. If a Settling Jurisdiction believes that the Company has breached a provision of this Agreement or that the Company has made a misrepresentation in this Agreement or during the conduct of the Examination, such Settling Jurisdiction shall provide written notice of the alleged breach to the Company and the Managing Lead States that the breach has occurred. The Company shall have the opportunity, within twenty-one (21) calendar days of receipt of such notice to present evidence in writing and through appearance before the complaining jurisdiction's regulator in an attempt to rebut the allegations(s) or to seek an extension and to present a proposed action plan to address the alleged breach. A Settling Jurisdiction shall not pursue any enforcement action as set forth in this Section 7.a. against the Company until the twenty-one (21) calendar day response period described above has expired. If the Lead States accept the Company's method and/or action plan to correct the identified deficiencies, the Lead States will define the time by which the Company must fulfill its corrective obligations. At its discretion, the Lead States may reject in writing the Company's proposed action plan and proceed with the original administrative and enforcement actions and penalties as each Settling Jurisdiction deems appropriate. This Subsection b. of this Section 7 shall not be binding on the Commonwealth of Virginia or the State of Texas. As pertaining to Virginia-related or Texas-related conduct, any dispute or conflict which may arise in connection with breach of the Agreement or misrepresentation in this Agreement or during the conduct of the Examination, will be governed by the laws of the Commonwealth of Virginia or the State of Texas, as applicable; and
- c. Any agreement on the part of any Party hereto, to any extension or waiver shall be valid only if in writing signed by the Party granting such waiver or extension and, unless expressly provided otherwise, shall be a one-time waiver or extension only, and any such waiver or extension or any other failure to insist on strict compliance with any duty or obligation herein shall not operate as a waiver or extension of, or estoppel with respect to, any continuing, subsequent or other failure to comply with this Agreement.

#### 8. Effectiveness.

- a. The DE Director shall arrange to deliver this Agreement within seven (7) calendar days following the Conditional Effective Date to the Settling Jurisdictions. The Settling Jurisdictions may adopt, agree to, or approve the Agreement by means of the Subscribing Jurisdiction Adoption Form attached as **Exhibit B** and by reference herein incorporated;

- b. This Agreement shall be effective on the date the DE Director provides the Company with a copy of this Agreement adopted, agreed to, and approved by 31 jurisdictions included in the Settling Jurisdictions (the **Final Effective Date**).
- c. The Lead States and the Company may agree in writing to extend the initial Final Effective Date and each extended Final Effective Date thereafter in writing, in which case the DE Director shall notify the Participating States who may then choose whether to participate hereunder on or before the extended Final Effective Date; and
- d. If the Final Effective Date does not occur by the initial Final Effective Date, as may be extended pursuant to the terms of this Agreement, this Agreement shall be deemed null and void and of no further force or effect.

9. Additional Terms.

- a. Third Party Reliance. This Agreement is an agreement solely among the named Parties, and no other person or entity shall be deemed to obtain or possess any enforceable rights against the Company as a third-party beneficiary or otherwise as a result of this Agreement. The Parties agree that this Agreement is not intended to and shall not confer any rights upon any other person or entity and shall not be used for any other purpose. Nothing in this Agreement shall be construed to provide for a private right of action to any person or entity not a party to this Agreement, nor shall this Agreement be admissible in any private suit. Nor shall the Agreement be deemed to create any intended or incidental third-party beneficiaries, and the matters herein shall remain within the sole and exclusive jurisdiction of the Settling Jurisdictions. Nothing contained herein shall affect any rights that the Company or any Company Related Party might have against third parties.
- b. No Admission of Liability. The Parties understand and agree that, by and through this Agreement, the Company (1) acknowledges execution of this Agreement; (2) the Company does not admit to any of the regulatory findings related to the Agreement or in the Examination, and the Parties understand and agree that they entered into this Agreement in order to promote regulatory efficiency, to avoid disruption to insureds, avoid protracted litigation, and to implement updated procedures on a national basis as outlined in this Agreement; (3) the Company agrees to undertake the actions set forth in this Agreement; and (4) the Company waives its rights to contest issues disposed of by this Agreement except to the extent provided for in this Agreement.
- c. Exhibits. The following exhibits are attached hereto and incorporated herein:
  - i. Exhibit A – Settling Jurisdictions
  - ii. Exhibit B – Subscribing Jurisdiction Adoption Form
- d. Time of the Essence. The Parties hereby agree that time shall be of the essence with respect to the performance of this Agreement.

- e. *Rights and Remedies.* Except as otherwise provided in this Agreement, the rights, powers, remedies, and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges by applicable law.
- f. *Settling Jurisdiction Authority.* Each person signing on behalf of each of the Settling Jurisdiction gives his or her express assurance that under applicable laws, regulations, and judicial rulings, he or she has authority to enter into this Agreement.
- g. *Company Authority.* The Company expressly represents and warrants as of the date of its execution of this Agreement that: (i) it is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation or organization and has the absolute, unrestricted right, power, authority and capacity to execute and deliver this Agreement and to perform its obligations arising hereunder, without any further consent or approval being required from any individual person, parent company, or other organization or entity; (ii) it has obtained all necessary authorizations, approvals, or consents of any governmental entity required in connection with the execution, delivery, or performance by it of this Agreement; (iii) it has conducted all investigations it deems appropriate and necessary to determine whether to enter into this Agreement; and (iv) it has read this Agreement, enters into it knowingly and voluntarily, and has been advised by its legal counsel as to the legal effect of this Agreement.
- h. *Choice of Law.* This Agreement and any disputes or conflicts which may arise in connection with the interpretation or enforcement of this Agreement, and the rights and obligations of the Parties, shall be governed by the laws of the State of Delaware without regard or reference to choice or conflict of law rules. The Parties consent to the exclusive jurisdiction of the United States District Court for the State of Delaware or the State of Delaware Superior Court for the purposes of interpreting and enforcing this Agreement. Nothing in this Subsection h. of this Section 9 however, shall limit the rights of a Settling Jurisdiction to pursue administrative and enforcement actions and penalties consistent with such Settling Jurisdiction's laws, rules and regulations as provided in Section 7 of this Agreement. This Subsection h. of this Section 9 shall not be binding on the Commonwealth of Virginia or the State of Texas. As pertaining to Virginia-related or Texas-related conduct, this Agreement, any disputes or conflicts which may arise in connection with the interpretation or enforcement of this Agreement, and the rights and obligations of the Parties, will be governed by the laws of the Commonwealth of Virginia or the State of Texas, as applicable; and
- i. *Subsequent Law.* If a Settling Jurisdiction adopts an Insurance Law relating to or conflicting with any provision of this Agreement, then application of such provision of this Agreement shall be superseded by such Insurance Law as it applies in that Settling Jurisdiction, and all other unaffected terms and conditions of the Agreement shall remain in full force and effect.

- j. Joint Preparation. This Agreement, exclusive of any statements or findings, preliminary or otherwise, of the DE Director, shall be deemed to have been prepared jointly by the Parties hereto. Any ambiguity herein shall not be interpreted against any Party hereto and shall be interpreted as if each of the Parties hereto had prepared this Agreement.
- k. Interpretation. Titles and headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Whenever the context requires in this Agreement, the singular shall include the plural and vice versa.
- l. Invalidity. In the event that any portion of this Agreement is enjoined or held invalid under the laws of a Settling Jurisdiction, such enjoined or invalid portion shall be deemed to be severed only for the duration of the injunction, if applicable, and only with respect to that Settling Jurisdiction and its jurisdiction, and all remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.
- m. Full and Final Agreement. This Agreement, including any exhibits hereto, constitutes the entire understanding between the Company and the Settling Jurisdictions with respect to the subject matter contained herein and supersedes any and all prior or existing understandings, agreements, plans, and negotiations, whether written or oral, between the Company and any Settling Jurisdiction. All modifications to this Agreement must be in writing and signed by each of the Parties hereto.
- n. Counterparts. This Agreement may be executed in one or more counterparts, any of which shall be deemed an original and all of which taken together shall constitute one and the same Agreement. Execution and delivery of this Agreement may be evidenced by facsimile or electronic mail transmission.
- o. Bankruptcy. The Company understands and agrees that the amounts due and payable to the Department pursuant to this Regulatory Settlement Agreement are not dischargeable in any bankruptcy proceedings pursuant to 11 U.S.C. § 523(a)(7).
- p. Settlement. The Regulatory Settlement Agreement shall survive the Company and be enforceable against its successors, transfers, or assigns.

[SIGNATURES ON FOLLOWING PAGES]



In Witnesses Whereof, the Parties to this Regulatory Settlement Agreement have each caused their signatures to be set forth below on the date first set forth below.

**FREEDOM LIFE INSURANCE COMPANY OF AMERICA**

BY: 

Name: Troy Alan McQuagge

Title: President & CEO

DATE: 5-28-2024

**DELAWARE DEPARTMENT OF INSURANCE**

BY: \_\_\_\_\_

The Honorable Trinidad Navarro  
Commissioner Of Insurance

DATE: \_\_\_\_\_

**COLORADO DEPARTMENT OF REGULATORY AFFAIRS DIVISION  
OF INSURANCE**

BY: \_\_\_\_\_

The Honorable Michael Conway  
Commissioner of Insurance

DATE: \_\_\_\_\_

**FLORIDA OFFICE OF INSURANCE REGULATION**

BY: \_\_\_\_\_

The Honorable Michael Yaworsky  
Commissioner of Insurance

DATE: 6/5/2024

**TEXAS DEPARTMENT OF INSURANCE**

BY: \_\_\_\_\_

The Honorable Cassie Brown  
Commissioner of Insurance

DATE: \_\_\_\_\_

**VIRGINIA STATE CORPORATION COMMISSION BUREAU OF  
INSURANCE**

BY: \_\_\_\_\_

The Honorable Scott A. White  
Commissioner of Insurance

DATE: \_\_\_\_\_

**EXHIBIT A**

**Settling Jurisdictions**

1	Alabama	23	North Dakota
2	Alaska	24	Oklahoma
3	Arizona	25	Pennsylvania
4	California	26	South Carolina
5	Colorado *	27	Tennessee
6	Delaware **	28	Texas *
7	District of Columbia	29	Virginia *
8	Florida *	30	West Virginia
9	Georgia	31	Wyoming
10	Idaho		
11	Illinois		
12	Indiana		
13	Kansas		
14	Kentucky		
15	Louisiana		
16	Michigan		
17	Mississippi		
18	Missouri		
19	Nebraska		
20	Nevada		
21	New Jersey		
22	North Carolina		

\* Lead State

\*\* Managing Lead State

**EXHIBIT B**

**Multistate Targeted Market Conduct Examination Of  
Freedom Life Insurance Company Of America  
(Orig. No. 62324-21-714)  
Regulatory Settlement Agreement**

**SUBSCRIBING JURISDICTION ADOPTION FORM**

On behalf of The Florida Office of Insurance Regulation, I,  
Michael Yaworsky, have received, reviewed and do hereby adopt, agree  
to and approve that certain Regulatory Settlement Agreement executed by Freedom Life  
Insurance Co., and the Managing Lead States of Delaware, Colorado, Florida, Texas, and  
Virginia on the 10/5/2024

Florida Office of Insurance Regulation

[Print Name of Insurance Regulatory Agency]

By: [Signature]

Printed: Michael Yaworsky

Title: Commissioner

Date: 10/5/2024

Please provide the following information as to how your jurisdiction's allocation of the  
Multistate Payment should be made from the Company.

CONTACTNAME: USA Stinson

MAILING ADDRESS: DFS, Revenue Processing Section, P.O. Box 6100, Tallahassee, FL  
32314-6100

PAYMENT MADE TO: Florida Office of Insurance Regulation

If applicable, please provide wiring instructions separately.  
Upon completion, please return this form to:

Susan Jennette, Director  
Market Conduct/Consumer Services  
Delaware Department of Insurance  
1351 West North St., Ste. 101, Dover, DE 19904  
Email: [Susan.Jennette@delaware.gov](mailto:Susan.Jennette@delaware.gov)  
Ph: (302) 674-7319 Fax: (302) 736-7971

No. **2024-8737**

**Official Order  
of the  
Texas Commissioner of Insurance**

**Date: 7/16/2024**

**Subject Considered:**

Freedom Life Insurance Company of America  
300 Burnett St, Suite 200  
Fort Worth, Texas 76102-2734

Consent Order  
TDI Enforcement File No. 33061

**General remarks and official action taken:**

The subject of this order is the Regulatory Settlement Agreement (RSA) entered into by Freedom Life Insurance Company of America (Freedom Life). The RSA is the result of a multistate targeted market conduct examination of Freedom Life's insurance business practices.

**Waiver**

Freedom Life acknowledges that the Texas Insurance Code and other applicable laws provide certain rights relating to the subject matter of any disciplinary proceeding and how it is conducted. Freedom Life waives those rights with respect to the entry of this consent order. Pursuant to TEX. INS. CODE § 82.055(b), Freedom Life agrees to this consent order with the express reservation that it does not admit to a violation of the code or of a rule.

**Findings of Fact**

1. Freedom Life has a certificate of authority to do the business of insurance in Texas.
2. Freedom Life signed the RSA, which is attached and incorporated for all purposes as Exhibit A.
3. Under the RSA, Freedom Life will pay a \$1,000,000 Multistate Payment, with \$500,000 paid upon finalizing the RSA and the remainder paid as contingent upon complete compliance with a follow-up compliance plan, to be distributed to the states that sign on to participate in the RSA.
4. Texas's allocation of the Multistate Penalty is based on its percentage of Freedom Life's premium as of September 2021.
5. This consent order and the amount ordered payable to TDI does not extinguish any obligations otherwise owed to the State of Texas.
6. By this consent order, Freedom Life (1) acknowledges execution of the RSA; (2) neither admits or denies the regulatory findings related to the RSA and entered into the RSA in order to promote regulatory efficiency, to avoid disruption to insureds, and to implement corrective action on a national basis as outlined in the RSA; (3) agrees to undertake the corrective actions set forth in the RSA; and (4) waives its rights to contest issues disposed of by the RSA except to the extent provided for in the RSA.
7. This consent order and RSA is between TDI and Freedom Life and does not incorporate any other pending agreements other than those referenced in the RSA.


**Conclusions of Law**

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.052 and 84.001-84.051; and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has the authority to dispose of this case informally under TEX. GOV'T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.

**Order**

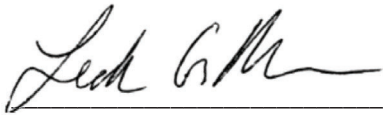
TDI adopts, agrees to, and approves the RSA and will enforce the RSA consistent with applicable law in effect in Texas and as referenced in the RSA and this consent order.

It is ordered that Freedom Life pay the amount allocated to TDI as set forth in the attached RSA. The administrative penalty must be paid as instructed in the invoice, which TDI will send after entry of this order.

DocuSigned by:  
  
FC5D7EDDFFBB4F8...

Cassie Brown  
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner  
Fraud and Enforcement Division

## Affidavit

STATE OF Texas §COUNTY OF TARRANT §

Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

"My name is Troy Alan McQuay I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of President & CEO and am the authorized representative of Freedom Life Insurance Company of America. I am duly authorized by this company to execute this statement.

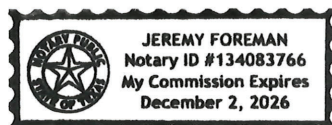
Freedom Life Insurance Company of America has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."



Affiant

SWORN TO AND SUBSCRIBED before me on 06/04, 2024.

(NOTARY SEAL)

  
Signature of Notary PublicJeremy Foreman  
Printed Name of Notary Public



## REGULATORY SETTLEMENT AGREEMENT

This Regulatory Settlement Agreement (the “Agreement”) is entered into this 14<sup>th</sup> day of May, 2024 by and among (i) Freedom Life Insurance Company of America (“**the Company**”); (ii) the Delaware Department of Insurance (“**DE**”)(“Managing Lead State”); (iii) the Colorado Department of Regulatory Affairs Division of Insurance (“**CO**”); (iv) the Florida Office of Insurance Regulation (“**FL**”); (v) the Texas Department of Insurance (“**TX**”); (vi) the Virginia State Corporation Commission Bureau of Insurance (“**VA**”) (and collectively with the Managing Lead State, CO, FL, TX, and VA are referred to herein as the “**Lead States**”); and (vii) the insurance related regulatory bodies of such other jurisdictions choosing to adopt, agree to and approve this Agreement pursuant to the terms hereof (“**the Participating States**”, the Lead States and the Participating States are collectively referred to herein as the “**Settling Jurisdictions**”). The Settling Jurisdictions and the Company are each referred to herein as a “**Party/Parties**”.

## RECITALS

**WHEREAS**, the Lead States issued an examination warrant dated October 6, 2021 under Authority number 62324-21-714 (the “**Warrant**”) calling for a multistate targeted market conduct examination of Freedom Life Insurance Company of America and the examination focused on the Company’s health insurance products, including but not limited to Accident Only, Association, Critical Illness, Dental, Essential Health Benefits, Fixed Indemnity, Health, Short Term Medical, Specified Disease and Vision (collectively referred to as “**Health Insurance Business**”) in the following areas of operation: Company Operations and Management; Complaints, Appeals and Utilization Review Handling; Marketing and Sales; Producer Licensing; Policy Forms and Rates, Underwriting and Claims Handling (“**Examination Scope**”). The examination period was January 1, 2018 through September 30, 2021 (“**Examination Period**”) (The multistate market conduct examination as called by the Warrant with respect to the Examination Scope and the Examination Period shall be referred to as the “**Examination**”).

**WHEREAS**, there are presently thirty-one (31) jurisdictions participating in the Examination, including five (5) Lead States and twenty-six (26) Participating States, a list of which may be found on Exhibit A, attached hereto and by reference incorporated herein;

**WHEREAS**, through the Company’s marketing and sales of its products exclusively through agents of its sister company, USHEALTH Advisors, LLC., and the Associations of American Independent Business Coalition, the American Business Coalition and the Southern Consumers Alliance, the Company sold or contracted for the sale of Health Insurance Products to consumers in the Settling Jurisdictions;

**WHEREAS**, the EIC (defined below) has presented to the Company and to the Lead States preliminary findings and concerns based on information gathered to date;

**WHEREAS**, based upon communication with the Lead States and the Company, the Company agrees not to contest the findings of the final examination report as approved by the Lead States, to the conditions of this Agreement and to the resolution of those matters within the Examination Scope during the Examination Period.

**WHEREAS**, the Company has cooperated with the EIC in the course of the Examination by making its books and records available for examination, responding to questions from and meeting on multiple occasions with the EIC, and making its personnel available to assist the EIC in its conduct of the Examination as requested by the EIC;

**WHEREAS**, the Company represents to the Settling Jurisdictions that at all times relevant to this Agreement, the Company and its officers, directors, employees, agents and representatives acted in good faith; and have fully, completely, and truthfully responded to all questions, interrogatories, and requests of the EIC and the Lead States;

**WHEREAS**, in view of the foregoing facts and circumstances, the complicated issues raised and the probability that long-term litigation and/or administrative proceedings would be required to resolve the disputes between the Parties hereto, and without admitting any fault of liability by the Company, the Parties have agreed to resolve all issues relating to the Examination and the regulatory issues through this Agreement;

**WHEREAS**, the Parties execute this Agreement knowingly and voluntarily, and the Parties acknowledge that this Agreement is in the public interest; and

**WHEREAS**, by this Agreement, the Company (1) acknowledges execution of this Agreement; (2) the Company does not admit to any of the regulatory findings related to the Agreement or in the examination, and the Parties understand and agree that they entered into this Agreement in order to promote regulatory efficiency, to avoid disruption to insureds, and to implement updated procedures on a national basis as outlined in this Agreement; (3) the Company agrees to undertake the actions set forth in this Agreement; and (4) the Company waives its rights to contest issues disposed of by this Agreement except to the extent provided for in this Agreement.

**NOW THEREFORE**, in consideration of the Recitals, the mutual covenants and agreements herein, and each act performed and to be performed hereunder, the Parties agree as follows:

1. **Incorporation of Recitals.** The above and foregoing Recitals, including, without limitation, all capitalized terms defined therein, are hereby incorporated into and made a part of this Agreement as if more fully set forth in the body of this Agreement.
2. **Definitions.** The terms listed below shall have either the meaning given in this section or the definition given elsewhere in this Agreement:
  - a. **Affiliate** shall mean a person or entity that directly, or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the person or entity specified.
  - b. **Agreement** shall have the meaning set forth in the first paragraph of page 1.
  - c. **Association** shall mean an association formed and maintained in good faith for purposes other than obtaining insurance meeting the requirements of applicable Insurance Law.
  - d. **CO** shall have the meaning set forth in the first paragraph of page 1.

- e. **Company** shall have the meaning set forth in the first paragraph of page 1.
- f. **Company Related Parties** shall mean the Affiliates, parents, subsidiaries and assigns of each of the entities within the definition of the Company.
- g. **Conditional Effective Date** shall be the date on which this Agreement has been signed by the Company and adopted by each of the five (5) Lead States.
- h. **DE** shall have the meaning set forth in the first paragraph of page 1.
- i. **DE Director** shall mean the Director of Market Conduct and Consumer Services Division of the Delaware Department of Insurance.
- j. **EIC** shall mean the Examiner-in-Charge, Frank Kyazze, Delaware Department of Insurance.
- k. **Examination Monitoring Cost** shall have the meaning set forth in Section 5.b.
- l. **Examination** shall have the meaning set forth in the first Recital on page 1.
- m. **Examination Period** shall have the meaning set forth in the first Recital on page 1.
- n. **Examination Scope** shall have the meaning set forth in the first Recital on page 1.
- o. **Final Effective Date** shall have the meaning set forth in Section 8.b.
- p. **FL** shall have the meaning set forth in the first paragraph of page 1.
- q. **Insurance Laws** shall mean the insurance statutes, rules, regulations and case law in effect in each Settling Jurisdiction, together with any other statutes, rules, regulations and case law relating to or otherwise affecting the sale, marketing, provision, servicing of the Health Insurance Business and other services or benefits provided to consumers by or through, directly or indirectly, Company or Company Related Parties. For purposes of illustration only and not limitation, Insurance Laws shall include unfair trade practice laws, and prompt payment of insurance claims laws. For purposes of this Agreement, the term shall also include bulletins, notices and official interpretations of law in effect in a Settling Jurisdiction unless reliance on such bulletins, notices or official interpretations is prohibited by a Settling Jurisdiction's laws.
- r. **Lead States** shall have the meaning set forth in the first paragraph of page 1.
- s. **Health Insurance Business** shall have the meaning set forth in the first Recital on page 1.
- t. **Managing Lead State** shall have the meaning set forth in the first paragraph of page 1.
- u. **Monitoring** shall have the meaning set forth in Section 5.
- v. **Monitoring Period** shall be a period of the 12 calendar months following the 90<sup>th</sup> day after the Conditional Effective Date, with the option of expanding an additional 12 months dependent on Company compliance with this Agreement.
- w. **Multistate Payment** shall have the meaning set forth in Section 4.a.
- x. **Participating States** shall have the meaning set forth in the first paragraph of page 1.
- y. **Party/Parties** shall have the meaning set forth in the first paragraph of page 1.
- z. **Settling Jurisdictions** shall have the meaning set forth in the first paragraph of page 1.
- aa. **Subscribing Jurisdiction Adoption Form** shall be that instrument attached hereto as Exhibit B.



- bb. **TPA** shall mean Third-Party Administrators.
- cc. **TX** shall have the meaning set forth in the first paragraph of page 1.
- dd. **Warrant** shall have the meaning set forth in the first Recital on page 1.
- ee. **VA** shall have the meaning set forth in the first paragraph of page 1.

3. Specific Business Practices and Reforms.

As of the Final Effective Date, with respect to its Health Insurance Business, the Company agrees to act in accordance with the terms as defined in the following Compliance Plan. The Company will ensure completion of the appropriate actions within 90 days of the Conditional Effective Date.

a. Compliance Plan.

The Company agrees to implement and comply with the following requirements:

- i. The Company shall modify the existing TPA agreements to add the applicable State specific required language.
- ii. The Company shall review and revise the existing TPA contracts to ensure the applicable State specific required language is included.
- iii. The Company shall record all application verification calls, in their entirety, for the Health Insurance Business and shall retain the recordings for five years on a rolling basis.
- iv. The Company will retain proof of oversight of all TPAs ensuring said TPAs are in compliance with all Company sale protocols and pertinent state laws.
- v. The Company shall establish procedures to include performance-based metrics in its contracts with TPAs to ensure compliance with Company protocols and pertinent state laws.
- vi. The Company shall establish procedures to conduct audits of TPAs and provide the results of such audits to Management and the Board of Directors. These audits must be retained and made available for future examination purposes.
- vii. The Company shall ensure that all advertisements contain the required provisions where required by State Law.
- viii. The Company shall ensure that all Appeals are acknowledged and resolved in a timely manner as per applicable state laws and regulations.
- ix. The Company shall ensure that all forms in use are filed where required by applicable State law.
- x. The Company shall update its procedures to ensure that the policy forms do not include unapproved language.
- xi. The Company shall update its procedures to ensure documentation is retained confirming that the Outlines of Coverage are provided where required by State law.
- xii. The Company shall update its procedures to ensure that the Applications are completed in their entirety to the extent required by State Law.
- xiii. The Company shall update its procedures to ensure that the policy forms contain the approved State-specific language where required.
- xiv. The Company shall review each marketing piece with a noted exception or concern during the examination, and will confirm that the changes have been made, or it is no longer in use.
- xv. The Company shall ensure that all Explanation of Benefits (EOB) forms contain the required disclosures and are in accordance with applicable State Laws.

- xvi. The Company shall ensure that all claims are acknowledged, investigated and resolved in a timely manner as required by applicable State law.

At the conclusion of the Monitoring Period, the Lead States will conduct a targeted market conduct examination relating to the Health Insurance Business with the intention of ensuring that all system and procedure changes designed to address the concerns and exceptions noted in the examination report were fully implemented within 90 days of the Conditional Effective Date and continued in effect.

4. Multistate Payment.

- a. The Company shall be subject to a regulatory settlement of One Million Dollars (\$1,000,000.00) to the Settling Jurisdictions (the “**Multistate Payment**”). The payment shall be divided as follows: Five Hundred Thousand Dollars and no/100 Dollars (\$500,000.00) due upon the Final Effective Date and the remaining Five Hundred Thousand Dollars and no/100 Dollars (\$500,000.00), contingent on complete compliance with the Compliance Plan. This will be determined at the conclusion of the follow-up targeted market conduct exam noted in the Compliance Plan above and the Regulatory Oversight section below after discussion with the Company. The \$500,000 contingent penalty is the maximum that could be applied. A portion of the \$500,000 will be allocated to each requirement noted in the Compliance Plan noted above. If it is determined the Company failed to substantially comply with a particular requirement, they would only be assessed that requirement’s portion of the contingent penalty. The Multistate Payment shall be allocated among the Settling Jurisdictions that sign the Subscribing Jurisdiction Adoption Form;
- b. Except as otherwise specifically provided in this Agreement, and except for the ongoing costs of the Examination, and provided the Company’s full and complete compliance with this Agreement, the Multistate Payment shall be the sole amount charged, assessed or collected by the Settling Jurisdictions with respect to this Examination Scope during the Examination Period.
- c. Within ten (10) business days of the Final Effective Date, the DE Director shall provide the Company a document reflecting how the Multistate Payment shall be allocated among the Settling Jurisdictions, along with necessary payment information provided by the Settling Jurisdictions; and
- d. The Company acknowledges the validity and legitimacy of the Multistate Payment and shall pay the Multistate Payment in accordance with the DE Director’s instructions within thirty (30) calendar days of the Final Effective Date. Once paid by the Company, the Multistate Payment is final and non-recoverable under any circumstances, including without limitation, termination of this Agreement.

5. Regulatory Oversight.

- a. During the Monitoring Period, the Lead States shall maintain regulatory authority and oversight over the Company’s compliance with the terms of this Agreement.



With respect to such continuing oversight, the Company agrees to review the Compliance plan and implement all required improvements. In addition, the Company agrees to a targeted examination conducted by the Lead States to ensure said compliance, the costs of which will be paid by the Company.

- b. In addition to any payments otherwise provided in this Agreement, the costs of the Settling Jurisdictions related to the compliance with this Agreement, including without limitation this Section 5, and including without limitation the costs and expenses of conducting any future audits, reviews, or examinations permitted herein, the costs of participating in any meetings, presentations, or discussions with the Company, the Company's Related Parties, the Lead States and/or the Settling Jurisdictions and other necessary parties, together with the costs and expenses of any third-party examiners(s) (collectively, the "**Examination Monitoring Cost**") shall be the full and sole responsibility of the Company as costs of the Examination; and
- c. The ongoing monitoring during the Monitoring Period as provided by this Agreement (the "**Monitoring**") constitutes an ongoing examination by each of the Settling Jurisdictions pursuant to each of their respective jurisdiction's Insurance Laws; to the extent permitted by each Settling Jurisdiction's laws, all audit reports, statistical reports, work papers, documents and any other information produced, obtained or disclosed in connection with the Examination and any follow-up Examination or Monitoring contemplated under this Agreement, regardless of the manner of production or disclosure, shall be treated as confidential and privileged. Nothing in this Agreement is intended to, nor shall it, preclude Settling Jurisdiction(s) from sharing records and other information relating to the Examination, or this Agreement, or disclosing the results of compliance with the Agreement to other governmental or law enforcement entities.

6. Release.

Subject to the Company's full and complete performance of and compliance with the terms and conditions of this Agreement, each Settling Jurisdiction hereby releases the Company from any and all claims, demands, interest, penalties, actions, or causes of action that each Settling Jurisdiction may have or could have alleged against the Company by reason of any matter, cause or thing whatsoever, regarding or relating to those matters within the Examination Scope within the Examination Period; provided, however, that nothing herein shall preclude the Lead States from conducting subsequent examinations, audits and reviews to assess the Company's compliance with this Agreement; and provided further that this Release shall not limit in any way a Settling Jurisdiction's right to conduct subsequent examinations or other regulatory review of any entities or persons other than the Company.

7. Default.

- a. Company's failure to completely comply with any provisions of this Agreement shall be deemed a breach by the Lead States, together with any determination by a Lead State that the Company has made a misrepresentation in this Agreement or in

the conduct of the Examination, shall constitute a breach of this Agreement, a violation of an order of the Settling Jurisdictions, and a violation of the Company's agreement with the Settling Jurisdictions and shall subject the Company to such administrative and enforcement actions and penalties as each Settling Jurisdiction deems appropriate, consistent with each Settling Jurisdiction's respective Insurance Laws;

- b. If a Settling Jurisdiction believes that the Company has breached a provision of this Agreement or that the Company has made a misrepresentation in this Agreement or during the conduct of the Examination, such Settling Jurisdiction shall provide written notice of the alleged breach to the Company and the Managing Lead States that the breach has occurred. The Company shall have the opportunity, within twenty-one (21) calendar days of receipt of such notice to present evidence in writing and through appearance before the complaining jurisdiction's regulator in an attempt to rebut the allegations(s) or to seek an extension and to present a proposed action plan to address the alleged breach. A Settling Jurisdiction shall not pursue any enforcement action as set forth in this Section 7.a. against the Company until the twenty-one (21) calendar day response period described above has expired. If the Lead States accept the Company's method and/or action plan to correct the identified deficiencies, the Lead States will define the time by which the Company must fulfill its corrective obligations. At its discretion, the Lead States may reject in writing the Company's proposed action plan and proceed with the original administrative and enforcement actions and penalties as each Settling Jurisdiction deems appropriate. This Subsection b. of this Section 7 shall not be binding on the Commonwealth of Virginia or the State of Texas. As pertaining to Virginia-related or Texas-related conduct, any dispute or conflict which may arise in connection with breach of the Agreement or misrepresentation in this Agreement or during the conduct of the Examination, will be governed by the laws of the Commonwealth of Virginia or the State of Texas, as applicable; and
- c. Any agreement on the part of any Party hereto, to any extension or waiver shall be valid only if in writing signed by the Party granting such waiver or extension and, unless expressly provided otherwise, shall be a one-time waiver or extension only, and any such waiver or extension or any other failure to insist on strict compliance with any duty or obligation herein shall not operate as a waiver or extension of, or estoppel with respect to, any continuing, subsequent or other failure to comply with this Agreement.

8. Effectiveness.

- a. The DE Director shall arrange to deliver this Agreement within seven (7) calendar days following the Conditional Effective Date to the Settling Jurisdictions. The Settling Jurisdictions may adopt, agree to, or approve the Agreement by means of the Subscribing Jurisdiction Adoption Form attached as **Exhibit B** and by reference herein incorporated;



- b. This Agreement shall be effective on the date the DE Director provides the Company with a copy of this Agreement adopted, agreed to, and approved by 31 jurisdictions included in the Settling Jurisdictions (the **Final Effective Date**).
- c. The Lead States and the Company may agree in writing to extend the initial Final Effective Date and each extended Final Effective Date thereafter in writing, in which case the DE Director shall notify the Participating States who may then choose whether to participate hereunder on or before the extended Final Effective Date; and
- d. If the Final Effective Date does not occur by the initial Final Effective Date, as may be extended pursuant to the terms of this Agreement, this Agreement shall be deemed null and void and of no further force or effect.

9. Additional Terms.

- a. Third Party Reliance. This Agreement is an agreement solely among the named Parties, and no other person or entity shall be deemed to obtain or possess any enforceable rights against the Company as a third-party beneficiary or otherwise as a result of this Agreement. The Parties agree that this Agreement is not intended to and shall not confer any rights upon any other person or entity and shall not be used for any other purpose. Nothing in this Agreement shall be construed to provide for a private right of action to any person or entity not a party to this Agreement, nor shall this Agreement be admissible in any private suit. Nor shall the Agreement be deemed to create any intended or incidental third-party beneficiaries, and the matters herein shall remain within the sole and exclusive jurisdiction of the Settling Jurisdictions. Nothing contained herein shall affect any rights that the Company or any Company Related Party might have against third parties.
- b. No Admission of Liability. The Parties understand and agree that, by and through this Agreement, the Company (1) acknowledges execution of this Agreement; (2) the Company does not admit to any of the regulatory findings related to the Agreement or in the Examination, and the Parties understand and agree that they entered into this Agreement in order to promote regulatory efficiency, to avoid disruption to insureds, avoid protracted litigation, and to implement updated procedures on a national basis as outlined in this Agreement; (3) the Company agrees to undertake the actions set forth in this Agreement; and (4) the Company waives its rights to contest issues disposed of by this Agreement except to the extent provided for in this Agreement.
- c. Exhibits. The following exhibits are attached hereto and incorporated herein:
  - i. Exhibit A – Settling Jurisdictions
  - ii. Exhibit B – Subscribing Jurisdiction Adoption Form
- d. Time of the Essence. The Parties hereby agree that time shall be of the essence with respect to the performance of this Agreement.



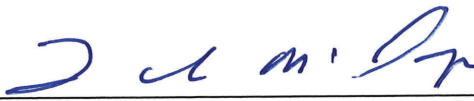
- e. *Rights and Remedies.* Except as otherwise provided in this Agreement, the rights, powers, remedies, and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges by applicable law.
- f. *Settling Jurisdiction Authority.* Each person signing on behalf of each of the Settling Jurisdiction gives his or her express assurance that under applicable laws, regulations, and judicial rulings, he or she has authority to enter into this Agreement.
- g. *Company Authority.* The Company expressly represents and warrants as of the date of its execution of this Agreement that: (i) it is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation or organization and has the absolute, unrestricted right, power, authority and capacity to execute and deliver this Agreement and to perform its obligations arising hereunder, without any further consent or approval being required from any individual person, parent company, or other organization or entity; (ii) it has obtained all necessary authorizations, approvals, or consents of any governmental entity required in connection with the execution, delivery, or performance by it of this Agreement; (iii) it has conducted all investigations it deems appropriate and necessary to determine whether to enter into this Agreement; and (iv) it has read this Agreement, enters into it knowingly and voluntarily, and has been advised by its legal counsel as to the legal effect of this Agreement.
- h. *Choice of Law.* This Agreement and any disputes or conflicts which may arise in connection with the interpretation or enforcement of this Agreement, and the rights and obligations of the Parties, shall be governed by the laws of the State of Delaware without regard or reference to choice or conflict of law rules. The Parties consent to the exclusive jurisdiction of the United States District Court for the State of Delaware or the State of Delaware Superior Court for the purposes of interpreting and enforcing this Agreement. Nothing in this Subsection h. of this Section 9 however, shall limit the rights of a Settling Jurisdiction to pursue administrative and enforcement actions and penalties consistent with such Settling Jurisdiction's laws, rules and regulations as provided in Section 7 of this Agreement. This Subsection h. of this Section 9 shall not be binding on the Commonwealth of Virginia or the State of Texas. As pertaining to Virginia-related or Texas-related conduct, this Agreement, any disputes or conflicts which may arise in connection with the interpretation or enforcement of this Agreement, and the rights and obligations of the Parties, will be governed by the laws of the Commonwealth of Virginia or the State of Texas, as applicable; and
- i. *Subsequent Law.* If a Settling Jurisdiction adopts an Insurance Law relating to or conflicting with any provision of this Agreement, then application of such provision of this Agreement shall be superseded by such Insurance Law as it applies in that Settling Jurisdiction, and all other unaffected terms and conditions of the Agreement shall remain in full force and effect.

- j. Joint Preparation. This Agreement, exclusive of any statements or findings, preliminary or otherwise, of the DE Director, shall be deemed to have been prepared jointly by the Parties hereto. Any ambiguity herein shall not be interpreted against any Party hereto and shall be interpreted as if each of the Parties hereto had prepared this Agreement.
- k. Interpretation. Titles and headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Whenever the context requires in this Agreement, the singular shall include the plural and vice versa.
- l. Invalidity. In the event that any portion of this Agreement is enjoined or held invalid under the laws of a Settling Jurisdiction, such enjoined or invalid portion shall be deemed to be severed only for the duration of the injunction, if applicable, and only with respect to that Settling Jurisdiction and its jurisdiction, and all remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.
- m. Full and Final Agreement. This Agreement, including any exhibits hereto, constitutes the entire understanding between the Company and the Settling Jurisdictions with respect to the subject matter contained herein and supersedes any and all prior or existing understandings, agreements, plans, and negotiations, whether written or oral, between the Company and any Settling Jurisdiction. All modifications to this Agreement must be in writing and signed by each of the Parties hereto.
- n. Counterparts. This Agreement may be executed in one or more counterparts, any of which shall be deemed an original and all of which taken together shall constitute one and the same Agreement. Execution and delivery of this Agreement may be evidenced by facsimile or electronic mail transmission.
- o. Bankruptcy. The Company understands and agrees that the amounts due and payable to the Department pursuant to this Regulatory Settlement Agreement are not dischargeable in any bankruptcy proceedings pursuant to 11 U.S.C. § 523(a)(7).
- p. Settlement. The Regulatory Settlement Agreement shall survive the Company and be enforceable against its successors, transfers, or assigns.

[SIGNATURES ON FOLLOWING PAGES]

In Witnesses Whereof, the Parties to this Regulatory Settlement Agreement have each caused their signatures to be set forth below on the date first set forth below.

**FREEDOM LIFE INSURANCE COMPANY OF AMERICA**

BY: 

Name: Troy Alan McQuagge

Title: President & CEO

DATE: 5-28-2024

**DELAWARE DEPARTMENT OF INSURANCE**

BY: \_\_\_\_\_

The Honorable Trinidad Navarro  
Commissioner Of Insurance

DATE: \_\_\_\_\_

**2024-8737**

Regulatory Settlement Agreement  
Freedom Life Insurance Company  
Execution Copy

**COLORADO DEPARTMENT OF REGULATORY AFFAIRS DIVISION  
OF INSURANCE**

BY: \_\_\_\_\_

The Honorable Michael Conway  
Commissioner of Insurance

DATE: \_\_\_\_\_

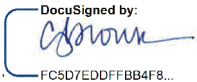
**FLORIDA OFFICE OF INSURANCE REGULATION**

BY: \_\_\_\_\_

The Honorable Michael Yaworsky  
Commissioner of Insurance

DATE: \_\_\_\_\_

**TEXAS DEPARTMENT OF INSURANCE**

BY:  \_\_\_\_\_  
FC5D7EDDFFBB4F8...

The Honorable Cassie Brown  
Commissioner of Insurance

DATE: 7/12/2024  
\_\_\_\_\_

**VIRGINIA STATE CORPORATION COMMISSION BUREAU OF  
INSURANCE**

BY: \_\_\_\_\_

The Honorable Scott A. White  
Commissioner of Insurance

DATE: \_\_\_\_\_

**EXHIBIT A**

**Settling Jurisdictions**

1	Alabama	23	North Dakota
2	Alaska	24	Oklahoma
3	Arizona	25	Pennsylvania
4	California	26	South Carolina
5	Colorado *	27	Tennessee
6	Delaware **	28	Texas *
7	District of Columbia	29	Virginia *
8	Florida *	30	West Virginia
9	Georgia	31	Wyoming
10	Idaho		
11	Illinois		
12	Indiana		
13	Kansas		
14	Kentucky		
15	Louisiana		
16	Michigan		
17	Mississippi		
18	Missouri		
19	Nebraska		
20	Nevada		
21	New Jersey		
22	North Carolina		

\* Lead State

\*\* Managing Lead State




**EXHIBIT B**

**Multistate Targeted Market Conduct Examination Of  
Freedom Life Insurance Company of America  
(Orig. No. 62324-21-714)  
Regulatory Settlement Agreement**

**SUBSCRIBING JURISDICTION ADOPTION FORM**

On behalf of Texas Department of Insurance, I Cassie Brown, have received, reviewed and do hereby adopt, agree to and approve that certain Regulatory Settlement Agreement executed by Freedom Life Insurance Co., and the Managing Lead States of Delaware, Colorado, Florida, Texas, and Virginia on the \_\_\_\_\_.

DocuSigned by:  
  
FC5D7EDDFFBB4F8...

\_\_\_\_\_  
[Texas Department of Insurance]

By: Cassie Brown

Printed: \_\_\_\_\_

Title: Commissioner of Insurance

Date: 7/12/2024

Please provide the following information as to how your jurisdiction's allocation of the Multistate Payment should be made from the Company.

CONTACTNAME: Donna Zimmerhanel

MAILING ADDRESS: PO Box 12030, Austin, Texas 78711

PAYMENT MADE TO: Texas Department of Insurance

If applicable, please provide wiring instructions separately.  
Upon completion, please return this form to:

Susan Jennette, Director  
Market Conduct/Consumer Services  
Delaware Department of Insurance  
1351 West North St., Ste. 101, Dover, DE 19904  
Email: Susan.Jennette@delaware.gov  
Ph: (302) 674-7319 Fax: (302) 736-7971

## REGULATORY SETTLEMENT AGREEMENT

This Regulatory Settlement Agreement (the “Agreement”) is entered into this 14<sup>th</sup> day of May, 2024 by and among (i) Freedom Life Insurance Company of America (“**the Company**”); (ii) the Delaware Department of Insurance (“**DE**”)(“Managing Lead State”); (iii) the Colorado Department of Regulatory Affairs Division of Insurance (“**CO**”); (iv) the Florida Office of Insurance Regulation (“**FL**”); (v) the Texas Department of Insurance (“**TX**”); (vi) the Virginia State Corporation Commission Bureau of Insurance (“**VA**”) (and collectively with the Managing Lead State, CO, FL, TX, and VA are referred to herein as the “**Lead States**”); and (vii) the insurance related regulatory bodies of such other jurisdictions choosing to adopt, agree to and approve this Agreement pursuant to the terms hereof (“**the Participating States**”, the Lead States and the Participating States are collectively referred to herein as the “**Settling Jurisdictions**”). The Settling Jurisdictions and the Company are each referred to herein as a “**Party/Parties**”.

### RECITALS

**WHEREAS**, the Lead States issued an examination warrant dated October 6, 2021 under Authority number 62324-21-714 (the “**Warrant**”) calling for a multistate targeted market conduct examination of Freedom Life Insurance Company of America and the examination focused on the Company’s health insurance products, including but not limited to Accident Only, Association, Critical Illness, Dental, Essential Health Benefits, Fixed Indemnity, Health, Short Term Medical, Specified Disease and Vision (collectively referred to as “**Health Insurance Business**”) in the following areas of operation: Company Operations and Management; Complaints, Appeals and Utilization Review Handling; Marketing and Sales; Producer Licensing; Policy Forms and Rates, Underwriting and Claims Handling (“**Examination Scope**”). The examination period was January 1, 2018 through September 30, 2021 (“**Examination Period**”) (The multistate market conduct examination as called by the Warrant with respect to the Examination Scope and the Examination Period shall be referred to as the “**Examination**”).

**WHEREAS**, there are presently thirty-one (31) jurisdictions participating in the Examination, including five (5) Lead States and twenty-six (26) Participating States, a list of which may be found on **Exhibit A**, attached hereto and by reference incorporated herein;

**WHEREAS**, through the Company’s marketing and sales of its products exclusively through agents of its sister company, USHEALTH Advisors, LLC., and the Associations of American Independent Business Coalition, the American Business Coalition and the Southern Consumers Alliance, the Company sold or contracted for the sale of Health Insurance Products to consumers in the Settling Jurisdictions;

**WHEREAS**, the EIC (defined below) has presented to the Company and to the Lead States preliminary findings and concerns based on information gathered to date;

**WHEREAS**, based upon communication with the Lead States and the Company, the Company agrees not to contest the findings of the final examination report as approved by the Lead States, to the conditions of this Agreement and to the resolution of those matters within the Examination Scope during the Examination Period.

**WHEREAS**, the Company has cooperated with the EIC in the course of the Examination by making its books and records available for examination, responding to questions from and meeting on multiple occasions with the EIC, and making its personnel available to assist the EIC in its conduct of the Examination as requested by the EIC;

**WHEREAS**, the Company represents to the Settling Jurisdictions that at all times relevant to this Agreement, the Company and its officers, directors, employees, agents and representatives acted in good faith; and have fully, completely, and truthfully responded to all questions, interrogatories, and requests of the EIC and the Lead States;

**WHEREAS**, in view of the foregoing facts and circumstances, the complicated issues raised and the probability that long-term litigation and/or administrative proceedings would be required to resolve the disputes between the Parties hereto, and without admitting any fault of liability by the Company, the Parties have agreed to resolve all issues relating to the Examination and the regulatory issues through this Agreement;

**WHEREAS**, the Parties execute this Agreement knowingly and voluntarily, and the Parties acknowledge that this Agreement is in the public interest; and

**WHEREAS**, by this Agreement, the Company (1) acknowledges execution of this Agreement; (2) the Company does not admit to any of the regulatory findings related to the Agreement or in the examination, and the Parties understand and agree that they entered into this Agreement in order to promote regulatory efficiency, to avoid disruption to insureds, and to implement updated procedures on a national basis as outlined in this Agreement; (3) the Company agrees to undertake the actions set forth in this Agreement; and (4) the Company waives its rights to contest issues disposed of by this Agreement except to the extent provided for in this Agreement.

**NOW THEREFORE**, in consideration of the Recitals, the mutual covenants and agreements herein, and each act performed and to be performed hereunder, the Parties agree as follows:

1. **Incorporation of Recitals.** The above and foregoing Recitals, including, without limitation, all capitalized terms defined therein, are hereby incorporated into and made a part of this Agreement as if more fully set forth in the body of this Agreement.
2. **Definitions.** The terms listed below shall have either the meaning given in this section or the definition given elsewhere in this Agreement:
  - a. **Affiliate** shall mean a person or entity that directly, or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, the person or entity specified.
  - b. **Agreement** shall have the meaning set forth in the first paragraph of page 1.
  - c. **Association** shall mean an association formed and maintained in good faith for purposes other than obtaining insurance meeting the requirements of applicable Insurance Law.
  - d. **CO** shall have the meaning set forth in the first paragraph of page 1.



- e. **Company** shall have the meaning set forth in the first paragraph of page 1.
- f. **Company Related Parties** shall mean the Affiliates, parents, subsidiaries and assigns of each of the entities within the definition of the Company.
- g. **Conditional Effective Date** shall be the date on which this Agreement has been signed by the Company and adopted by each of the five (5) Lead States.
- h. **DE** shall have the meaning set forth in the first paragraph of page 1.
- i. **DE Director** shall mean the Director of Market Conduct and Consumer Services Division of the Delaware Department of Insurance.
- j. **EIC** shall mean the Examiner-in-Charge, Frank Kyazze, Delaware Department of Insurance.
- k. **Examination Monitoring Cost** shall have the meaning set forth in Section 5.b.
- l. **Examination** shall have the meaning set forth in the first Recital on page 1.
- m. **Examination Period** shall have the meaning set forth in the first Recital on page 1.
- n. **Examination Scope** shall have the meaning set forth in the first Recital on page 1.
- o. **Final Effective Date** shall have the meaning set forth in Section 8.b.
- p. **FL** shall have the meaning set forth in the first paragraph of page 1.
- q. **Insurance Laws** shall mean the insurance statutes, rules, regulations and case law in effect in each Settling Jurisdiction, together with any other statutes, rules, regulations and case law relating to or otherwise affecting the sale, marketing, provision, servicing of the Health Insurance Business and other services or benefits provided to consumers by or through, directly or indirectly, Company or Company Related Parties. For purposes of illustration only and not limitation, Insurance Laws shall include unfair trade practice laws, and prompt payment of insurance claims laws. For purposes of this Agreement, the term shall also include bulletins, notices and official interpretations of law in effect in a Settling Jurisdiction unless reliance on such bulletins, notices or official interpretations is prohibited by a Settling Jurisdiction's laws.
- r. **Lead States** shall have the meaning set forth in the first paragraph of page 1.
- s. **Health Insurance Business** shall have the meaning set forth in the first Recital on page 1.
- t. **Managing Lead State** shall have the meaning set forth in the first paragraph of page 1.
- u. **Monitoring** shall have the meaning set forth in Section 5.
- v. **Monitoring Period** shall be a period of the 12 calendar months following the 90<sup>th</sup> day after the Conditional Effective Date, with the option of expanding an additional 12 months dependent on Company compliance with this Agreement.
- w. **Multistate Payment** shall have the meaning set forth in Section 4.a.
- x. **Participating States** shall have the meaning set forth in the first paragraph of page 1.
- y. **Party/Parties** shall have the meaning set forth in the first paragraph of page 1.
- z. **Settling Jurisdictions** shall have the meaning set forth in the first paragraph of page 1.
- aa. **Subscribing Jurisdiction Adoption Form** shall be that instrument attached hereto as Exhibit B.

- bb. **TPA** shall mean Third-Party Administrators.
- cc. **TX** shall have the meaning set forth in the first paragraph of page 1.
- dd. **Warrant** shall have the meaning set forth in the first Recital on page 1.
- ee. **VA** shall have the meaning set forth in the first paragraph of page 1.

3. Specific Business Practices and Reforms.

As of the Final Effective Date, with respect to its Health Insurance Business, the Company agrees to act in accordance with the terms as defined in the following Compliance Plan. The Company will ensure completion of the appropriate actions within 90 days of the Conditional Effective Date.

a. Compliance Plan.

The Company agrees to implement and comply with the following requirements:

- i. The Company shall modify the existing TPA agreements to add the applicable State specific required language.
- ii. The Company shall review and revise the existing TPA contracts to ensure the applicable State specific required language is included.
- iii. The Company shall record all application verification calls, in their entirety, for the Health Insurance Business and shall retain the recordings for five years on a rolling basis.
- iv. The Company will retain proof of oversight of all TPAs ensuring said TPAs are in compliance with all Company sale protocols and pertinent state laws.
- v. The Company shall establish procedures to include performance-based metrics in its contracts with TPAs to ensure compliance with Company protocols and pertinent state laws.
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- vii. The Company shall ensure that all advertisements contain the required provisions where required by State Law.
- viii. The Company shall ensure that all Appeals are acknowledged and resolved in a timely manner as per applicable state laws and regulations.
- ix. The Company shall ensure that all forms in use are filed where required by applicable State law.
- x. The Company shall update its procedures to ensure that the policy forms do not include unapproved language.
- xi. The Company shall update its procedures to ensure documentation is retained confirming that the Outlines of Coverage are provided where required by State law.
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- xiii. The Company shall update its procedures to ensure that the policy forms contain the approved State-specific language where required.
- xiv. The Company shall review each marketing piece with a noted exception or concern during the examination, and will confirm that the changes have been made, or it is no longer in use.
- xv. The Company shall ensure that all Explanation of Benefits (EOB) forms contain the required disclosures and are in accordance with applicable State Laws.

- xvi. The Company shall ensure that all claims are acknowledged, investigated and resolved in a timely manner as required by applicable State law.

At the conclusion of the Monitoring Period, the Lead States will conduct a targeted market conduct examination relating to the Health Insurance Business with the intention of ensuring that all system and procedure changes designed to address the concerns and exceptions noted in the examination report were fully implemented within 90 days of the Conditional Effective Date and continued in effect.

4. Multistate Payment.

- a. The Company shall be subject to a regulatory settlement of One Million Dollars (\$1,000,000.00) to the Settling Jurisdictions (the “**Multistate Payment**”). The payment shall be divided as follows: Five Hundred Thousand Dollars and no/100 Dollars (\$500,000.00) due upon the Final Effective Date and the remaining Five Hundred Thousand Dollars and no/100 Dollars (\$500,000.00), contingent on complete compliance with the Compliance Plan. This will be determined at the conclusion of the follow-up targeted market conduct exam noted in the Compliance Plan above and the Regulatory Oversight section below after discussion with the Company. The \$500,000 contingent penalty is the maximum that could be applied. A portion of the \$500,000 will be allocated to each requirement noted in the Compliance Plan noted above. If it is determined the Company failed to substantially comply with a particular requirement, they would only be assessed that requirement’s portion of the contingent penalty. The Multistate Payment shall be allocated among the Settling Jurisdictions that sign the Subscribing Jurisdiction Adoption Form;
- b. Except as otherwise specifically provided in this Agreement, and except for the ongoing costs of the Examination, and provided the Company’s full and complete compliance with this Agreement, the Multistate Payment shall be the sole amount charged, assessed or collected by the Settling Jurisdictions with respect to this Examination Scope during the Examination Period.
- c. Within ten (10) business days of the Final Effective Date, the DE Director shall provide the Company a document reflecting how the Multistate Payment shall be allocated among the Settling Jurisdictions, along with necessary payment information provided by the Settling Jurisdictions; and
- d. The Company acknowledges the validity and legitimacy of the Multistate Payment and shall pay the Multistate Payment in accordance with the DE Director’s instructions within thirty (30) calendar days of the Final Effective Date. Once paid by the Company, the Multistate Payment is final and non-recoverable under any circumstances, including without limitation, termination of this Agreement.

5. Regulatory Oversight.

- a. During the Monitoring Period, the Lead States shall maintain regulatory authority and oversight over the Company’s compliance with the terms of this Agreement.

With respect to such continuing oversight, the Company agrees to review the Compliance plan and implement all required improvements. In addition, the Company agrees to a targeted examination conducted by the Lead States to ensure said compliance, the costs of which will be paid by the Company.

- b. In addition to any payments otherwise provided in this Agreement, the costs of the Settling Jurisdictions related to the compliance with this Agreement, including without limitation this Section 5, and including without limitation the costs and expenses of conducting any future audits, reviews, or examinations permitted herein, the costs of participating in any meetings, presentations, or discussions with the Company, the Company's Related Parties, the Lead States and/or the Settling Jurisdictions and other necessary parties, together with the costs and expenses of any third-party examiners(s) (collectively, the "**Examination Monitoring Cost**") shall be the full and sole responsibility of the Company as costs of the Examination; and
- c. The ongoing monitoring during the Monitoring Period as provided by this Agreement (the "**Monitoring**") constitutes an ongoing examination by each of the Settling Jurisdictions pursuant to each of their respective jurisdiction's Insurance Laws; to the extent permitted by each Settling Jurisdiction's laws, all audit reports, statistical reports, work papers, documents and any other information produced, obtained or disclosed in connection with the Examination and any follow-up Examination or Monitoring contemplated under this Agreement, regardless of the manner of production or disclosure, shall be treated as confidential and privileged. Nothing in this Agreement is intended to, nor shall it, preclude Settling Jurisdiction(s) from sharing records and other information relating to the Examination, or this Agreement, or disclosing the results of compliance with the Agreement to other governmental or law enforcement entities.

6. Release.

Subject to the Company's full and complete performance of and compliance with the terms and conditions of this Agreement, each Settling Jurisdiction hereby releases the Company from any and all claims, demands, interest, penalties, actions, or causes of action that each Settling Jurisdiction may have or could have alleged against the Company by reason of any matter, cause or thing whatsoever, regarding or relating to those matters within the Examination Scope within the Examination Period; provided, however, that nothing herein shall preclude the Lead States from conducting subsequent examinations, audits and reviews to assess the Company's compliance with this Agreement; and provided further that this Release shall not limit in any way a Settling Jurisdiction's right to conduct subsequent examinations or other regulatory review of any entities or persons other than the Company.

7. Default.

- a. Company's failure to completely comply with any provisions of this Agreement shall be deemed a breach by the Lead States, together with any determination by a Lead State that the Company has made a misrepresentation in this Agreement or in

the conduct of the Examination, shall constitute a breach of this Agreement, a violation of an order of the Settling Jurisdictions, and a violation of the Company's agreement with the Settling Jurisdictions and shall subject the Company to such administrative and enforcement actions and penalties as each Settling Jurisdiction deems appropriate, consistent with each Settling Jurisdiction's respective Insurance Laws;

- b. If a Settling Jurisdiction believes that the Company has breached a provision of this Agreement or that the Company has made a misrepresentation in this Agreement or during the conduct of the Examination, such Settling Jurisdiction shall provide written notice of the alleged breach to the Company and the Managing Lead States that the breach has occurred. The Company shall have the opportunity, within twenty-one (21) calendar days of receipt of such notice to present evidence in writing and through appearance before the complaining jurisdiction's regulator in an attempt to rebut the allegations(s) or to seek an extension and to present a proposed action plan to address the alleged breach. A Settling Jurisdiction shall not pursue any enforcement action as set forth in this Section 7.a. against the Company until the twenty-one (21) calendar day response period described above has expired. If the Lead States accept the Company's method and/or action plan to correct the identified deficiencies, the Lead States will define the time by which the Company must fulfill its corrective obligations. At its discretion, the Lead States may reject in writing the Company's proposed action plan and proceed with the original administrative and enforcement actions and penalties as each Settling Jurisdiction deems appropriate. This Subsection b. of this Section 7 shall not be binding on the Commonwealth of Virginia or the State of Texas. As pertaining to Virginia-related or Texas-related conduct, any dispute or conflict which may arise in connection with breach of the Agreement or misrepresentation in this Agreement or during the conduct of the Examination, will be governed by the laws of the Commonwealth of Virginia or the State of Texas, as applicable; and
- c. Any agreement on the part of any Party hereto, to any extension or waiver shall be valid only if in writing signed by the Party granting such waiver or extension and, unless expressly provided otherwise, shall be a one-time waiver or extension only, and any such waiver or extension or any other failure to insist on strict compliance with any duty or obligation herein shall not operate as a waiver or extension of, or estoppel with respect to, any continuing, subsequent or other failure to comply with this Agreement.

## 8. Effectiveness.

- a. The DE Director shall arrange to deliver this Agreement within seven (7) calendar days following the Conditional Effective Date to the Settling Jurisdictions. The Settling Jurisdictions may adopt, agree to, or approve the Agreement by means of the Subscribing Jurisdiction Adoption Form attached as **Exhibit B** and by reference herein incorporated;

- b. This Agreement shall be effective on the date the DE Director provides the Company with a copy of this Agreement adopted, agreed to, and approved by 31 jurisdictions included in the Settling Jurisdictions (the **Final Effective Date**).
- c. The Lead States and the Company may agree in writing to extend the initial Final Effective Date and each extended Final Effective Date thereafter in writing, in which case the DE Director shall notify the Participating States who may then choose whether to participate hereunder on or before the extended Final Effective Date; and
- d. If the Final Effective Date does not occur by the initial Final Effective Date, as may be extended pursuant to the terms of this Agreement, this Agreement shall be deemed null and void and of no further force or effect.

9. Additional Terms.

- a. Third Party Reliance. This Agreement is an agreement solely among the named Parties, and no other person or entity shall be deemed to obtain or possess any enforceable rights against the Company as a third-party beneficiary or otherwise as a result of this Agreement. The Parties agree that this Agreement is not intended to and shall not confer any rights upon any other person or entity and shall not be used for any other purpose. Nothing in this Agreement shall be construed to provide for a private right of action to any person or entity not a party to this Agreement, nor shall this Agreement be admissible in any private suit. Nor shall the Agreement be deemed to create any intended or incidental third-party beneficiaries, and the matters herein shall remain within the sole and exclusive jurisdiction of the Settling Jurisdictions. Nothing contained herein shall affect any rights that the Company or any Company Related Party might have against third parties.
- b. No Admission of Liability. The Parties understand and agree that, by and through this Agreement, the Company (1) acknowledges execution of this Agreement; (2) the Company does not admit to any of the regulatory findings related to the Agreement or in the Examination, and the Parties understand and agree that they entered into this Agreement in order to promote regulatory efficiency, to avoid disruption to insureds, avoid protracted litigation, and to implement updated procedures on a national basis as outlined in this Agreement; (3) the Company agrees to undertake the actions set forth in this Agreement; and (4) the Company waives its rights to contest issues disposed of by this Agreement except to the extent provided for in this Agreement.
- c. Exhibits. The following exhibits are attached hereto and incorporated herein:
  - i. Exhibit A – Settling Jurisdictions
  - ii. Exhibit B – Subscribing Jurisdiction Adoption Form
- d. Time of the Essence. The Parties hereby agree that time shall be of the essence with respect to the performance of this Agreement.

- e. *Rights and Remedies.* Except as otherwise provided in this Agreement, the rights, powers, remedies, and privileges provided in this Agreement are cumulative and not exclusive of any rights, powers, remedies and privileges by applicable law.
- f. *Settling Jurisdiction Authority.* Each person signing on behalf of each of the Settling Jurisdiction gives his or her express assurance that under applicable laws, regulations, and judicial rulings, he or she has authority to enter into this Agreement.
- g. *Company Authority.* The Company expressly represents and warrants as of the date of its execution of this Agreement that: (i) it is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation or organization and has the absolute, unrestricted right, power, authority and capacity to execute and deliver this Agreement and to perform its obligations arising hereunder, without any further consent or approval being required from any individual person, parent company, or other organization or entity; (ii) it has obtained all necessary authorizations, approvals, or consents of any governmental entity required in connection with the execution, delivery, or performance by it of this Agreement; (iii) it has conducted all investigations it deems appropriate and necessary to determine whether to enter into this Agreement; and (iv) it has read this Agreement, enters into it knowingly and voluntarily, and has been advised by its legal counsel as to the legal effect of this Agreement.
- h. *Choice of Law.* This Agreement and any disputes or conflicts which may arise in connection with the interpretation or enforcement of this Agreement, and the rights and obligations of the Parties, shall be governed by the laws of the State of Delaware without regard or reference to choice or conflict of law rules. The Parties consent to the exclusive jurisdiction of the United States District Court for the State of Delaware or the State of Delaware Superior Court for the purposes of interpreting and enforcing this Agreement. Nothing in this Subsection h. of this Section 9 however, shall limit the rights of a Settling Jurisdiction to pursue administrative and enforcement actions and penalties consistent with such Settling Jurisdiction's laws, rules and regulations as provided in Section 7 of this Agreement. This Subsection h. of this Section 9 shall not be binding on the Commonwealth of Virginia or the State of Texas. As pertaining to Virginia-related or Texas-related conduct, this Agreement, any disputes or conflicts which may arise in connection with the interpretation or enforcement of this Agreement, and the rights and obligations of the Parties, will be governed by the laws of the Commonwealth of Virginia or the State of Texas, as applicable; and
- i. *Subsequent Law.* If a Settling Jurisdiction adopts an Insurance Law relating to or conflicting with any provision of this Agreement, then application of such provision of this Agreement shall be superseded by such Insurance Law as it applies in that Settling Jurisdiction, and all other unaffected terms and conditions of the Agreement shall remain in full force and effect.

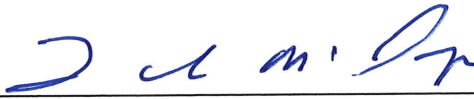
- j. Joint Preparation. This Agreement, exclusive of any statements or findings, preliminary or otherwise, of the DE Director, shall be deemed to have been prepared jointly by the Parties hereto. Any ambiguity herein shall not be interpreted against any Party hereto and shall be interpreted as if each of the Parties hereto had prepared this Agreement.
- k. Interpretation. Titles and headings to sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement. Whenever the context requires in this Agreement, the singular shall include the plural and vice versa.
- l. Invalidity. In the event that any portion of this Agreement is enjoined or held invalid under the laws of a Settling Jurisdiction, such enjoined or invalid portion shall be deemed to be severed only for the duration of the injunction, if applicable, and only with respect to that Settling Jurisdiction and its jurisdiction, and all remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.
- m. Full and Final Agreement. This Agreement, including any exhibits hereto, constitutes the entire understanding between the Company and the Settling Jurisdictions with respect to the subject matter contained herein and supersedes any and all prior or existing understandings, agreements, plans, and negotiations, whether written or oral, between the Company and any Settling Jurisdiction. All modifications to this Agreement must be in writing and signed by each of the Parties hereto.
- n. Counterparts. This Agreement may be executed in one or more counterparts, any of which shall be deemed an original and all of which taken together shall constitute one and the same Agreement. Execution and delivery of this Agreement may be evidenced by facsimile or electronic mail transmission.
- o. Bankruptcy. The Company understands and agrees that the amounts due and payable to the Department pursuant to this Regulatory Settlement Agreement are not dischargeable in any bankruptcy proceedings pursuant to 11 U.S.C. § 523(a)(7).
- p. Settlement. The Regulatory Settlement Agreement shall survive the Company and be enforceable against its successors, transfers, or assigns.

**[SIGNATURES ON FOLLOWING PAGES]**



In Witnesses Whereof, the Parties to this Regulatory Settlement Agreement have each caused their signatures to be set forth below on the date first set forth below.

**FREEDOM LIFE INSURANCE COMPANY OF AMERICA**

BY: 

Name: Troy Alan McQuagge

Title: President & CEO

DATE: 5-28-2024

**DELAWARE DEPARTMENT OF INSURANCE**

BY: \_\_\_\_\_

The Honorable Trinidad Navarro  
Commissioner Of Insurance

DATE: \_\_\_\_\_

**COLORADO DEPARTMENT OF REGULATORY AFFAIRS DIVISION  
OF INSURANCE**

BY: \_\_\_\_\_

The Honorable Michael Conway  
Commissioner of Insurance

DATE: \_\_\_\_\_

**FLORIDA OFFICE OF INSURANCE REGULATION**

BY: \_\_\_\_\_

The Honorable Michael Yaworsky  
Commissioner of Insurance

DATE: \_\_\_\_\_

**TEXAS DEPARTMENT OF INSURANCE**

BY: \_\_\_\_\_

The Honorable Cassie Brown  
Commissioner of Insurance

DATE: \_\_\_\_\_

**VIRGINIA STATE CORPORATION COMMISSION BUREAU OF  
INSURANCE**

BY:  \_\_\_\_\_

The Honorable Scott A. White  
Commissioner of Insurance

DATE: 06/28/2024

## **EXHIBIT A**

### **Settling Jurisdictions**

1	Alabama	23	North Dakota
2	Alaska	24	Oklahoma
3	Arizona	25	Pennsylvania
4	California	26	South Carolina
5	Colorado *	27	Tennessee
6	Delaware **	28	Texas *
7	District of Columbia	29	Virginia *
8	Florida *	30	West Virginia
9	Georgia	31	Wyoming
10	Idaho		
11	Illinois		
12	Indiana		
13	Kansas		
14	Kentucky		
15	Louisiana		
16	Michigan		
17	Mississippi		
18	Missouri		
19	Nebraska		
20	Nevada		
21	New Jersey		
22	North Carolina		

\* Lead State

\*\* Managing Lead State

**EXHIBIT B**

**Multistate Targeted Market Conduct Examination Of  
Freedom Life Insurance Company Of America  
(Orig. No. 62324-21-714)  
Regulatory Settlement Agreement**

**SUBSCRIBING JURISDICTION ADOPTION FORM**

On behalf of Insert Name of Insurance Regulatory Agency. I Insert Name of Official Signing Below, have received, reviewed and do hereby adopt, agree to and approve that certain Regulatory Settlement Agreement executed by Freedom Life Insurance Co., and the Managing Lead States of Delaware, Colorado, Florida, Texas, and Virginia on the \_\_\_\_\_

\_\_\_\_\_  
[Print Name of Insurance Regulatory Agency]

By: \_\_\_\_\_

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Please provide the following information as to how your jurisdiction's allocation of the Multistate Payment should be made from the Company.

CONTACT NAME: \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_

PAYMENT MADE TO: \_\_\_\_\_

If applicable, please provide wiring instructions separately.  
Upon completion, please return this form to:

Susan Jennette, Director  
Market Conduct/Consumer Services  
Delaware Department of Insurance  
1351 West North St., Ste. 101, Dover, DE 19904  
Email: Susan.Jennette@delaware.gov  
Ph: (302) 674-7319 Fax: (302) 736-7971

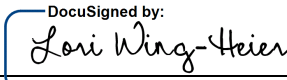
**EXHIBIT B**

**Multistate Targeted Market Conduct Examination Of  
Freedom Life Insurance Company  
(Orig. No. 62324-21-714)  
Regulatory Settlement Agreement  
SUBSCRIBING**

**JURISDICTION ADOPTION FORM**

On behalf of Alaska Division of Insurance, I, Lori Wing-Heier, have received, reviewed and do hereby adopt, agree to and approve that certain Regulatory Settlement Agreement executed by Freedom Life Insurance Co., and the Managing Lead State of Delaware, and the four Lead States of Colorado, Florida, Texas, and Virginia on the 27 the day of September.

Alaska Division of Insurance

By:  Lori Wing-Heier  
A304E38011074B0...

Printed: Lori Wing-Heier

Title: Director

Date: 9/26/2024

Please provide the following information as to how your jurisdiction's allocation of the Multistate Payment should be made from the Company.

CONTACT NAME: Lieann Amante

MAILING ADDRESS: 550 West 7th Ave, Ste 1560, Anchorage, AK 99501

PAYMENT MADE TO: Alaska Division of Insurance

If applicable, please provide wiring instructions separately.  
Upon completion, please return this form to:

Susan Jennette, Director  
Market Conduct/Consumer Services  
Delaware Department of Insurance  
1351 West North St., Ste. 101, Dover, DE 19904  
Email: Susan.Jennette@delaware.gov  
Ph: (302) 674-7319 Fax: (302) 736-7971