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INSURANCE REGULATION
Docketed by: 22

OFFICE OF INSURANCE REGULATION

MICHAEL YAWORSKY
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 241915-19-CO

ACCORDIA LIFE AND ANNUITY COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between ACCORDIA LIFE AND ANNUITY COMPANY ("ACCORDIA") and the FLORIDA OFFICE OF INSURANCE REGULATION ("OIR"). OIR, having considered the record in this case and being otherwise fully advised in the premises, finds as follows:

1. OIR has jurisdiction over ACCORDIA and the subject matter of this proceeding because ACCORDIA, which is domiciled in Iowa, holds a Certificate of Authority to transact life and health insurance in Florida.

2. Beginning in 2016, the Florida Department of Financial Services, Division of Consumer Services ("CONSUMER SERVICES"), noted a large increase in the number of complaints about the billing and customer service practices of ACCORDIA and Athene Annuity and Life Company ("ATHENE"), which also is domiciled in Iowa. Policyholders reported that premium payments had not been drafted from their accounts for months, they had been unable to obtain the value of accounts, and that the cash value for surrendered policies had not been paid. Consumers complained that requests for policy loans went unanswered, premiums were drafted after policies were surrendered, and policyholders did not receive annual reports. A victim of

Hurricane Matthew surrendered a policy she bought in 1975, so she could repair her home, and was incorrectly advised that the policy had no cash value. Another complainant needed a delayed death benefit to pay funeral expenses of a loved one. When automated premium drafting resumed, policyholders complained about inaccuracies and accounting errors. Multiple premium drafts were taken to make up for delayed billing; one account was automatically deducted 15 times on the same day, leaving the policyholder with overdraft fees that the insurer repaid.

3. Consumer complaints stemmed from ATHENE's 2013 acquisition of 500,000 life insurance policies and 50,000 annuities from Aviva Life and Annuity Company USA, including about 22,000 life insurance policies and 1,100 annuities owned by Florida policyholders. ATHENE retained the annuity policies, but immediately resold the life insurance policies (through a reinsurance agreement) to Commonwealth Annuity and Life Insurance Company, ACCORDIA's parent company.¹ ATHENE and ACCORDIA contracted with third-party administrator Alliance-One Services, Inc. ("ALLIANCE-ONE"), which experienced difficulties converting the policies so they could be serviced on the administrator's computer network.

4. OIR opened a market conduct investigation in accordance with Sections 624.307, 624.318, and 626.9561, Florida Statutes. OIR required biweekly updates on the progress of the conversion in Florida.

5. As of March 6, 2019, CONSUMER SERVICES handled 77 conversion-related complaints about ACCORDIA, 75 conversion-related complaints about ATHENE, and four conversion-related complaints about ALLIANCE-ONE.

¹ Policyholders were asked to consent to the transfer of their policies from ATHENE to ACCORDIA; those that objected to such transfer remained insured by ATHENE, but their policies were administered by ACCORDIA through its agreement with third-party administrator ALLIANCE-ONE.

6. On April 17, 2020, ACCORDIA advised OIR that 57 policies needed to be converted again, 64 policies require loan remediation, and 52 policies require non-forfeiture adjustments. Additionally, ACCORDIA incorrectly reported loan balances, payments, and interest on 173 policies in March 2020, and 117 policies in May 2020. On July 16, 2020, ACCORDIA reported that the number of policies requiring re-conversion had increased to 95.

7. As of August 2020, ACCORDIA and ALLIANCE-ONE continued to address conversion difficulties.

8. Pursuant to Section 626.8817, Florida Statutes, insurers who use the services of a third-party administrator remain solely responsible for the competent administration of such programs.

9. Chapter 627 of the Florida Statutes identifies numerous requirements for life insurance contracts, including the timely payment of cash surrender values under nonforfeiture laws; payment of dividends for divisible surplus; payment of death benefits; availability of policy loans; and suitability determinations related to the purchase, surrender, or replacement of such products. Such calculations require accurate and timely valuation of an underlying policy. *See, e.g.* Sections 627.4553, 627.457, 627.458, 627.461, 627.4615, 627.475, 627.476, and 627.482, Florida Statutes. Thus, failing to provide valuation and other information on a timely basis, as evidenced by complaints resolved by CONSUMER SERVICES, is a failure to comply with the Florida Insurance Code.

10. Non-compliance with the Florida Insurance Code or any applicable rule or order of OIR constitutes a violation that may be subject to suspension or revocation of an insurer's Certificate of Authority, or a fine in lieu of such suspension or revocation. *See* Sections 624.418(2)(a) and 624.4211(1), Florida Statutes.

11. As a result of the market conduct investigation, OIR determined that the following violations are subject to administrative action:

a. By failing to provide timely customer service and billing, as evidenced by complaints that required follow-up directives by CONSUMER SERVICES, ACCORDIA deprived life insurance policyholders and the life agents who assist policyholders of the information needed to make meaningful financial decisions. In so doing, ACCORDIA abrogated the duties imposed upon them by Florida law at Sections 627.4553, 627.4554, 627.457, 627.458, 627.461, 627.4615, and 627.475, Florida Statutes.

b. By failing to fully remedy conversion errors for more than five years, ACCORDIA violated the Florida Insurance Code on a systemic basis, giving OIR cause to suspend or revoke ACCORDIA's Certificate of Authority pursuant to Section 624.418(2)(a), Florida Statutes.

c. When one or more grounds exist for the discretionary revocation or suspension of a Certificate of Authority, OIR may impose a fine, in lieu of suspension or revocation, pursuant to Section 624.4211(1), Florida Statutes.

12. ACCORDIA agrees that upon the execution of this Consent Order, ACCORDIA shall be subject to the following terms and conditions:

a. Within 30 days of execution of this Consent Order, ACCORDIA shall pay a penalty of \$1,542,000 U.S. Dollars and administrative costs of \$10,000 U.S. Dollars for failing to plan and execute a suitable conversion plan for Florida life insurance policies novated by ATHENE to ACCORDIA.

b. Within 90 days of execution of this Consent Order, ACCORDIA shall certify that every former ATHENE policy that ALLIANCE-ONE services for ACCORDIA in Florida has been converted to and is being administered on the ALLIANCE-ONE policy administration system and that:

- i. Automatic bill drafting is available for all consumers who selected an automatic payment option as part of their contract;
- ii. All transactions in which payments are due to a policyholder – including but not limited to cash surrender payments, death benefits, dividends, policy loans -- are being timely processed to the same standards as ACCORDIA policies that were not converted;
- iii. Every policyholder subject to billing relief has – through their class action notice – been fully informed of the availability of payment plans and how to obtain them;
- iv. Policyholders are receiving timely valuations upon request to the same standards as ACCORDIA policies that were not converted, and
- v. For all death claims made from August 1, 2015, to June 1, 2023:

For active policies (i.e., not lapsed) at the time the death claim was made, the death claim has been or will be timely paid in accordance with policy provisions. If a death claim is made on an active policy with outstanding premium owed, the premium is or will be deducted from the death benefit at the time the death benefit is paid.

For inactive policies (i.e., lapsed) at the time the death claim was made, the death claim may not have been paid if both a grace notice and a lapse notice was sent

to the address on file with the company, and there was an opportunity to participate in a payment program that was not accepted or was accepted and there was a failure to satisfy the terms of the payment program.

ACCORDIA must provide a certification statement evidencing compliance with these requirements. Any exceptions noted in the certification shall include a timeline defining when the outstanding requirements of this Consent Order will be complete. Full compliance with the aforementioned requirements is required within 180 days of execution of this Consent Order.

13. Failure to certify compliance with the aforementioned requirements, and/or failure to make payment within the specified time period, shall result in further administrative action, which may include the revocation or suspension of ACCORDIA's Certificate of Authority to transact insurance in Florida, or any other action OIR deems appropriate.

14. ACCORDIA expressly waives a hearing in this matter, as well as the making of findings of fact and conclusions of law by OIR and all further and other proceedings to which the parties may be entitled, either by law or by rules of OIR. ACCORDIA hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum now available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

15. Nothing in this Consent Order is intended to form the basis for any disqualification under 17 C.F.R. § 230.506(d)(1) and therefore disqualification under 17 C.F.R. § 230.506(d)(1) should not arise as a consequence of the entry of the Order.

16. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

17. This Consent Order shall be deemed executed when OIR has executed a copy of this Consent Order bearing the signature of ACCORDIA's authorized representative,

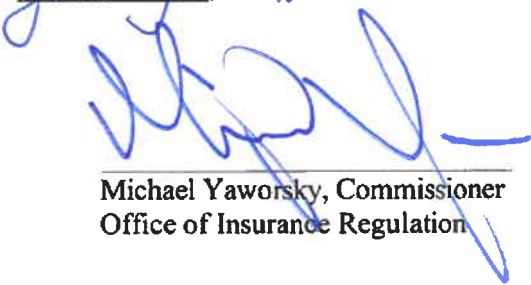
notwithstanding the fact that the copy may have been transmitted to OIR electronically. ACCORDIA's signature, as affixed to this Consent Order, shall be under the seal of a Notary Public.

WHEREFORE, the agreement between ACCORDIA LIFE AND ANNUITY COMPANY, and the FLORIDA OFFICE OF INSURANCE REGULATION, the terms and conditions of which are set forth above, is APPROVED.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 16th day of January, 2024.




Michael Yaworsky, Commissioner
Office of Insurance Regulation

By execution hereof, ACCORDIA LIFE AND ANNUITY COMPANY consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind ACCORDIA LIFE AND ANNUITY COMPANY to the terms and conditions of this Consent Order.

ACCORDIA LIFE AND ANNUITY COMPANY

By: Emily LeMay

Print Name: Emily LeMay

Title: Chief Operations Officer

Date: 12/18/23

STATE OF Iowa

COUNTY OF Polk

The foregoing instrument was acknowledged before me by means of physical presence

or online notarization, this 18th day of December 2023, by Emily LeMay

(name of person)

as Officer

(type of authority; e.g., officer, trustee, attorney in fact)

for Accordia Life and Annuity Company

(company name)



Cindy Madren
(Signature of the Notary)

Cindy Madren

(Print, Type or Stamp Commissioned Name of Notary)

Personally Known _____ OR Produced Identification _____

Type of Identification Produced _____

My Commission Expires: _____

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