

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of)
STANDARD LIFE AND ACCIDENT INSURANCE CO.) **Docket No. 4512-CO**
NAIC#86355)
)

CONSENT AGREEMENT AND FINAL ORDER

Pursuant to the authority granted to the Commissioner of Insurance (“Commissioner”) by K.S.A. 40-103 and in accordance with K.S.A. 40-2,125, the Commissioner hereby admonishes and assesses penalty against Standard Life and Accident Insurance Company (Standard Life) for violation of the applicable insurance statutes. This Consent Agreement shall become effective as a Final Order, without further notice, when signed by the Commissioner or her designee and filed of record with the Kansas Insurance Department (KID).

Findings of Facts

1. Standard Life and Accident Insurance Company, located at One Moody Plaza, Galveston, Texas is a foreign domiciled licensed insurance company in the state of Kansas.
2. On or about May 9, 2012, KID received a complaint from Brenda Clary, a Kansas resident, regarding a solicitation she received which contained a disclosure that the policy was underwritten by Standard Life & Accident Insurance Company. The solicitation is for a “Senior Final Expense Program” and states “please acknowledge by: 06/20/2012.”
3. The term “Life Insurance” is not contained anywhere on the solicitation. The product being marketed is “Final Expense Program.”
4. Standard Life, without adjudication of any issues of law or fact does not admit nor deny liability of any allegations or foregoing facts.
5. Standard Life consents to the assessment of the civil penalty as ordered.

6. Standard Life understands its right to have a hearing on the facts and disposition and to seek review of an adverse order in this matter and expressly waives hearing and judicial review.

Applicable Law

K.S.A. 40-103 states,

“The commissioner of insurance shall have general supervision, control and regulation of corporations, companies, associations, societies, exchanges, partnerships, or persons authorized to transact the business of insurance, indemnity or suretyship in this state and shall have the power to make all reasonable rules and regulations necessary to enforce the laws of this state relating thereto.”

K.S.A. 40-2404 states,

The following are hereby defined as unfair methods of competition and unfair or deceptive acts or practices in the business of insurance:

(2) *False information and advertising generally.* Making, publishing, disseminating, circulating or placing before the public, or causing, directly or indirectly, to be made, published, disseminated, circulated or placed before the public, in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio or television station, or in any other way, an advertisement, announcement or statement containing any assertion, misrepresentation or statement with respect to the business of insurance or with respect to any person in the conduct of such person's insurance business, which is untrue, deceptive or misleading.

K.A.R. 40-9-118 states,

Section 4. Form and Content of Advertisements

1. Advertisements shall be truthful and not misleading in fact or by implication. The form and content of an advertisement of a policy shall be sufficiently complete and clear so as to avoid deception. It shall not have the capacity or tendency to mislead or deceive. Whether an advertisement has the capacity or tendency to mislead or deceive shall be determined by the Commissioner of Insurance from the overall impression that the advertisement may be reasonably expected to create upon a person of average education or intelligence within the segment of the public to which it is directed.

Section 5. Disclosure Requirements

4. An advertisement shall not use as the name or title of a life insurance policy any phrase that does not include the words "life insurance" unless accompanied by other language clearly indicating it is life insurance. An advertisement shall not use as the name or title of an annuity contract any phrase that does not include the word "annuity" unless accompanied by other language clearly indicating it is an annuity. An annuity advertisement shall not refer to an annuity as a CD annuity, or deceptively compare an annuity to a certificate of deposit.

5. An advertisement shall prominently describe the type of policy advertised.

20. Introductory, Initial or Special Offers and Enrollment Periods

(a) An advertisement of an individual policy or combination of policies shall not state or imply that the policy or combination of policies is an introductory, initial or special offer, or that applicants will receive substantial advantages not available at a later date, or that the offer is available only to a specified group of individuals, unless that is the fact. An advertisement shall not describe an enrollment period as "special" or "limited" or use similar words or phrases in describing it when the insurer uses successive enrollment periods as its usual method of marketing its policies.

K.S.A. 40-2,125 states, in pertinent part,

“(a) If the commissioner determines after notice and opportunity for a hearing that any person has engaged or is engaging in any act or practice constituting a violation of any provision of Kansas insurance statutes or any rule and regulation or order thereunder, the commissioner may in the exercise of discretion, order any one or more of the following:

(1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, unless the person knew or reasonably should have known such person was in violation of the Kansas insurance statutes or any rule and regulation or order thereunder, in which case the penalty shall be not more than \$2,000 for each and every act or violation;”

Conclusions of Law

The Commissioner has jurisdiction over Standard Life and the subject matter of this proceeding and based on Paragraphs #1 through #6 and the Applicable Law enumerated above.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE:

1. Standard Life’s marketing advertisement sent to Kansas consumers is in violation of

K.S.A. 40-2404 and K.A.R. 40-9-118.

2. Pursuant to K.S.A. 40-2,125(a), Standard Life is hereby ordered to pay a monetary penalty, due and payable to the Kansas Insurance Department, in the amount of THREE THOUSAND DOLLARS (\$3,000.00) for its above-stated violations of K.S.A. 40-2404 and K.A.R. 40-9-118.

3. Pursuant to K.S.A. 77-415(b)(2)(A), this order is designated by KID as precedent.

IT IS SO ORDERED THIS 26th DAY OF DECEMBER 2012, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



/s/ Sandy Praeger
Sandy Praeger
Commissioner of Insurance

BY:

/s/ John Wine
John Wine
General Counsel

Stipulation

The undersigned stipulates and agrees to the above findings fact and conclusions of law and waives its rights to administrative hearing and judicial review of the Commissioner's Order.

/s/ Debie Knoles _____ 12/ _____
Debie Knowles Date
Respondent

Prepared by:

/s/ Jennifer R. Sourk
Jennifer R. Sourk
Assistant General Counsel

In the matter of:
Standard Life and Accident Insurance Company
4512-CO

NOTICE: In the event Respondent files a petition for judicial review, it must be filed within 30 days of service of this order, and pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

John Wine, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he served the above and foregoing Order and Notice of Rights on this 26th day of December, 2012, by causing the same to be deposited in the United States Mail, registered mail with return-receipt requested postage prepaid, addressed to the following:

Debie Knowles
CMO Health Marketing
Standard Life and Accident Insurance Company
One Moody Plaza
Galveston, TX 77550

Earl G. Taylor
Assistant Compliance Attorney
American National Insurance Company
One Moody Plaza
Galveston, TX 77550

/s/ Jennifer R. Sourk
Jennifer R. Sourk
Assistant General Counsel