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

JUN 09 2016

**COMMISSIONER OF INSURANCE
STATE OF KANSAS**

In the Matter of)
)
AMERICAN GENERAL LIFE)
INSURANCE COMPANY)
)
NAIC #60488)

Docket No. SO-4846

AMENDED SUMMARY ORDER
**(Pursuant to K.S.A.40-447, K.S.A. 40-2,125 and
K.S.A. 2015 Supp. 77-537)**

Pursuant to the authority granted to the Commissioner of Insurance ("Commissioner") by K.S.A. 40-447 and K.S.A. 40-2,125 and in accordance with K.S.A. 2015 Supp. 77-537, the Commissioner orders that American General Life Insurance Company ("American General") cease and desist from violating an applicable provision of the Kansas Insurance Code and further admonishes and assesses a penalty against American General. This Amended Summary Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for a hearing is made, pursuant to K.S.A. 77-542.

Findings of Fact

The Commissioner has been shown the following facts:

1. American General has been authorized to do business in Kansas since August 1, 1960.
2. The legal and mailing address of American General is 2727-A-Allen Parkway, Houston, TX 77019.
3. American General failed to pay interest due on 201 claims that were not settled within 10 days of proof of loss.
4. The total amount of interest due but not paid was \$4,741.28.
5. After KID's approval, the company paid interest to 74 claimants who were owed amounts over \$5.00.
6. By letter dated March 17, 2016, counsel for KID invited American General to reply in writing if it disputed the statements of fact set out above.

7. American General did not object to the findings of fact set forth above but stated that its failure to pay interest was not intentional and that its general business practice is to pay interest as required by K.S.A. 40-447.

Applicable Public Policy

The purpose of this action is to effectuate the policy set forth in K.S.A. 40-447(a).

Applicable Law

8. K.S.A. 40-447(a) states:

Notwithstanding any other provision of law, each insurer admitted to transact life insurance in the state of Kansas which fails or refuses to pay the proceeds of, or payments under, any policy of life insurance issued by it within 10 days after the date of receipt of due proof of death in the manner and form requested by the policy, shall pay interest on any moneys payable and unpaid after the expiration of such 10-day period at an annual rate of not less than the current rate of interest on death proceeds left on deposit with the insurer plus 1% computed from the date of said receipt.

9. K.S.A. 2015 Supp. 40-2,125 states, in 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;

(3) that such person cease and desist from the unlawful act or practice and take such affirmative action as in the judgment of the commissioner will carry out the purposes of the violated or potentially violated provision.

Conclusions of Law

Based on the Findings of Fact enumerated in paragraphs 1 through 7, the applicable public policy, and the applicable law, the Commissioner finds as follows:

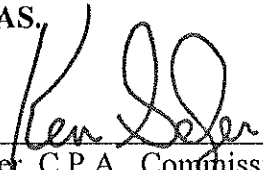
10. The Commissioner has jurisdiction over American General and the subject matter of this proceeding and such proceeding is held in the public interest.
11. American General has violated K.S.A. 40-447(a) by failing to pay interest due on claims that were not settled within 10 days of proof of loss.

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE

12. Pursuant to K.S.A. 2015 Supp. 40-2,125(a)(3), American General shall cease and desist from omitting payment of interest due under K.S.A. 40-447(a) in claims payments.
13. Pursuant to K.S.A. 2015 Supp. 40-2,125(a) (1), American General shall pay a fine of \$15,000.00 for violations of K.S.A. 40-447.
14. The Commissioner shall retain jurisdiction over this matter to issue any orders deemed necessary.

IT IS SO ORDERED THIS 9th DAY OF JUNE, 2016 IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.





Ken Selzer, C.P.A., Commissioner
Commissioner of Insurance

BY: 

John Wine
Assistant Commissioner

NOTICE OF RIGHTS
(Pursuant to K.S.A. 77-542)

American General Life Insurance Company is entitled to a hearing pursuant to K.S.A. 77-537 and K.S.A. 77-542, the Kansas Administrative Procedure Act. If American General Life Insurance Company desires a hearing, the company must file a written request for a hearing with:

Diane Minear, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

This request must be filed within fifteen (15) days from the date of service of this Order. If American General Life Insurance Company requests a hearing, the Kansas Insurance Department will notify the company of the time and place of the hearing and information on procedures, right of representation, and other rights of parties relating to the conduct of the hearing, before commencement of the same.

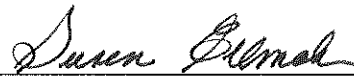
If a hearing is not requested in the time and manner stated above, this Amended Summary Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

Diane Minear, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

CERTIFICATE OF SERVICE

The undersigned hereby certifies that she served the above and foregoing Amended Summary Order and Notice of Rights on this 9th day of June, 2016, by causing the same to be deposited in the United States Mail, first-class postage prepaid, addressed to the following:

Mr. Joe Ayala
Director, Regulatory Event Management
AIG Consumer Insurance
21650 Oxnard Street, Suite 750
Woodland Hills, CA 91367



Susan Ellmaker
Staff Attorney