

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, NOVEMBER 20, 2020

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STATE CORPORATION COMMISSION
2020 NOV 20 P 11: 38

COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2020-00212

AMERICAN INCOME LIFE INSURANCE COMPANY,
Defendant

SETTLEMENT ORDER

Based on a market analysis inquiry conducted by the Bureau of Insurance ("Bureau"), it is alleged that American Income Life Insurance Company ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated 14 VAC 5-41-40 C of the Commission's Rules Governing Advertisement of Life Insurance and Annuities, 14 VAC 5-41-10, *et seq.* of the Virginia Administrative Code ("Administrative Code") by using statistical information in advertisements without identified sources or accurately demonstrating recent and relevant facts; 14 VAC 5-41-40 H of the Administrative Code by failing to include the required disclosure in advertisements containing estimated costs of funeral goods and services; 14 VAC 5-90-40 of the Commission's Rules Governing Advertisement of Accident and Sickness Insurance, 14 VAC 5-90-10 *et seq.* of the Administrative Code, by presenting the required disclosures in a manner that are minimized, rendered obscure or presented in an ambiguous fashion so as to be confusing or misleading; 14 VAC 5-90-60 B 3 of the Administrative Code by failing to disclose the exceptions, reductions, and limitations of the limited policies advertised; 14 VAC 5-90-60 B 6 of the Administrative Code by failing to include the required disclosures regarding policies providing benefits for specified illnesses only; 14 VAC 5-90-90 A of the

Administrative Code by failing to provide current and relevant facts relating to the policy advertised; 14 VAC 5-90-90 C of the Administrative Code by failing to disclose the source of any statistics used in an advertisement.

The Commission is authorized by §§ 38.2-218, 38.2-219, 38.2-1040 of the Code of Virginia ("Code") to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting nor denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan set forth in the Bureau's letter dated June 15, 2020; has tendered to the Treasurer of Virginia the sum of Eighteen Thousand Dollars (\$18,000); and has waived the right to a hearing.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

A COPY of this order shall be sent by the Clerk of the Commission by electronic mail to: Joel Scarborough, Senior Vice President, General Counsel and Secretary, American Income Life Insurance Company, at JSCARBOROUGH@globe.life, 1200 Wooded Acres Drive, Waco, Texas 76710; and a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner Julie Blauvelt.