

M. GALE LEMMON #4363  
Assistant Attorney General  
MARK L. SHURTLEFF #4666  
Attorney General  
Attorneys for Utah Insurance Department  
160 East 300 South, Fifth Floor  
P. O. Box 140874  
Salt Lake City, Utah 84114-0874  
Telephone: (801) 367-0375

BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH

**COMPLAINANT:**

UTAH INSURANCE DEPARTMENT

**RESPONDENT:**

NORTH AMERICAN COMPANY FOR LIFE  
& HEALTH INSURANCE  
4350 Westown Parkway  
West Des Moines, IA 50266  
NAIC ID 66975  
Utah Company ID 564

**STIPULATION AND ORDER**

Docket No. 2010-167 L.F

Enf. Case No. 2750

**STIPULATION**

1. Respondent, North American Company for Life & Health Insurance, is an insurer domiciled in the State of Iowa and authorized to do business in the State of Utah, and is an affiliate of Midland National Life Insurance Company.

2. Respondent stipulates with the Complainant, Utah Insurance Department, as follows:

- a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;
- b. Respondent admits the Findings of fact and Conclusions made therefrom;

- c. Respondent stipulates to the Summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and
- d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.

3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.


4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for purpose of disposition of the matter entitled herein.

DATED this 10th day of March, 2011.

  
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NORTH AMERICAN COMPANY FOR  
LIFE & HEALTH INSURANCE  
Brent Mardis, Chief Compliance Officer

  
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UTAH INSURANCE DEPARTMENT  
M. Gale Lemmon  
Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Office makes the following Findings of Fact:

**FINDINGS OF FACT**

1. Respondent, North American Company for Life & Health Insurance, is an insurer domiciled in the State of Iowa and authorized to do business in the State of Utah, and is an affiliate of Midland National Life Insurance Company.

2. On or about April 29, 2009, Midland National Life Insurance company was issued a Private Letter of Admonition from the Utah Insurance Department regarding an annuity contract issued in May 2003 to a Utah resident using a form that was not filed for use in Utah.

3. On June 23, 2009, Market Conduct received a phone call from Respondent's compliance officer reporting that due to the Private Letter of Admonition issued to Respondent's affiliated company, Respondent had immediately reviewed their then current compliance procedures and were self-reporting to the Department approximately 100 non-compliant policies.

4. On August 17, 2009, the Department received written explanation and the required documentation on 101 non-compliant annuities from Respondent via a CD disk.

5. During the period May 7, 2002 through April 7, 2009, twenty-two of Respondent's producers solicited and sold one hundred and one (101) annuity contracts to Utah residents using forms that were not filed in Utah before being issued for delivery to Utah residents. The application forms were submitted with Utah addresses; however each application stated that the forms were signed in states other than Utah.

6. During the period May 7, 2002 through April 7, 2009, many of the subject annuity contracts did not comply with the Utah Standard Nonforfeiture Law for Individual Annuities.

Many of the contracts had higher surrender charges or surrender charges covering a longer period of time than those allowed under Utah law.

7. The Department and Respondent have negotiated a remediation plan for Respondent, an administrative forfeiture for the violation of Utah statutes and rules and, an amount payable to offset administrative costs of the Department in this matter.

8. On December 1, 2010, a meeting was held at the Department with representatives of the Department and the Respondent participating. At the meeting, Respondent's remediation plan was accepted by the department. an administrative forfeiture in the amount of \$30,000 was agreed upon, and administrative expenses to be paid by Respondent in the amount of \$20,500 was agreed upon.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

**CONCLUSIONS OF LAW**

1. Utah Code Ann. § 31A-21-201(1) (West 2009) states:

(1)(a) Except as exempted under Subsections 31A-21-101(2) through (6), a form may not be used, sold, or offered for sale unless the form has been filed with the commissioner.

(b) A form is considered filed with the commissioner when the commissioner receives:

(i) the form;

(ii) the applicable filing fee as prescribed under Section 31A-3-103; and

(iii) the applicable transmittal forms as required by the commissioner.

2. Utah Code Ann. § 31A-22-409 (West 2009) states in part:

(1) This section is known as the "Standard Nonforfeiture Law for Individual Deferred Annuities."

(10)(a) For the purpose of determining the benefits calculated under Subsections (8)

and (9), the maturity date shall be considered to be:

(I) in the case of an annuity contract issued on or before May 5, 2002, under which an election may be made to have an annuity payment commence at an optional maturity date, the latest date for which an election is permitted by the contract, except that it may not be considered to be later than the later of:

(A) the anniversary of the contract next following the day on which the annuitant becomes 70 years of age; or

(B) the tenth anniversary of the contract; or

(ii) in the case of an annuity contract issued on or after May 6, 2002, the latest date permitted by the contract, except that it may not be considered to be the later of:

(A) the anniversary of the contract next following the day on which the annuitant becomes 70 years of age; or

(B) the tenth anniversary of the contract.

(b) In the case of an annuity contract issued after May 6, 2002:

(I) for a contract that provides cash surrender benefits, the cash surrender value on or past the maturity date shall be equal to the amount used to determine the annuity benefit payments; and

(ii) a surrender charge may not be imposed on or past maturity.

3. Respondent violated Utah Code Ann. § 31A-21-201(1) during the period May 7, 2002 through April 7, 2009 when Respondent's producers wrote 101 annuity contracts on forms that had not been filed with the Department for use in Utah.

4. Respondent violated Utah Code Ann. § 31A-22-409 (10)(a)(ii)(B) during the period May 7, 2002 through February 24, 2009 inasmuch as most of the non-compliant contracts had higher surrender charges or surrender charges covering a longer period of time than those allowed by Utah law.

5. An administrative forfeiture of \$30,000 is appropriate under the circumstances of this case.

6. An assessment of \$20,500 for repayment of administrative costs to the Department is appropriate in this case.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

**ORDER**

**IT IS HEREBY ORDERED:**

1. Respondent, North American Company For Life & Health Insurance, is assessed an administrative forfeiture of \$30,000 to be paid within 30 days of the date of this Order.
2. Respondent is ordered to pay the sum of \$20,500 for reimbursement of administrative costs to the Utah Insurance Department within 30 days of the date of this Order.

DATED this 17<sup>th</sup> day of March, 2011.

NEAL T. GOOCH  
Insurance Commissioner



MARK E. KLEINFELD  
Administrative Law Judge  
Utah Insurance Department  
State Office Building, Room 3110  
Salt Lake City, Utah 84114  
Telephone: (801) 538-3800

**NOTIFICATION**

You are hereby notified that a failure to obey an Order of the Commissioner may subject you to further penalties, including forfeitures of up to \$5,000 per violation and the suspension or

revocation of your license and the filing of an action in district court, which may impose penalties of up to \$10,000 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.