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BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH

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<b>COMPLAINANT:</b>	<b>STIPULATION AND ORDER</b>
UTAH INSURANCE DEPARTMENT	Docket No. 2011-065 HL
<b>RESPONDENT:</b>	Enf. Case No. 2802
AMERICAN INCOME LIFE INSURANCE COMPANY 1200 WOODDED ACRES DRIVE WACO, TX 76710 NAIC Id. 60577, Utah Co. Id. 139	

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STIPULATION

1. Respondent, American Income Life Insurance Company (“American”) is an insurer domiciled in Indiana and authorized to do business in the State of Utah, NAIC Id. 60577 and Utah Company Id. No. 139.
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.

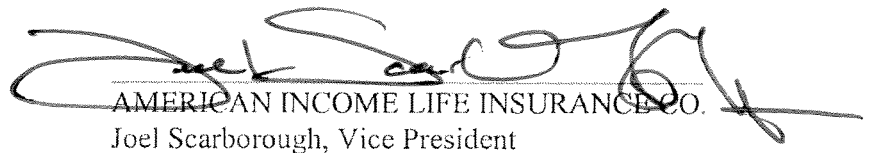
3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.

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 25<sup>th</sup> day of APRIL, 2011.

  
AMERICAN INCOME LIFE INSURANCE CO.  
Joel Scarborough, Vice President

  
UTAH INSURANCE DEPARTMENT  
M. Gale Lemmon, Assistant Attorney General

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

**FINDINGS OF FACT**

1. On August 22, 2010, a Utah insured mailed a letter of cancellation of two life insurance policies to Respondent.
2. On September 23, 2010, the Respondent received the signed surrender authorization.
3. Respondent did not release the case value of the policies to the policyholders until December 8, 2010, more than 20 days after the receipt of the signed surrender authorization.
4. Respondent has acknowledged the error and used this instance to counsel and educate its Customer Service Department. Respondent has also agreed to a forfeiture of \$2,000.

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

**CONCLUSIONS OF LAW**

Applicable Statutes & Rules:

1. Utah Administrative Code R590-98-5 prohibits deceptive acts or practices including:
  - A. **Failing to comply with a policyholder request for policy values within 20 days of receipt of such request.**
  - B. Exercising the nonforfeiture deferral option of Section 31A-22-408(2), 31A-22-409(3)(d), or 31A-22-420(5), in response to a request for policy values unless the financial stability of the insurer is at risk. (Emphasis added.)
2. Respondent violated the above provision when it failed to process the surrender of two life insurance policies within twenty (20) days of the request.
3. An administrative forfeiture in the total amount of \$2,000.00 is appropriate under the

circumstances of this matter.

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:**

Respondent American Income Life Insurance Company is hereby assessed an administrative forfeiture in the total amount of \$2,000.00 to be paid within 30 days of the issuance of this Order.

DATED this 2<sup>nd</sup> day of May, 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 forfeiture 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

forfeitures of us 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.



# Insurance Department

State of Utah

GARY R. HERBERT  
*Governor*

GREG BELL  
*Lieutenant Governor*

NEAL T. GOOCH  
*Commissioner*

## CERTIFICATE OF MAILING

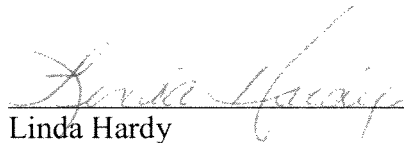
I do hereby certify that on this date I mailed, by regular mail postage prepaid, a true and correct copy of the attached:

### STIPULATION & ORDER

To the following:

American Income Life Insurance Company  
Attn: Joel Scarborough  
1200 Wooded Acres Drive  
Waco, Texas 76710

DATED this 2<sup>nd</sup> day of May, 2011

  
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Linda Hardy  
Market Conduct  
Utah Department of Insurance  
State Office Building, Room 3110  
Salt Lake City, UT 84114-6901