



DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

In Re:)
)
AMERICAN FIDELITY ASSURANCE) **Market Conduct Investigation No. 373512**
COMPANY (NAIC #60410))

ORDER OF THE DIRECTOR

NOW, on this 12th day of JULY, 2021, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division"), and American Fidelity Assurance Company (NAIC #60410) (hereinafter "AFAC"), relating to the market conduct investigation no. 373512, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ is in the public interest.

IT IS THEREFORE ORDERED that AFAC and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that AFAC shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016, as amended, or to the Code of State Regulations, 2020, as amended.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office
in Jefferson City, Missouri, this 12th day of July, 2021.



Chlora Lindley Myers
Chlora Lindley-Myers
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
AMERICAN FIDELITY ASSURANCE) **Market Conduct Investigation No. 373512**
COMPANY (NAIC #60410))

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and American Fidelity Assurance Company (NAIC #60410) (hereinafter “AFAC”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter, the “Department”), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State of Missouri;

WHEREAS, AFAC has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct investigation of AFAC, investigation no. 373512; and

WHEREAS, based on the market conduct investigation of AFAC the Division alleges that:

1. AFAC failed to file rates for any of its group health insurance products and for its individual health insurance product D-691 in violation of §376.465¹.

WHEREAS, the Division and AFAC have agreed to resolve the issues raised in the market conduct investigation as follows:

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended or to the Code of State Regulations, 2020, as amended.

A. **Scope of Agreement.** This Stipulation of Settlement (hereinafter, “Stipulation”) embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** AFAC agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times, to reasonably ensure that the errors noted in the market conduct investigation and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. AFAC agrees to file rates for all group health insurance products by July 31, 2021, excluding only rates for group health benefit plans issued solely and exclusively to large employer-sponsored groups. Said filings shall be submitted through the System for Electronic Rate and Form Filing (“SERFF”). The SERFF filings will include the payment of the required filing fees and a statement indicating that “as a result of a Missouri market conduct investigation, the attached is being filed with the Department.”

2. AFAC agrees to file rates for policy form D-691 providing individual disability income insurance, if coverage remains for the two insureds currently covered under the plan by July 31, 2021. Said filing shall be submitted through the SERFF. The SERFF filing will include the payment of the required filing fees and a statement indicating that “as a result of a Missouri market conduct investigation, the attached is being filed with the Department.”

3. AFAC agrees going forward to timely file rates in accordance with §376.465 and to only implement rates after said rates have been filed with the Department.

4. AFAC agrees that it will only deliver, issue for delivery, continue or renew health benefit plans in the State of Missouri if rates are filed in accordance with §376.465.

C. **Compliance.** AFAC agrees to file documentation with the Division, in a format acceptable to the Division, within 30 days of the entry of a final order of any remedial action taken to implement compliance with the terms of this Stipulation.

D. **Fees.** AFAC agrees to pay any reasonable fees expended by the Division in conducting its review of the documentation provided by the Company pursuant to paragraphs B and C of this Stipulation.

E. **Penalties.** The Division agrees that it will not seek penalties against AFAC in connection with the above referenced market conduct investigation.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by AFAC, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct investigation.

G. **Waivers.** AFAC, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the above referenced market conduct investigation.

H. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and AFAC.

I. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

J. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and AFAC respectively.

K. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department (hereinafter the “Director”) approving this Stipulation.


M. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 6/28/2021 _____



Stewart Freilich
Chief Market Conduct Examiner and Senior Counsel
Division of Insurance Market Regulation

DATED: 6/28/2021 _____



Timothy H. Bolden
VP, CCO and Deputy General Counsel
American Fidelity Assurance Company