



DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:)
)
JACKSON NATIONAL LIFE INSURANCE) Market Conduct Investigation No. 357209
COMPANY (NAIC #65056))

ORDER OF THE DIRECTOR

NOW, on this 22nd day of December, 2022, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), and Jackson National Life Insurance Company (NAIC #65056) (hereinafter “Jackson”), relating to the market conduct investigation no. 357209, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ and §374.280 is in the public interest.

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

IT IS FURTHER ORDERED that Jackson shall not engage in any of the violations of statutes 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.

IT IS FURTHER ORDERED that Jackson shall pay, and the Department of Commerce

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$44,000.00, payable to the Missouri State School Fund.

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 22nd day of December, 2022.



Chlora Lindley Myers
Chlora Lindley-Myers
Director

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

In Re:)
)
JACKSON NATIONAL LIFE INSURANCE) Market Conduct Investigation No. 357209
COMPANY (NAIC #65056))

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and Jackson National Life Insurance Company (NAIC #65056) (hereinafter “Jackson”), 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, the Department issued Jackson a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct investigation of Jackson, investigation no. 357209; and

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

1. In 16 instances¹, Jackson failed to timely change the policy ownership according to the Age of Majority (“AOM”) provision of the policy in violation of §375.445.1(2) and implicating the provisions of §375.936(13) and 375.934(2).²

¹ In a selective sample, this error was found in 16 of 40 files.

² All references, unless otherwise noted, are to Missouri Revised Statutes 2016.

2. In 14 instances³, Jackson allowed individuals, other than the policy owners provided for in the policy, to take action against the policy by allowing such individuals to cease premium payments, withdraw cash value, and/or surrender the contract without notification to the policy owner provided for in the policy, in violation of §375.445.1(2) and implicating the provisions of §375.936(13).

3. In 12 instances⁴, Jackson failed to provide annual statements or notices for whole life policies where the policy was in a grace period, when the policy had converted to reduced paid-up insurance policy, or had a death claim pending in violation of §376.678 and 20 CSR 400-1.140.

4. Jackson failed to maintain records in a manner that facilitates administration of its policies in accordance with the policy terms and failed to provide complete policy files as requested by the examiner in violation of §374.205.2(2) and 20 CSR 100.8.040(3)(A).

5. Jackson failed to send and/or timely send grace period notices and lapse notices to the policyholder in violation of 20 CSR 400-1.010(1)(E).

WHEREAS, the Division and Jackson have agreed to resolve the issues raised in the above-referenced market conduct investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (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.** Jackson agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions for so

³ In files reviewed by Jackson, this error was identified in 12 files and the examiner found an additional two files in error from the sample of selective files reviewed.

long as Jackson maintains the policy types at issue, to reasonably ensure that the errors noted in this market conduct investigation and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. In the course of settlement, Jackson has represented that all but two life insurance policies, *****7960 and *****8889, that were identified in the investigation where surrender of the policy was not elected by the insured-owner and which were effectuated after the insured reached the AOM, Jackson has made the appropriate surrender payment to the insured-owner. Jackson agrees to submit documentation to the Division of such payments.

2. Jackson agrees, for all but two life insurance policies, *****7960 and *****1540, identified in the investigation, which had a nonforfeiture status applied, Jackson will offer the owner provided for in the policy the option to remit the necessary premium and reinstate the policy for the full value of the policy. The premium shall be calculated from the date the policy went into non-forfeiture status after the insured reached AOM. Jackson agrees to submit documentation of these actions to the Division.

3. Jackson agrees to conduct an audit of all life insurance policies issued in Missouri and in force at any time since January 1, 2017, including policies *****7960, *****8889 and *****1540, to verify they have fulfilled their obligation under the age of majority provisions of their contracts, except for those life insurance policies identified in B.1 and B.2.

a. If the insured was under the age of majority at the time the policy was issued, has reached the policy's stated age of majority, and Jackson has not made the insured the policyholder as required by the age of majority provision, Jackson agrees to update all administrative systems and the policy to reflect the ownership provided for in the policy.

b. Jackson agrees to make a good faith effort to locate the owner provided for in

⁴ In a selective sample, this error was found in 12 of 40 files.

the policy of any impacted policies, through use of services such as Accurint, and advise them of their rights under the policy as policy owner.

c. For all policies where overdue AOM ownership changes are made, Jackson agrees to do the following:

- i. reverse any policy loans (automatic or otherwise) issued to an individual other than the insured-owner after the insured reached the AOM date;
- ii. reverse surrenders not elected by the insured-owner which were effectuated after the insured reached the AOM date;
- iii. reverse all non-forfeiture conversions of the policy after the insured reached the AOM date;
- iv. reverse lapsation after the AOM date; and
- v. reverse any other actions taken that reduced the policy values after the AOM date by an individual who was not the insured-owner.

d. For all reversed policies, Jackson agrees to inform the corrected policy owner of the restored policy values including restored surrender value, any additional premiums due to maintain such policy values, and the policy owner's right to surrender such contract for the restored surrender value.

4. Jackson agrees to establish systems and processes to ensure it effectuates the change of ownership outlined in its contracts timely and in accordance with the policy provisions, including all blocks of business Jackson has acquired or will acquire in the future from other insurers.

5. Jackson agrees to maintain all policy files in accordance with §374.205.2(2) and 20 CSR 100.8.040 and agrees to timely provide full and complete records in response to future

document requests made by the Department in any market conduct investigation or examination. However, the foregoing shall not require Jackson to obtain records that have already been lost.

6. Jackson agrees to develop policies and procedures to ensure that annual statements are issued for policies subject to section 376.678, RSMo, including in cases where policies are in reduced paid up status, and for policies with a death claim pending where the owner is not the insured, unless a settlement option has been elected. For policies subject to section 376.678 which are coincidentally in a grace period status on the date the annual statement or notice is due to be furnished, timely grace period notices which contain all information required by section 376.678, RSMo, shall satisfy this requirement.

7. Jackson agrees to identify all policies in reduced paid up status and:

a. Distribute a current annual statement to the policy owner. Jackson shall use good faith efforts and a recognized address search service such as Accurint to identify the correct contact information for each such policy owner.

8. Jackson agrees to conduct an audit of any death claims processed since January 1, 2017 through the date of entry of an Order approving this Stipulation, on policies where the insured was a minor at the time of application; where the policy contained an AOM provision; and where the policy had a non-forfeiture status applied. If the policy had a non-forfeiture status applied after the now deceased insured should have become the policy owner, Jackson agrees to make payment to the claimant(s) in the amount necessary to increase the death benefit to the face amount prior to any applicable post AOM non-forfeiture conversion minus any premiums that should have been paid to maintain the original face value of the policy, and minus any outstanding policy loan amounts, where the policy loan was made prior to the policy AOM date. Said payment shall include interest in the amount determined by §374.191, RSMo. Supp. 2021, from the date of death to the date of restitution payment. Jackson shall include a letter with the payments stating that “as a result of a Missouri

market conduct investigation, a refund was found to be payable.”

9. Jackson has represented that the failure to send a grace period notice was an isolated instance and was not a system wide issue. Jackson agrees to reprogram its administrative system to ensure that the affected policy and any other similarly affected policies that Jackson identifies through the course of the remediation, generate the grace period notice to the policyholder advising them that premium is due and they have at least thirty-one (31) days to make payment prior to termination of the policy in accordance with 20 CSR 400-1.010(1)(E). Jackson agrees to amend its lapse notices for policies with an automatic premium loan rider by removing any statement that the policy has lapsed due to non-payment of premium. Jackson further agrees that all grace period notices and lapse notices shall be maintained in the policy file pursuant to §374.205.2(2) and 20 CSR 100.8.040.

10. Jackson agrees to conduct an audit from January 1, 2017 to January 1, 2019 to identify any terminated policyholders who did not receive a grace period notice informing the policyholder he or she had 31 days for making payment, prior to the discontinuation of the contract. Jackson agrees to offer to reinstate any policy where the policyholder failed to receive and/or timely receive a grace period notice. The offer shall inform the policyholders of any premium amounts and loan payment amounts, including interest, which are due for reinstatement.

C. **Compliance.** Jackson agrees to file documentation with the Division pursuant to §374.190, in a format acceptable to the Division, within 90 days of the entry of an Order of any remedial action taken pursuant to Paragraphs B.1, B.2, B.4, B.5, B.6, and B.9, to implement compliance with the terms of this Stipulation or to document the payment of restitution required by this Stipulation. Jackson agrees to file documentation with the Division pursuant to §374.190, in a format acceptable to the Division, within 180 days of the entry of an Order of any remedial action taken to pursuant to Paragraphs B.3, B.7, and B.8 to implement compliance with the terms of this

Stipulation or to document the payment of restitution required by this Stipulation.

D. **Voluntary Forfeiture.** Jackson agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$44,000, such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2.

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

F. **Waivers.** Jackson, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to 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 market conduct investigation no. 357209.

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and Jackson.

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

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

J. **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.

K. **Effective Date.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

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

DATED: December 7, 2022



Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 12/7/2022



Heidi L Kaiser VP, Chief Compliance Officer
Jackson National Life Insurance Company