

**STATE OF MICHIGAN
DEPARTMENT OF INSURANCE AND FINANCIAL SERVICES**

Before the Director of the Department of Insurance and Financial Services

In the Matter of:

Order No. 19-018-M

Globe Life and Accident Insurance
Company

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**Issued and Entered
this 22nd day of April 2019
By Anita G. Fox
Director**

FINAL ORDER ADOPTING REGULATORY SETTLEMENT AGREEMENT

1. The Director of the Michigan Department of Insurance and Financial Services (DIFS) has the authority to exercise general supervision and control over individuals and entities participating in the insurance and surety business in this state pursuant to the Insurance Code of 1956, MCL 500.100 *et seq.*

2. Globe Life and Accident Insurance Company (Globe) was the subject of a multistate targeted market conduct examination regarding Globe's rating, marketing, and sales practices relating to their group life products; and Globe's cyber-security controls during the period January 1, 2011, to December 31, 2013.

3. The examination was led by the Oklahoma Insurance Department with assistance from the Kansas Department of Insurance; the Missouri Department of Insurance, Financial Institutions, and Professional Registration; the Minnesota Department of Commerce; and the Nebraska Department of Insurance (collectively, the Lead States). In 2013, Michigan agreed to be a passive participant in a multistate interrogatory of Globe's form filings for group life products that was subsequently transitioned into the broader-scope multistate examination described above.

4. The examination identified two main areas of concern: Globe's rating practices and Globe's use of advertising material.

5. On January 9, 2019, Globe and the lead states entered into a regulatory settlement agreement (RSA) addressing the concerns identified by the examination.

6. Pursuant to the terms of the RSA, Globe agreed to:

- Pay a \$4.5 million administrative penalty, of which \$3.3 million was due and payable upon execution of the RSA. Allocation payments were made to each participating state based on the percentage of total premiums paid during the examination period. The remainder of the penalty was deferred and subject to the re-examination terms. Should Globe be found in violation of the RSA, it agreed to pay an additional administrative penalty of up to \$4.5 million, with the final amount being determined by the lead states.
- Within six months after the effective date of the RSA, adopt and implement business reforms in the following areas:
 - advertising controls to prevent misleading advertising;
 - maintaining current actuarial evaluations to avoid potential discriminatory rating practices;
 - restricting issuance of group insurance products to group types enumerated by law in each of the participating states;
 - reviewing annually its policy forms, rules, and rates to ensure compliance with law and file, re-file, or certify existing filings, if necessary;
 - ensuring policy details are provided to the policy purchaser at the time of purchase;
 - complying with each participating state's statutes regarding the filing of rates, factors, inputs, and elements used to develop premium rates for any coverage;
 - ensuring consistency in life insurance rate premiums for persons in the same mortality and morbidity risk; and

- ensuring that all insurance-related documents are in compliance with applicable state law in each of the participating states.

7. Michigan subscribed to the RSA on February 20, 2019. Michigan received its portion of the RSA payment in the amount of \$114,257.91 on March 27, 2019.

8. The RSA became fully effective on February 22, 2019.

Therefore, it is **ORDERED** that the February 22, 2019 RSA between Globe and the signatory states is adopted. Any failure by Globe to comply with the provisions of the RSA shall result in appropriate administrative action.

/s/
Anita G. Fox
Director