

DEPT OF INSURANCE
BY [Signature]

3. a. AEI used two annuity contract forms that contained a free look notice that failed to state that the contract holder may return the annuity contract within 30 days, if the contract holder is sixty-five years of age or older on the date of application for the annuity contract, after the contract is delivered and receive a refund of all monies paid;

b. AEI failed to notify the existing insurer that may be affected by the proposed replacement within five business days of the receipt of a completed application indicating replacement on seven of the 61 annuity external replacement files reviewed;

c. AEI failed to require a statement, signed by the producer, attesting that the producer used only approved sales materials in connection with a replacement transaction on nine of 70 annuity external and internal replacement new business files reviewed;

d. AEI failed to use a buyer's guide in the form prescribed by the director, failing to include in the buyer's guide used the NAIC identification of the Company, a description of the free look provision, a description of the Market Value Adjustment feature, the tax treatment of annuities and questions to ask the agent or Company;

e. AEI failed, based on the procedures provided, to provide the buyer's guide at or before the time of application.

CONCLUSIONS OF LAW

1. AEI violated A.R.S. § 20-1233 (A) by using annuity contract forms that contained a free look notice that failed to state that the contract holder may return the annuity contract within 30 days, if the contract holder is sixty-five years of age or older

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1 on the date of application for the annuity contract, after the contract is delivered and
2 receive a refund of all monies paid;

3 2. a. AEI violated A.R.S. § 20-1241.05 (C) by failing to notify the existing
4 insurer that may be affected by the proposed replacement within five business days of
5 the receipt of a completed application indicating replacement;

6 b. AEI violated A.R.S. § 20-1241.05 (G)(1) by failing to require a
7 statement, signed by the producer, attesting that the producer used only approved
8 sales materials in connection with a replacement transaction;

9 3. AEI violated A. R. S. § 20-1242.02(A) by using a buyer's guide in the form
10 not prescribed by the director, and by not providing a buyer's guide at the time of
11 annuity application when the application is taken in a face-to-face meeting.

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13 **ORDER**

14 **IT IS ORDERED THAT:**

15 1. American Equity Investment Life Insurance Company shall cease and
16 desist from:

17 a. failing to use annuity contract forms that contain a free look notice
18 that includes a statement that the contract holder may return the annuity contract
19 within 30 days, if the contract holder is sixty-five years of age or older on the date of
20 application for the annuity contract, after the contract is delivered and receive a refund
21 of all monies paid;

22 b. failing to notify the existing insurer that may be affected by the
23 proposed replacement within five business days of the receipt of a completed
24 application indicating replacement;

25 . . .

1 c. failing to require a statement, signed by the producer, attesting that
2 the producer used only approved sales materials in connection with a replacement
3 transaction;

4 d. failing to use a buyer's guide in the form not prescribed by the
5 director, and failing to provide a buyer's guide at the time of annuity application when
6 the application is taken in a face-to-face meeting.

7 2. Within 90 days of filed date of this Order, AEI shall submit to the Arizona
8 Department of Insurance, for approval, evidence that corrections have been
9 implemented and communicated to the appropriate personnel, regarding all of the
10 items listed above in Paragraph 1 of the Order section of this Consent Order.
11 Evidence of corrective action includes but is not limited to memos, bulletins, E-mails,
12 correspondence, procedures manuals, print screens and training materials.

13 3. The Department shall be permitted, through authorized representatives,
14 to verify that AEI has complied with all provisions of this Order.

15 4. AEI shall pay a civil penalty of \$13,000.00 to the Director for deposit in
16 the State General Fund in accordance with A.R.S. § 20-220(B). This civil penalty shall
17 be provided to the Market Conduct Examinations Section of the Department prior to
18 the filing of this Order.

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1 5. The Report of Examination of the Market Conduct Affairs of American
2 Equity Investment Life Insurance Company dated March 31, 2005 including the letter
3 submitted in response to the Report of Examination, shall be filed with the Department
4 after the Director has filed this Order.

5 DATED ~~Arizona~~ this 28th day of January 2008.

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8 Christina Urias
Director of Insurance

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2. American Equity Investment Life Insurance Company admits the jurisdiction of the Director of Insurance, State of Arizona, admits the foregoing Findings of Fact, and consents to the entry of the Conclusions of Law and Order.

4. American Equity Investment Life Insurance Company states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Order and that it has entered into this Consent Order voluntarily.

5. American Equity Investment Life Insurance Company acknowledges that the acceptance of this Order by the Director of Insurance, State of Arizona, is solely to settle this matter against it and does not preclude any other agency or officer of this state or its subdivisions or any other person from any other civil or criminal proceedings, whether civil, criminal, or administrative, as may be appropriate now or in the future.

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1 6. Kevin Wingert, who holds the office of
2 President American Equity Investment Life Insurance
3 Company, is authorized to enter into this Order for it and on its behalf.

4 **AMERICAN EQUITY INVESTMENT LIFE INSURANCE COMPANY**

5 1-21-08
6 Date

By: 

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1 COPY of the foregoing mailed/delivered
2 this 29th day of January , 2008, to:

3 Gerrie Marks

Deputy Director

4 Mary Butterfield

Assistant Director

5 Consumer Affairs Division

6 Paul J. Hogan

Market Oversight Administrator

7 Market Oversight Division

Dean Ehler

8 Assistant Director

Property & Casualty Division

9 Steve Ferguson

Assistant Director

10 Financial Affairs Division

David Lee

11 Chief Financial Examiner

Alexandra Schafer

12 Assistant Director

13 Life and Health Division

Terry L. Cooper

14 Fraud Unit Chief

15 DEPARTMENT OF INSURANCE

16 2910 North 44th Street, Suite 210

17 Phoenix, AZ 85018

18
19
20 Libby Clark

21 Assistant Vice President

American Equity Investment Life Insurance Company

22 P.O. Box 71216

23 Des Moines, IA 50325

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