STATE OF ARIZONA

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JUL 03 2019

DEPT OF INSURANCE BY MEK 7/2/19

In the Matter of:

**ACCORDIA LIFE AND ANNUITY COMPANY (NAIC NO. 62200)** 

No. 19A-064-INS

CONSENT ORDER

Respondent.

The State of Arizona Department of Insurance ("Department") alleges that Accordia Life and Annuity Company may have violated provisions of Title 20, Arizona Revised Statutes ("A.R.S."). Accordia Life and Annuity Company wishes to resolve this matter without the commencement of formal proceedings, and admits the following Findings of Fact are true, and consents to the entry of the following Conclusions of Law and Order.

### **FINDINGS OF FACT**

- 1. Accordia Life and Annuity Company ("Accordia" or "Respondent") is a life and disability insurer, domiciled in Iowa and authorized to transact insurance in Arizona.
- On or about August 3 through August 7, 2015, Accordia transferred policies from 2. eight legacy policy servicing systems to a more updated policy servicing system administered by a third-party administrator, Alliance-One Services ("Alliance-One") (the "Conversion").
- 3. At the time of the Conversion, there were 8,819 Arizona policies. Due to issues with the Conversion, during May 2016, Accordia placed 2,588 policies in "restricted" status to be administered manually<sup>1</sup>. As a result, Accordia failed to bill premiums monthly, provide annual statements for policies in restricted status, or provide timely responses to requests from policyholders.

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<sup>&</sup>lt;sup>1</sup> While a policy is "restricted," policy values are not updated; annual statements and policy illustrations cannot be generated electronically; premium billings and payments cannot be processed; financial transactions are manually completed; and non-financial transactions cannot be processed.

- 4. As soon as Accordia began to experience problems with Alliance-One's handling of the Conversion, Accordia self-reported the problems and its efforts to fix them to the Department beginning in late 2015 and continuing to the present. Accordia has cooperated with the Department in taking several mitigating actions and in continuing to work with the Department to address policyholder concerns.
- 5. Accordia reported that it had corrected the majority of the restricted policies within the first year following the Conversion. However, at the time Accordia reported the problems related to the Conversion to the Department, there were approximately 2,500 restricted Arizona policies that still needed to be corrected manually.
- 6. Problems resulting from the Conversion persisted, including billing all unpaid premiums at once resulting in large unpaid premium balances, failure to provide accurate annual statements, inaccurate accounting due to delays in the application of premiums collected, and consumers' inability to timely access certain benefits under their policy. Accordia worked with policyholders to collect the back premium over a period of two years.
- 7. As of January 29, 2019, Accordia reported there remain 184 policies of Arizona consumers with premiums held in suspension in a separate account and 213 policies for which no annual statement has been provided to the consumer since the Conversion.
- 8. The Department received 23 confirmed complaints against Accordia between 2015 and 2018.

# **CONCLUSIONS OF LAW**

- 1. The Director has jurisdiction over this matter.
- 2. Respondent's conduct, as described above, constitutes a violation of A.R.S. § 20-442.
- 3. Respondent's conduct, as described above, constitutes a violation of A.R.S. § 20-443(A)(1).

- 4. The Director has the authority to suspend an insurer's certificate of authority or assess other appropriate penalties if an insurer violates any provision of Title 20 other than a provision as to which refusal, suspension or revocation is mandatory, pursuant to A.R.S. § 20-220(A)(1).
- 5. If the Director finds grounds to suspend or revoke an insurer's certificate of authority, the Director may impose, in lieu of or in addition to such suspension or revocation, a penalty not to exceed one thousand dollars for each violation not to exceed an aggregate of ten thousand dollars within any six-month period with respect to unintentional violations; and a penalty not to exceed five thousand dollars for each violation not to exceed an aggregate of fifty thousand dollars within any six-month period with respect to intentional violations, within the meaning of A.R.S. § 20-220(B).

## <u>ORDER</u>

### IT IS THEREFORE ORDERED:

- 1. Accordia shall provide documentation to the Director within three (3) months of entry of this Consent Order that all of the remaining Arizona policies with premiums "held in suspension" have been remediated to a fully functional status. Fully functional status assumes the consumer will receive any and all documentation related to his or her policy, any payment agreement will be reflected on the annual statement, and the consumer is able to access any and all benefits of the policy.
- 2. Accordia shall provide documentation to the Director within three (3) months of entry of this Consent Order that all of the remaining Arizona policies currently not receiving their annual statements have been fully remediated to a fully functional status.
- 3. Accordia shall immediately pay a civil money penalty in the amount of \$50,000 for deposit into the state general fund.
- 4. The Department may, through authorized representatives, verify that Accordia has complied with all provisions of this Order

5. This Order shall become effective immediately and shall remain in full force and effect until otherwise stayed, modified, vacated or set aside.

#### **CONSENT TO ORDER**

- Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.
- 2. Respondent admits to the jurisdiction of the Director of Insurance, State of Arizona, and voluntarily consents to the entry of this Order.
- 3. Respondent is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent Order.
- 4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to it to induce it to enter into this Consent Order and that it has entered into this Consent Order voluntarily.
- 5. Respondent acknowledges that the acceptance of this Consent Order by the Director is solely to settle this matter against it and does not preclude any other agency, officer, or subdivision of this state including the Department from instituting civil or criminal proceedings as may be appropriate now or in the future not related to this matter.

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1	7. David Wilken represents that he is the President of Accordia Life and Annuity
2	Company and, as such, is authorized to enter this Consent Order on its behalf.
3	Accordia Life and Annuity Company
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5	6/19/19 Vai Q P. Will
6	Date David Wilken, President
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2	COPY of the foregoing mailed this day of (WW), 2019, to:  Accordia Life and Annuity Company 215 10 <sup>th</sup> Street, Suite 1100  Des Moines, IA 50309  Respondent
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6	COPY of the foregoing delivered same date to:
7	Scott Greenberg, Deputy Director
8	Mary Kosinski, Regulatory Legal Affairs Officer Erin Klug, Assistant Director
9	Maria Ailor, Market Conduct Oversight Manage
10	Arizona Department of Insurance 2910 North 44 <sup>th</sup> Street, Suite 210 Phoenix, AZ 85018
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12	Francine Martinez
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