

No. 2019- 6032

**Official Order  
of the  
Texas Commissioner of Insurance**

**Date:** JUL 3 1 2019

**Subject Considered:**

Integrity Life Insurance Company  
400 Broadway Street  
Cincinnati, Ohio 45202

Consent Order  
TDI Enforcement File No. 17210

**General remarks and official action taken:**

The subject of this order is whether disciplinary action should be taken against Integrity Life Insurance Company (ILIC).

**Waiver**

ILIC acknowledges that the Texas Insurance Code and other applicable laws provide certain rights. ILIC waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

**Findings of Fact**

1. The Texas Department of Insurance (TDI) issued ILIC life, accident, and health insurance license number 74780, effective November 14, 1980.

**Market Conduct Examination**

2. TDI conducted a market conduct examination for the period beginning January 1, 2016, and ending December 31, 2016. The examination focused on ILIC's sales, advertising, marketing, suitability, replacement, surrenders, claim practices, and

complaints for its individual annuity line of business. ILIC accepted the examination report on July 24, 2018.

Suitability

3. TDI reviewed 60 policies to determine suitability of ILIC's annuity products.
4. In all of the annuity products issued during the examination period, ILIC failed to provide the buyer's guide at the time of the application.

Claims Practices

5. TDI reviewed 50 paid death claims to determine compliance with policy provisions.
6. In five instances, ILIC did not adopt and implement reasonable standards for the prompt investigation of claims arising under its policies.
7. In three instances, ILIC did not acknowledge receipt of the claim not later than the 15<sup>th</sup> day after the date it received notice of the claim.
8. In three instances, ILIC did not notify the claimant in writing of the acceptance or rejection of a claim not later than the 15<sup>th</sup> business day after the date it received all required items, statements, and forms to secure final proof of loss.

Replacements

9. TDI reviewed 16 annuity replacements to determine statutory compliance.
10. In ten instances, after receiving a completed application indicating annuity replacement, ILIC did not timely notify the existing insurer that might be affected by the proposed replacement.

Agent Licensing and Appointment

11. TDI reviewed 60 issued policies to determine compliance with agent licensing and appointment requirements.
12. In nine instances, ILIC issued policies where the agent was not appointed to act as its agent.

**Conclusions of Law**

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 31.002; 82.051-82.055, 84.021-84.022, 401.055, 542.003, 1114.053, and 4001.201; 28 TEX. ADMIN. CODE § 3.9708; and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has authority to informally dispose of this matter as set forth under TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 36.104 and 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. ILIC has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. ILIC violated 28 TEX. ADMIN. CODE § 3.9708 because it failed to provide the buyer's guide at the time of the application for the annuity contracts.
5. ILIC violated TEX. INS. CODE § 542.003(b)(3) because it failed to adopt reasonable standards for the prompt investigation of claims arising under its policies.
6. ILIC violated TEX. INS. CODE § 542.055(a)(1) because it failed to acknowledge receipt of the claim not later than the 15<sup>th</sup> day after the date it received notice of the claim.
7. ILIC violated TEX. INS. CODE § 542.056(a) because it failed to notify the claimant in writing of the acceptance or rejection of a claim not later than the 15<sup>th</sup> business day after the date it received all required items, statements, and forms to secure final proof of loss
8. ILIC violated TEX. INS. CODE § 1114.053(c)(1)(A) because it failed to notify the existing insurer that might be affected by the replacement not later than the fifth business day after the date of receipt of a completed application indicating replacement.
9. ILIC violated TEX. INS. CODE § 4001.201 because it issued policies where the agent was not appointed to act as an ILIC agent.

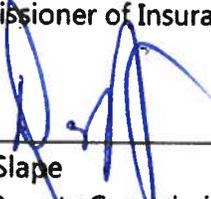
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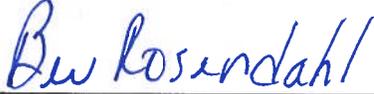
It is ordered that Integrity Life Insurance Company must pay an administrative penalty of \$75,000 within 30 days from the date of this order. The administrative penalty must be paid by company check, cashier's check, or money order made payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 60851, MC 9999, P.O. Box 149104, Austin, Texas, 78714-9104.

Kent C. Sullivan  
Commissioner of Insurance

By:   
\_\_\_\_\_  
Doug Slape  
Chief Deputy Commissioner  
Commissioner's Order No. 2018-5528

Recommended and reviewed by:

  
\_\_\_\_\_  
Leah Gillum, Associate Commissioner  
Enforcement Section

  
\_\_\_\_\_  
Bev Rosendahl, Director  
Enforcement Section

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**Affidavit**

STATE OF OHIO §

COUNTY OF HAMILTON §

Before me, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

"My name is Bruce W. Maisei. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of Vice President, and am the authorized representative of Integrity Life Insurance Company and I am duly authorized by said organization to execute this statement.

Integrity Life Insurance Company waives rights provided by the Texas Insurance Code and other applicable laws and acknowledges the jurisdiction of the Texas commissioner of insurance.

Integrity Life Insurance Company is voluntarily entering into this consent order. Integrity Life Insurance company consents to the issuance and service of this consent order."

Bruce W. Maisei  
Affiant

SWORN TO AND SUBSCRIBED before me on May 6, 2019.

(NOTARY SEAL)



Nicole E. Neidlinger  
Signature of Notary Public

NICOLE E. NEIDLINGER  
Notary Public, State of Ohio  
My Commission Expires 09-10-2023