



# Illinois Department of Insurance

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JB Pritzker  
Governor

Dana Popish Severinghaus  
Acting Director

VIA ELECTRONIC MAIL

August 3, 2021

Mr. David Wiken, President  
Accordia Life and Annuity Company  
215 10th Street Suite 1100  
Des Moines, IA 50309

**Re: Accordia Life and Annuity Company, NAIC 62200**  
***Market Conduct Examination Report Closing Letter***

Dear Mr. Wiken:

The Department has received your Company's proof of compliance. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

Erica Weyhenmeyer  
Chief Market Conduct Examiner  
Illinois Department of Insurance  
320 West Washington St., 5th Floor  
Springfield, IL 62767  
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**ILLINOIS DEPARTMENT OF INSURANCE  
MARKET CONDUCT EXAMINATION**

**OF**

**ACCORDIA LIFE AND ANNUITY COMPANY**

## MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: October 21, 2019 through April 30, 2020

EXAMINATION OF: Accordia Life and Annuity Company, NAIC Number: 62200  
LOCATION: 215 10<sup>th</sup> Street, 11<sup>th</sup> Floor  
Des Moines, IA 50309

PERIOD COVERED: Claims: May 1, 2018 through April 30, 2019  
Complaints: November 27, 2017 through April 30, 2019

EXAMINERS: George Kalargyros, MCM  
Lisa Crump, CIE, AMCM, FLMI, ACS, ALHC, AIAA  
Elizabeth Harvey  
Karina Ruthenberg  
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FHIAS, Examiner-in-Charge  
Shelly Schuman, ACS, AIE, AMCM, CICSUR, FLMI, HIA,  
PAHM, Supervisory Insurance Examiner

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## I. FOREWORD

This is a market conduct examination report of Accordia Life and Annuity Company (the “Company” or “Accordia”), NAIC Code 62200. This examination was conducted at the offices of the Company at 215 10<sup>th</sup> Street, 11<sup>th</sup> Floor Des Moines, IA and the office of the Illinois Department of Insurance in Springfield, Illinois.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures or files does not constitute approval thereof by the Illinois Department of Insurance (“IDOI” or “Department”).

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

## II. SCOPE OF THE EXAMINATION

The Department has the authority to conduct this examination pursuant to, but not limited to, 215 ILCS 5/132.

The purpose of the examination was to determine if the Company complied with the Illinois Insurance Code (215 ILCS 5/1 et seq.), the Illinois Administrative Code (50 Ill. Admin. Code 101 et seq.), and to consider whether the Company's operations are consistent with the public interest. The primary period covered by this review is May 1, 2018 through September 30, 2019, for claims and November 27, 2017 through September 30, 2019 for complaints, unless otherwise noted. Errors outside of this time period discovered during the course of the examination, however, may also be included in the report.

The examination involved the following business functions and lines of business: claims handling practices; policy forms and advertising in use; producer licensing; policyholder services; the handling of consumer complaints and Department complaints for life business.

In performing this examination, the examiners reviewed a sample of the Company's practices, procedures, products, forms, advertising, claim adjudication guidelines, and files.

Therefore, some noncompliant events may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

### III. SUMMARY

The following represent general findings, however specific details are found in each section of the report.

TABLE OF TOTAL VIOLATIONS							
Criticism	Crit #	Statute/Rule	Description of Violation	Population	Samples	# of Violations	Error %
Consumer Complaints	3	215 ILCS 5/143d(b)	Failure to provide a written response within 21 days of receipt.	14	14	8	57%
IDOI Complaints	7	50 Ill. Adm. Code 1406.90(a)	Failed to have business practices in place to ensure accurate maintenance of policies during the conversion process of life insurance policies	19	19	2	11%
New Business Declined	4	215 ILCS 5/500-15(a)	Failed to have a valid license when he/she processed an application.	14	14	1	7%
Life Replacements	1	50 Ill. Adm. Code 917.70(c)	Failure to send out replacement notice to existing insurer within 3 business days.	43	43	2	5%
Life-Replacements	2	50 ILL. Admin. 930.50(a)	Failure to provide a buyer's guide prior to accepting the applicant's initial premium deposit.	43	43	1	2%
Life Annual Statements	8	50 Ill. Adm. Code 1406.90(a)	Failed to provide an annual statement to the policyholder.	9,697	111	24	22%
Paid Life Claims	5	215 ILCS 5/224-(1)(l)	Failed to notify the insured's beneficiary of the availability of interest due to delayed claim processing.	95	95	95	100%
Paid Life Claims	6	50 Ill. Adm. Code 919.70(a)(2)	Failed to include the statement of the Notice of Availability of the Department of Insurance on claims that remain unresolved for forty-five days from the date it is reported.	95	95	22	23%

#### IV. COMPANY BACKGROUND

##### Accordia Life and Annuity Company – NAIC 62200

Accordia Life and Annuity Company (formerly known as Presidential Life Insurance Company – USA), is a life insurance company that was re-domesticated from Delaware to Iowa, effective as of July 22, 2013. Accordia offers traditional life insurance products, including individual, company-owned and bank-owned indexed universal life, universal life, and term life products.

On September 30, 2013, pursuant to a Purchase and Sale Agreement between Commonwealth Annuity and Life Insurance Company (“Commonwealth”) and Athene Holding Ltd., Commonwealth acquired all of the common stock of Accordia (the “2013 Acquisition”). Commonwealth was then a wholly-owned, direct subsidiary of Global Atlantic (Fin) Company (“FinCo”). FinCo is a subsidiary of Global Atlantic Financial Group Limited (“GAFGL”).

As a result of the 2013 Acquisition, Commonwealth also acquired an indirect ownership interest in each of Accordia’s subsidiaries.

On January 2, 2014, FinCo, an indirect parent of Accordia, acquired control of Forethought Financial Group, Inc. (“FFG”). As a result of this transaction, (i) FFG became a wholly-owned, direct subsidiary of FinCo, and (ii) Commonwealth and Accordia became indirect subsidiaries of FFG.

On December 29, 2017, FFG merged with and into FinCo, and, immediately thereafter, Forethought Services, LLC (“Forethought Services”) merged with and into FinCo. In each of these mergers, FinCo continued as the surviving corporation and became the 100% owner and direct parent of Commonwealth and its subsidiaries, including Accordia.

The Goldman Sachs Group, Inc. (“GS Group”) currently owns approximately 22% of the ordinary shares of GAFGL. Third party investors, individuals and employees, none of whom own more than 9.9%, own the remaining approximately 78% of the ordinary shares of GAFGL. As a result of the transactions described above, GS Group may be deemed to be the ultimate controlling person of Accordia.

Prior to the 2013 Acquisition, Accordia was known as Presidential Life Insurance Company – USA (“PLIC-USA”), which was an Iowa domestic life insurance company that was a wholly-owned subsidiary of Presidential Life LLC, a Delaware limited liability company. Presidential Life LLC was a wholly-owned subsidiary of Athene Annuity & Life Assurance Company, a Delaware life insurance company. Athene Annuity & Life Assurance Company is a wholly-owned subsidiary of Athene Holding Ltd., a Bermuda exempted company.



## V. METHODOLOGY

The market conduct examination covered the business for the period of May 1, 2018 through September 30, 2019 for claims, and November 30, 2017 through September 30, 2019 for complaints/appeal file review. Specifically, the examination focused on a review of the following areas:

- a. Department and Consumer Complaints
- b. Producer Licensing
- c. Claims

The review of the categories was accomplished through examination of appointed and terminated producer files, claim files, and complaint files. Each of the categories was examined for compliance with Department regulations and applicable state laws.

The report concerns itself with improper practices performed by the Company which resulted in failure to comply with Illinois statutes and/or administrative rules. Criticisms were prepared and communicated to the Company addressing violations discovered in the review process. All valid violations were cited in the report. The following methods were used to obtain the required samples and to assure a methodical selection:

### Department and Consumer Complaints

The Department requested the Company provide all files relating to complaints received via the Department and those received directly from consumers. The Department also requested the Company provide files of all external independent reviews handled during the survey period.

Median periods were measured from the date of notification by the complainants to the date of response by the Company. The period under review was November 30, 2017 through September 30, 2019.

### Producer Licensing

New business was reviewed to determine if solicitations had been made by duly licensed persons.

### Claims

All claims were reviewed for compliance with policy contracts and applicable sections of the Illinois Insurance Code (215 ILCS 5/1 et seq.) and the Illinois Administrative Code (50 Ill. Admin. Code 101 et. seq.).

The Department defines due proof of loss as medical records, investigation materials, written proofs, claim forms, authorizations, or other reasonable evidence of claim that is ordinarily required of insureds or beneficiaries. The Department's position is that the 30 days to pay (31 days for interest) starts when the last proof required from the claimant (beneficiary), medical record, or investigation documentation is received by the Company.

Median payment periods were measured from the date all necessary proofs of loss were received to the date of payment or denial to the claimant. The period under review was May 1, 2018 through September 30, 2019.

VI. SAMPLE SELECTION

Survey	Population	Reviewed	% Reviewed
<b>COMPLAINTS</b>			
Consumer Complaints	14	14	100%
Department of Insurance Complaints	19	19	100%
<b>POLICY FORMS AND ADVERTISING</b>			
Policy Forms	6	6	100%
Advertising	283	283	100%
<b>PRODUCER LICENSING</b>			
Agents	1,168	157	13%
<b>POLICYHOLDER SERVICES</b>			
Life Cash Surrenders	486	86	18%
Life New Business Applications	168	89	53%
Life New Business Not Taken	54	54	100%
Life New Business Declined	14	14	100%
Life Replacements	43	43	100%
Life Annual Statements	9,697	111	1%
Life Premium Refunds	126	25	20%
Life Billing Change	641	113	18%
Life One-Time Withdrawals	35	25	71%
Life Address Change	526	25	5%
Life Beneficiary Change	212	84	40%
Life In-Force Illustrations	815	39	5%
<b>CLAIMS ANALYSIS</b>			
Life Paid Claims	95	95	100%

## VII. FINDINGS

### a. Complaints

#### i. Consumer Complaints

1. In eight (8) instances of the fourteen (14) consumer complaint files reviewed, for an error percentage of fifty-seven percent (57%) the company did not respond within 21 days of receipt. This is a violation of 215 ILCS 5/143(b).
2. The median for response was twenty-four (24) days.

#### ii. Department Complaints

1. In two (2) instances of the nineteen (19) IDOI complaint files reviewed, for an error percentage of eleven percent (11%), the Company failed to have business practices in place to ensure accurate maintenance of policies during the conversion process of life insurance policies. Insureds filed complaints related to inaccurate statements and unexpected additional premium due to their accounts being placed on restricted status. This impacted them as since the policies were in suspension/restricted status they either did not receive invoices or were unaware that premium being paid was insufficient; therefore, cash values were misstated as well as policies going into default. This is a violation of 50 Ill. Adm. 1406.90(a). Accordia took steps to work with the affected consumers to alleviate consumer hardship and restoring policies to current status.
2. The median for response was twenty (20) days.

### b. Policy Forms and Advertising

#### i. Policy Forms

1. There were six (6) contracts reviewed.
2. No exceptions noted.

#### ii. Advertising

1. There were 283 advertising forms reviewed.
2. No exceptions were noted.

### c. Producer Licensing

1. There were 157 agents reviewed.
2. In one (1) instance of the fourteen (14) files reviewed, for an error percentage of seven percent (7%), the producer was not properly licensed when he negotiated the sale of the policy. This is a violation of 215 ILCS 5/500-15(a).

### d. Policy Holder Services

#### i. Life Cash Surrenders

1. There were eighty-six (86) files reviewed.
2. No exceptions were noted.
3. The median for surrender was twelve (12) days.

#### ii. Life New Business Issued

1. There were eighty-nine (89) files reviewed.
2. No exceptions were noted.

#### iii. Life New Business Declined

1. In one (1) instance of the fourteen (14) files reviewed, for an error percentage of seven percent (7%), the producer was not properly licensed when he negotiated the sale of the policy. This is a violation of 215 ILCS 5/500-15(a).

- iv. Life New Business Not-Taken
  - 1. There were fifty-four (54) files reviewed.
  - 2. No exceptions were noted.
- v. Life Replacements
  - 1. In two (2) instance of the forty-three (43) Life Replacement files reviewed, for an error percentage of five percent (5%), the Company failed to provide the Notice Regarding Proposed Replacement of Life Insurance or Annuity in 3 working days after receipt of the application. This is a violation of 50 Ill. Adm. Code 917 ILCS.70(c).
  - 2. In one (1) instance of the forty-three (43) Life Replacement files reviewed, for an error percentage of 2%, the Company failed to provide a Buyer's Guide and Policy Summary prior to accepting the applicant's initial premium or premium deposit. This is a violation of 50 Ill. Adm. Code 930 ILCS.50(a).
- vi. Life Premium Refunds
  - 1. There were twenty-five (25) files reviewed.
  - 2. No exceptions were noted.
- vii. Life Service-Related Transactions
  - 1. There were twenty-five (25) address change files reviewed. No exceptions were noted.
  - 2. There were twenty-five (25) one-time withdrawal files reviewed. No exceptions were noted.
  - 3. There were eighty-four (84) beneficiary change files reviewed. No exceptions were noted.
  - 4. There were one hundred thirteen (113) billing changes reviewed. No exceptions were noted.
- viii. Life Annual Statements
  - 1. In twenty-four (24) instances of the 111 annual statement files reviewed, for an error percentage of twenty-two percent (22%), the Company failed to provide an annual statement to the policyholder. This is a violation of 50 Ill. Adm. Code 1406.90(a).
- ix. Life In-Force Illustrations
  - 1. There were thirty-nine (39) files reviewed.
  - 2. No exceptions were noted.
- e. Claims
  - i. Paid Life Claims
    - 1. In twenty-two (22) instances of the ninety-five (95) paid life claims files reviewed, for an error percentage of twenty-three percent (23%), the Company failed to include the statement of the Notice of Availability of the Department of Insurance on the required written explanation if the claim remains unresolved for 45 days from the date reported. This is a violation of 50 Ill. Adm. Code 919.70(a)(2).
    - 2. In ninety-five (95) instances of the ninety-five (95) paid life claims files reviewed, for an error percentage of one hundred percent (100%), the Company failed to notify the insured's beneficiary of the availability of interest due to delayed claim processing. This is a violation of 215 ILCS 5/224(1)(l). The median for payment is two (2) days. During the examination, the Company updated the Illinois death claim acknowledgement letter to include the language necessary to meet the statute.

# STATE OF ILLINOIS

## DEPARTMENT OF INSURANCE



IN THE MATTER OF:

**ACCORDIA LIFE AND ANNUITY COMPANY  
215 10TH STREET SUITE 1100  
DES MOINES, IA 50309**

### STIPULATION AND CONSENT ORDER

WHEREAS, the Director of the Illinois Department of Insurance (“Department”) is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, Accordia Life and Annuity Company (“the Company”), NAIC 62200, is authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report covering the examination period of November 30, 2017 through September 30, 2019, which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS AGREED by and between the Company and the Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain policies and procedures whereby the Company shall provide a written response to written inquiries and complaints within 21 days of receipt. 215 ILCS 5/143d(b)
2. Institute and maintain policies and procedures whereby the Company shall ensure accurate maintenance of policies during the conversion process of life insurance policies and provide each policyholder with an annual report on the status of the policy as required on 50 Ill. Adm. Code 1406.90(a)
3. Institute and maintain policies and procedures whereby the Company shall notify the insured's beneficiary of the availability of interest due to delayed claim processing. 215 ILCS 5/224(1)(l)
4. Institute and maintain policies and procedures whereby the Company shall include the statement of the Notice of Availability of the Department of Insurance on claims that remain unresolved for forty-five days from the date it is reported. 50 Ill. Adm. Code 919.70(a)(2)
5. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above four (4) orders within 30 days of execution of this Order.
6. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$151,250.00 to be paid within 10 days of execution of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code including, but not limited to, levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of ACCORDIA LIFE AND ANNUITY COMPANY

David P. Wilken

Signature

David Wilken

Name

President

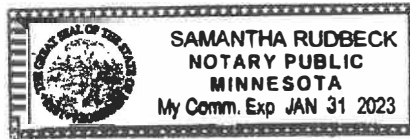
Title

Subscribed and sworn to before me this

7 day of June 2021.

Samantha Rudbeck

Notary Public



DEPARTMENT OF INSURANCE of the  
State of Illinois:

DATE \_\_\_\_\_

Dana Popish-Severinghaus

Dana Popish-Severinghaus  
Active Director

