Illinois Department of Insurance

JB Pritzker
Governor

Dana Popish Severinghaus
Director

VIA ELECTRONIC MAIL

March 15, 2022

Mr. Dino Cieri, President
Alliance-One Services Inc.
99 Buckshire Place
Holland, PA 18966

Re: Alliance-One Services Inc.
Market Conduct Examination Report Closing Letter

Dear Mr. Cieri:

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

Erica Weyhenmeyer
Chief Market Conduct Examiner
Illinois Department of Insurance
320 West Washington St., 5th Floor
Springfield, IL 62767
Phone: 217-782-1790
E-mail: Erica.Weyhenmeyer@Illinois.gov

ILLINOIS DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION

OF

ALLIANCE-ONE SERVICES, INC.

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION:	February 17, 2020 – January 25, 2021
EXAMINATION OF:	Alliance-One Services, Inc.
LOCATION:	99 Buckshire Place, Holland, PA 18966
PERIOD COVERED:	January 1, 2015 – December 31, 2019 and June 1, 2014-December 31, 2019 for complaints
EXAMINERS:	Andre J. Mumper-Ham, AMCM Donna Lee Williams, Esq. Elizabeth Harvey, MCM, PAHM Lisa Crump, CIE, AMCM, FLMI, ACS, ALHC, AIAA Karina Ruthenberg, MCM Linda Miller, MCM June Coleman, AMCM Lucinda Woods, PCU, MCM, CIE, ARM, ARC, HCP, FHIAS Lisa Bringman Tony J. Taylor, DM, MBA, PMP, CSM, SA George Kalargyros, MCM, LPCS, Examiner-in-Charge Shelly Schuman, ACS, AIE, AMCM, CICSR, FLMI, HIA, PAHM, Supervisory Insurance Examiner

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I. FOREWORD

This is a market conduct examination report of Alliance-One Services, Inc. (the "Company" or "Alliance-One"). This examination was conducted at the offices of the Company at 100 Centerview Drive, Suite 100, Nashville, TN 37124, and other authorized offsite locations.

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 and 5/511.109.

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 January 1, 2015 through December 31, 2019, and June 1, 2014 through December 31, 2019 for complaints. 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: company operations and management, Department of Insurance and consumer complaints, policyholder services, and claims handling practices for life and annuity business serviced by Alliance-One Services, Inc. for its clients. The examination was solely an examination of the Company and applies only to the Company.

In performing this examination, the examiners reviewed a sample of the Company's practices, procedures, products, forms, extra-contractual 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 overall findings, however specific details and error percentages are found within each section of this report. Cumulative error percentage is a compilation of each client's results, but individual client results may be significantly different within each category.

Significant issues noted in this examination centered around claims handling, communications compliance, document management and the Company's inability to produce specific data and historical information technology reports. Below is a chart that summarizes each client's criticisms by review category.

Refer to the Table of Total Violations and the Findings section for greater detail.

Findings by Client	**Complaints & Criticism #**	**Policyholder Services & Criticism #**	**Underwriting & Rating & Criticism #**	**Ops/Mgmt & Criticism #**	**Claims & Criticism #**
Accordia	002,005,006,023	011	004	NA	025, 027, 028, 029, 033, 034
Alliance One	NA	NA	NA	019,024	
Brighthouse	NA	008,010,014,021, 022,026	004	NA	028, 029, 030
Jackson National	NA	011,013	004	NA	029, 032, 033
Met Life	NA	NA	004	NA	028, 029, 031
Prudential	NA	013	004	NA	028, 029, 030, 031, 032, 033
Swiss Re	002	013,014,026	004	NA	015, 016, 017
Wilton Re	NA	026	NA	NA	015, 017

TABLE OF TOTAL VIOLATIONS						
Category	Crit #	Statute/Rule	Description of Violation	Files Reviewed	# of Violations	Cumulative Error %
Complaints	002	50 Ill. Adm. Code 926.40.	Failure to respond within 21 days to IDOI complaints.	281	8	2.8%
Underwriting and Rating	004	215 ILCS 5/132(2), 215 ILCS 5/511.109(b)	Failure to produce underwriting guidelines in a complete and timely manner.	725	610	84.1%
Complaints	005	215 ILCS 5/154.6(r) with respect to (a), 215 ILCS 5/424(4), and 215 ILCS 5/511.107(5)	IDOI complaints - Failure to have business practices in place to ensure accurate maintenance of policies during the conversion process.	281	20	7.1%
Complaints	006	215 ILCS 5/154.6(f), 215 ILCS 5/154.6(r) with respect to (a), 215 ILCS 5/424(4), and 215 ILCS 5/511.107(5)	Consumer complaints - Failed to have business practices in place for its clients to ensure accurate maintenance of policies during the conversion process.	202	9	4.4%

TABLE OF TOTAL VIOLATIONS						
Category	Crit #	Statute/Rule	Description of Violation	Files Reviewed	# of Violations	Cumulative Error %
Policyholder Services	008	215 ILCS 5/132(2), 215 ILCS 5/511.109(b)	Failed to provide documents needed to verify whether new business applications that were issued were processed appropriately.	447	4	1%
Policyholder Services	011	215 ILCS 5/132(2), 215 ILCS 5/511.109(b)	Failed to provide documentation needed to verify the processing of non-forfeiture option files.	359	3	1%
Policyholder Services	014	215 ILCS 5/132(2), 215 ILCS 5/511.109(b)	Failed to provide specific documentation in the files that are needed to verify the process of refunding premium for its clients.	473	20	4.2%
Claims	015	50 Ill. Adm. Code 919.30(c)	Failed to provide detailed documentation in the claim file to be able to reconstruct the company's activities in handling the claim.	92	3	3.2%
Claims	016	50 Ill. Adm. Code 919.70(a)(2) as defined by 50 Ill. Adm. Code 919.40	Failed to provide the correct Chicago Department of Insurance address in the notice of availability.	92	11	11.9%
Claims	017	50 Ill. Adm. Code 919.70(a)(2)	Failed to provide a delay letter with the notice of availability of the Department of Insurance when the claim remained unresolved for 45 days.	92	21	22.8%
Company Operations and Management	019	215 ILCS 5/132(2), 215 ILCS 5/511.109(b) 215 ILCS 5/511.106(c), 215 ILCS 5/511.107(5) and 215 ILCS 5/511.107(8)	Failed to provide requested documents related to Information Technology (IT) protocols and changes pertaining to independent auditing exceptions identified during the years of 2015, 2016 and 2017.	NA	NA	NA

TABLE OF TOTAL VIOLATIONS						
Category	Crit #	Statute/Rule	Description of Violation	Files Reviewed	# of Violations	Cumulative Error %
Policyholder Services	021	50 Ill. Adm. Code 917.70(c)	Failed to notify the insured with the required Notice Regarding Proposed Replacement of Life Insurance or Annuity Notice within three days of receiving the application.	250	53	21.2%
Policyholder Services	022	215 ILCS 5/132(2), 215 ILCS 5/511.109(b)	Failed to provide specific documentation in the files that are needed to verify the proper handling of replacements for its clients.	250	35	14%
Complaints	023	50 Ill. Adm. Code 1406.90(a)	Failed to provide annual reports to policy holders due to a policy system conversion.	547	29	5.3%
Company Operations and Management	024	215 ILCS 5/132(2), 215 ILCS 5/511.109(b), 50 Ill. Adm. Code 919.30 and 50 Ill. Adm. Code 926.50	Failed to provide accurate, timely and/or complete representation of the information requested. Additionally, the Company is criticized for failure to promptly provide the requested information in a manner that examiners could readily verify the Company's compliance with Department regulations and applicable state laws.	NA	NA	NA
Claims	025	50 Ill. Adm. Code 919.50(a)	Failed to offer payment within 30 days after affirmation of liability.	680	16	2.3%

TABLE OF TOTAL VIOLATIONS						
Category	Crit #	Statute/Rule	Description of Violation	Files Reviewed	# of Violations	Cumulative Error %
Policyholder Services	026	215 ILCS 5/132(2), 215 ILCS 5/511.109(b)	Failed to provide specific documentation in the files that are needed to verify that policyholder transactions were processed properly for their clients.	971	8	1%
Claims	027	215 ILCS 5/224(1)(l)	Failed to notify the insured's beneficiary of the availability of interest due to delayed claims processing.	680	102	15%
Claims	028	50 Ill. Adm. Code 919.70(a)(2) and Notice as defined by 50 Ill. Adm. Code 919.40	Failed to notify the insured with the required Notice of Availability of the Department of Insurance on the required 45-day delay letter.	680	63	9.2%
Claims	029	50 Ill. Adm. Code 919.70(a)(2)	Failed to provide the insured with a reasonable written explanation for delay when the claim remained unresolved for 45 days.	680	7	1%
Claims	030	50 Ill. Adm. Code 919.30(c)	Failed to provide detailed documentation in the claim file to be able to reconstruct the company's activities in handling the claim.	680	27	3.9%
Claims	031	50 Ill. Adm. Code 919.70(a)(2) as defined by 50 Ill. Adm. Code 919.40	Failed to provide the correct Chicago Department of Insurance address in the notice of availability as directed in the July 21, 2016 memo from the Illinois Department of Insurance.	680	38	5.5%

TABLE OF TOTAL VIOLATIONS						
Category	Crit #	Statute/Rule	Description of Violation	Files Reviewed	# of Violations	Cumulative Error %
Claims	032	215 ILCS 185/15(a)	Failed to locate the beneficiary and provide the appropriate claims forms or instructions to the beneficiary to make a claim within 120 days after notice of date of death.	680	2	1%
Claims	033	215 ILCS 5/154.6(o), 215 ILCS 5/424(4)	Failed to provide forms necessary to present claims within 15 working days of a request.	680	4	1%
Claims	034	215 ILCS 5/224(1)(l)	Failed to pay the beneficiary interest of ten percent when the claim was paid after thirty-one (31) days of receipt of due proof of loss. The Company shall provide the calculations of interest due and proof of interest payment to the beneficiaries.	680	2	1%

IV. BACKGROUND

Alliance-One Services, Inc, is a subsidiary of DXC Technology, a publicly traded company (DXC NYSE) that was created in 2017 via a merger between CSC and HP Enterprises. DXC Technology is a multinational company that generates approximately $4.5B in revenue per year and employs 138,000 people. Alliance-One was founded in 1997 and was a subsidiary of CSC, prior to DXC's purchase. The Company currently employs approximately 3,500 people and, at the start of 2020, was forecast to generate $230 million in revenue.

Alliance-One primarily services the insurance industry providing software services, consulting, staff augmentation and other services in various locations across the United States as well as India, Philippines, Singapore and South Africa. Alliance-One leverages its diverse workforce and allowed 40% of its staff to work remotely, pre-Covid, while shifting workload as needed to account for fluctuations. Over 600 insurance companies run software programs created by DXC technologies or its subsidiaries. Alliance-One manages 11 million policies for its clients.

V. METHODOLOGY

The market conduct examination covered business for the period of January 1, 2015 through December 31, 2019 and June 1, 2014 through December 31, 2019 for complaints. Specifically, the examination focused on a review of the following areas:

a. Company Operations and Management
b. Complaint Handling
c. Policyholder Services
d. Underwriting and Rating
e. Claims

The review of the categories was accomplished through the examination of policyholder, claims, and complaint files. Each of the categories were examined for compliance with Department regulations and applicable state laws.

The report states whether improper practices performed by the Company resulted in the 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 and are reported in this report by client and their corresponding error percentage within each category. The following methods were used to obtain the required samples and to assure a methodical selection:

Company Operations and Management

a. Assessment to determine whether the Company has appropriate controls, safeguards and procedures for protecting the integrity of computer information for each company and/or platform used.
b. Assess whether the Company's records are adequate, accessible, consistent and orderly and comply with state record retention requirements.
c. Assess whether the Company has procedures for the collection, use and disclosure of information gathered in connection with insurance transactions so as to minimize any improper intrusion into the privacy of applicants and policyholders.
d. Determine whether the Company has developed and implemented written policies, standards and procedures for the management of insurance information.
e. Determine whether the Company has policies and procedures to protect the privacy of nonpublic personal information relating to its customers, former customers and consumers that are not customers.
f. Review contracts and service standards for each insurer/client for which business was administered or serviced including any contract amendments.

Complaint Handling

The Department requested the Company provide all files relating to complaints received via the Department of Insurance 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 June 1, 2014 through December 31, 2019.

Policyholder Services

a. Review of new business applications issued to ensure the accurate and compliant processing of new business applications by client producers.
b. Review of new business applications not taken or withdrawn to ensure timely and accurate processing for customers who chose not to pursue or withdraw from the application process.
c. Review of new busines applications declined to ensure the timely and accurate processing of applications where the company declined the business.
d. Review of service-related transactions to ensure timely and accurate transactions related to policy maintenance.
e. Review of premium refunds to ensure timely and accurate premium refund transactions due customers.
f. Review of non-forfeiture option processing to ensure timely, accurate and compliant processing.
g. Review of policyholder requested cancelations to ensure timely and accurate processing of cancellations requested by policyholders.
h. Review of replacements to ensure timely and accurate processing of replacements.
i. Review of life and annuity cash surrender requests to ensure timely and accurate processing of policyholder requests for surrender.

Underwriting and Rating

a. Review of documents to ensure that all mandated disclosures are in accordance with applicable statutes, rules and regulations.
b. Review of documentation to confirm that the Company's execution of its clients underwriting practices are not unfairly discriminatory and that the Company adheres to applicable statutes, rules and regulations in the selection of risks.
c. Review of practices to confirm that rejections and declinations are not unfairly discriminatory.
d. Review documentation to ensure that pertinent information on applications that form a part of the policy and contract are complete and accurate.

Claims

a. Review of paid life claims during the examination period to ensure compliance and timely payment.
b. Review of denied life and closed without payment claims denied during the examination period for compliance with policy provisions and compliance with claims compliance standards.
c. Review of approved waiver of premium claims processed during the examination period.

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 January 1, 2015 through December 31, 2019.

VI. SAMPLE SELECTION

Survey	Files Reviewed	% Reviewed
CLAIMS ANALYSIS		
Paid Life	680	1.1%
Denied Life Claims & Claims Closed without payment	10	.01%
Approved Waiver of Premium	92	68.1%
COMPLAINTS		
Consumer Complaints	202	39.3%
Department of Insurance Complaints	281	27.7%
POLICYHOLDER SERVICES		
Life New Business	447	5%
Life New Business Not Taken/Withdrawn	248	16.9%
Life New Business Declined	30	100%
Service-Related Transactions	971	.01%
Premium Refunds	578	18.1%
Life Replacements	250	16.3%
Life Surrenders	785	1.1%
Non-Forfeiture Options	359	11.6%

VII. FINDINGS

a. Company Operations and Management

1. Crit #019 - The Company failed to maintain and provide all the requested documents related to Information Technology protocols and changes pertaining to independent auditing exceptions identified during the years of 2015, 2016 and 2017. The Company advised that "history and changes to procedures are not maintained" and as a result were unable to provide detail around remediation steps that were taken to resolve the noted exceptions. Understanding the steps taken to remediate these exceptions were necessary and material to this examination. Since the Company failed to maintain and provide all of the requested documents, the examiners were unable to properly evaluate consumer exposure. This was a violation of 215 ILCS 5/132(2), 215 ILCS 5/511.109(b), 215 ILCS 5/511.106(c), 215 ILCS 5/511.107(5), and 215 ILCS 5/511.107(8).

2. Crit #024 - The Company failed to provide accurate, timely and/or complete representation of the information requested. Additionally, the Company is criticized for failure to promptly provide the requested information in a manner that examiners could readily verify the Company's compliance with Department regulations and applicable state laws. This is a violation of 215 ILCS 5/132(2), 215 ILCS 5/511.109(b), 50 Ill. Adm. Code 919.30 and 50 Ill. Adm. Code 926.50.

b. Complaint Handling

i. Direct Consumer Complaints

1. Crit #006 - In nine instances of the 202 consumer complaint files reviewed, the Company failed to have business practices in place for its clients to ensure accurate maintenance of policies during a conversion process. Insureds filed complaints related to inaccurate statements and/or for not receiving the annual statements due to their accounts being placed on restricted status during the conversion process. This was a violation of 215 ILCS 5/154.6(f), 215 ILCS 5/154.6(r) with respect to (a), and 215 ILCS 5/424(4), 215 ICS 5/511.107(a)(5).

Clients	Files Reviewed	# of Instances	Error %
Accordia	28	9	32.1%
Brighthouse Direct	12	0	0
Brighthouse Panorama 2	NA	NA	NA
Jackson National	29	0	0
Met Life Direct	0	0	0
Met Life Panorama 1	35	0	0
Prudential	37	0	0
Swiss Re	36	0	0
Wilton Re	25	0	0
Totals	**202**	**9**	

2. The median days for response was 14 days.

ii. Department of Insurance Complaints

1. Crit #002 - In eight instances of the 281 IDOI complaint files reviewed, the Company failed to provide written responses to written inquiries and complaints within twenty-one days of receipt for its clients. This was a violation of 50 Ill. Adm. Code 926.40.

IDOI COMPLAINTS	Files Reviewed	# of Exceptions	% to Sample
Accordia	51	5	9.8%
Brighthouse Direct	12	0	0%
Brighthouse Panorama 2	0	0	NA
Jackson National	53	0	0%
Met Life Direct	0	0	NA
Met Life Panorama 1	39	0	0%
Prudential	38	0	0%
Swiss Re	39	3	7.7%
Wilton Re	49	0	0%
Totals	**281**	**8**	

2. Crit #005 - In twenty instances of the 281 IDOI complaint files reviewed, the Company failed to have business practices in place for its clients to ensure accurate maintenance of policies during the conversion process. The Company engaged in activity for its clients which resulted in a disproportionate number of meritorious complaints against the insurer. Insureds filed complaints related to inaccurate statements and/or for not receiving the statements due to their accounts being placed on restricted status during the conversion process. This was a violation of 215 ILCS 5/154.6(r) with respect to (a), 215 ILCS 5/424(4), and 215 ILCS 5/511.107(a)(5).

CLIENTS	Files Reviewed	# of Exceptions	% to Sample
Accordia	51	20	39.2%
Brighthouse Direct	12	0	0%
Brighthouse Panorama 2	0	NA	NA
Jackson National	53	0	0%
Met Life Direct	0	NA	NA
Met Life Panorama 1	39	0	0%
Prudential	38	0	0%
Swiss Re	39	0	0%
Wilton Re	49	0	0%
Totals	**281**	**20**	

3. The median for response to the Department was 15 days.

iii. Consumer and Department of Insurance Complaints

1. Crit #023 - In twenty-nine instances of the 547 IDOI and consumer complaint files reviewed, the Company failed to provide annual reports to policy holders due to a policy system conversion. This was a violation of 50 Ill. Adm. Code 1406.90(a).

Clients	Files Reviewed	# of Instances	Error %
Accordia	79	29	37%
Brighthouse	13	0	0%
Jackson National	94	0	0%
Met Life	76	0	0%
Prudential	107	0	0%
Swiss Re	99	0	0%
Wilton Re	79	0	0%
Totals	**547**	**29**	

c. Policyholder Services

i. Life New Business Issued

1. Crit #008 - In four instances of the 447 new business applications issued files reviewed, the Company failed to provide specific documentation in the files that are needed to verify whether the Company properly processed new business applications that were issued for its clients. This was a violation of 215 ILCS 5/132(2) and 215 ILCS 5/511.109(b).

Clients	Files Reviewed	# of Instances	Error %
Accordia	NA	NA	NA
Brighthouse Direct	116	1	1%
Brighthouse Panorama 2	84	3	3.5%
Jackson National	45	0	0%
Met Life Direct	86	0	0%
Met Life Panorama 1	NA	NA	NA
Prudential	1	0	0%
Swiss Re	NA	NA	NA
Wilton Re	115	0	0%
Totals	**447**	**4**	

ii. Life Premium Refunds

1. Crit #014 - In twenty instances of the 473 premium refund files reviewed, the Company failed to provide specific documentation in the files that are needed to verify the process of refunding premium for its clients. This was a violation of 215 ILCS 5/132(2) and 215 ILCS 5/511.109(b).

Clients	Files Reviewed	# of Instances	Error %
Accordia	113	0	0%
Brighthouse Direct	113	10	8.8%
Brighthouse Panorama 2	1	0	0%
Jackson National	86	0	0%
Met Life Direct	NA	NA	NA
Met Life Panorama 1	NA	NA	NA
Prudential	84	0	0%
Swiss Re	76	10	13.2%
Wilton Re	NA	NA	NA
Totals	**473**	**20**	

iii. Life Replacements

1. Crit #021 - In fifty-three instances of the 250 replacement files reviewed, the Company failed to notify the insured with the required Notice Regarding Proposed Replacement of Life Insurance or Annuity Notice within three days of receiving the application. This was a violation of 50 Ill. Adm. Code 917.70(c).

Clients	Files Reviewed	# of Instances	Error %
Accordia	113	0	0%
Brighthouse Direct	2	0	0%
Brighthouse Panorama 2	74	53	72.6%
Jackson National	NA	NA	NA
Met Life Direct	NA	NA	NA
Met Life Panorama 1	NA	NA	NA
Prudential	NA	NA	NA
Swiss Re	61	0	0%
Wilton Re	NA	NA	NA
Totals	**250**	**53**	

2. Crit #022 - In thirty-five instances of the 250 replacement files reviewed, the Company failed to provide specific documentation in the files that are needed to verify the proper handling of replacements for its clients. This was a violation of 215 ILCS 5/132(2) and 215 ILCS 5/511.109(b).

Clients	Files Reviewed	# of Instances	Error %
Accordia	113	0	0%
Brighthouse Direct	2	0	0%
Brighthouse Panorama 2	74	35	47.3%
Jackson National	NA	NA	NA
Met Life Direct	NA	NA	NA
Met Life Panorama 1	NA	NA	NA
Prudential	NA	NA	NA
Swiss Re	61	0	0%
Wilton Re	NA	NA	NA
Totals	**250**	**35**	

iv. Life Non-Forfeiture Options

1. Crit #011 - In three instances of the 359 non-forfeiture option files reviewed, the Company failed to provide specific documentation in the files that are needed to verify the processing of non-forfeiture option files for its clients. This was a violation of 215 ILCS 5/132(2) and 215 ILCS 5/511.109(b).

Clients	Files Reviewed	# of Instances	Error %
Accordia	22	2	9%
Brighthouse Direct	114	0	0%
Brighthouse Panorama 2	NA	NA	NA
Jackson National	86	1	1.1%
Met Life Direct	NA	NA	NA
Met Life Panorama 1	NA	NA	NA
Prudential	53	0	0%
Swiss Re	NA	NA	NA
Wilton Re	84	0	0%
Totals	**359**	**3**	

v. Service-Related Transactions

1. Crit #026 - In eight instances of the 971 service-related transactions files reviewed, the Company failed to provide specific documentation in the files that are needed to verify that policyholder transactions were processed properly for their clients. This was a violation of 215 ILCS 5/132(2) and 215 ILCS 5/511.109(b).

Clients	Files Reviewed	# of Instances	Error %
Accordia	115	0	0%
Brighthouse Direct	116	0	0%
Brighthouse Panorama 2	114	3	2.6%
Jackson National	116	0	0%
Met Life Direct	114	0	0%
Met Life Panorama 1	116	0	0%
Prudential	115	0	0%
Swiss Re	84	2	2.3%
Wilton Re	81	3	3.7%
Totals	**971**	**8**	

d. Underwriting and Rating

1. Crit # 004 - The Company is criticized for failure to produce underwriting guidelines, policies and procedures of each insurer, as applicable, for all new business in a comprehensive and timely manner. The requested information was required to readily verify the Company's compliance with the Illinois Insurance Code and the Illinois Administrative Code. This was a violation of 215 ILCS 5/132(2) and 215 ILCS 5/511.109(b).

e. Claims

i. Paid Life Claims

1. Crit #025 - In sixteen instances of the 680 paid life claim files reviewed, the Company failed to offer payment within 30 days after affirmation of liability. This was a violation of 50 Ill. Adm. Code 919.50(a).

Clients	Files Reviewed	# of Instances	Error %
Accordia	107	16	15%
Brighthouse Direct	105	0	0%
Brighthouse Panorama 2	29	0	0%
Jackson National	108	0	0%
Met Life Direct	3	0	0%
Met Life Panorama 1	11	0	0%
Prudential	107	0	0%
Swiss Re	102	0	0%
Wilton Re	108	0	0%
Totals	**680**	**16**	

2. Crit #027 - In 102 instances of the 680 paid life claim files reviewed, the Company failed to notify the insured's beneficiary of the availability of interest due to delayed claim processing. This was a violation of 215 ILCS 5/224(1)(l).

Clients	Files Reviewed	# of Instances	Error %
Accordia	107	102	95.3%
Brighthouse Direct	105	0	0%
Brighthouse Panorama 2	29	0	0%
Jackson National	108	0	0%
Met Life Direct	3	0	0%
Met Life Panorama 1	0	0	0%
Prudential	107	0	0%
Swiss Re	102	0	0%
Wilton Re	108	0	0%
Totals	**680**	**102**	

3. Crit #028 - In sixty-three instances of the 680 paid life claim files reviewed, the Company failed to notify the insured with the required Notice of Availability of the Department of Insurance on the required 45-day delay letter. This was a violation of 50 Ill. Adm. Code 919.70(a)(2) and Notice as defined by 50 Ill. Adm. Code 919.40.

Clients	Files Reviewed	# of Instances	Error %
Accordia	107	21	19.6
Brighthouse Direct	105	15	14.2%
Brighthouse Panorama 2	29	0	0%
Jackson National	108	6	5.6%
Met Life Direct	3	0	0%
Met Life Panorama 1	11	4	36.36%
Prudential	107	17	15.9%
Swiss Re	102	0	0%
Wilton Re	108	0	0%
Totals	**680**	**63**	

4. Crit #029 - In seven instances of the 680 paid life claim files reviewed, the Company failed to provide the insured with a reasonable written explanation for delay when the claim remained unresolved for 45 days. This was a violation of 50 Ill. Adm. Code 919.70(a)(2).

Clients	Files Reviewed	# of Instances	Error %
Accordia	107	1	1%
Brighthouse Direct	105	0	0%
Brighthouse Panorama 2	29	2	6.8%
Jackson National	108	1	1%
Met Life Direct	3	0	0%
Met Life Panorama 1	11	1	9.0%
Prudential	107	2	1.9%
Swiss Re	102	0	0%
Wilton Re	108	0	0%
Totals	**680**	**7**	

5. Crit #030 - In twenty-seven instances of the 680 paid life claim files reviewed, the Company failed to provide detailed documentation in the claim file to be able to reconstruct the Company's activities in handling the claim. This was a violation of 50 Ill. Adm. Code 919.30(c).

Clients	Files Reviewed	# of Instances	Error %
Accordia	107	0	0%
Brighthouse Direct	105	19	18%
Brighthouse Panorama 2	29	0	0%
Jackson National	108	0	0%
Met Life Direct	3	0	0%
Met Life Panorama 1	11	0	0%
Prudential	107	8	7.4%
Swiss Re	102	0	0%
Wilton Re	108	0	0%
Totals	**680**	**27**	

6. Crit #031 - In thirty-eight instances of the 680 paid life claim files reviewed, the Company failed to provide the correct Chicago Department of Insurance address in the notice of availability as directed in the July 21, 2016 memo from the Illinois Department of Insurance. This was a violation of 50 Ill. Adm. Code 919.70(a)(2) as defined by 50 Ill. Adm. Code 919.40.

Clients	Files Reviewed	# of Instances	Error %
Accordia	107	0	0%
Brighthouse Direct	105	0	0%
Brighthouse Panorama 2	29	0	0%
Jackson National	108	0	0%
Met Life Direct	3	2	66%
Met Life Panorama 1	11	0	0%
Prudential	107	36	33.6%
Swiss Re	102	0	0%
Wilton Re	108	0	0%
Totals	**680**	**38**	

7. Crit #032 - In two instances of the 680 paid life claim files reviewed, the Company failed to locate the beneficiary and provide the appropriate claims forms or instructions to the beneficiary to make a claim within 120 days after notice of date of death. This was a violation of 215 ILCS 185/15(a).

Clients	Files Reviewed	# of Instances	Error %
Accordia	107	0	0%
Brighthouse Direct	105	0	0%
Brighthouse Panorama 2	29	0	0%
Jackson National	108	1	1%
Met Life Direct	3	0	0%
Met Life Panorama 1	11	0	0%
Prudential	107	1	1%
Swiss Re	102	0	0%
Wilton Re	108	0	0%
Totals	**680**	**2**	

8. Crit #033 - In four instances of the 680 paid life claim files reviewed, the Company failed to provide forms necessary to present claims within 15 working days of a request. This was a violation of 215 ILCS 5/154.6(o) and 215 ILCS 5/424(4).

Clients	Files Reviewed	# of Instances	Error %
Accordia	107	2	1.8%
Brighthouse Direct	105	0	0%
Brighthouse Panorama 2	29	0	0%
Jackson National	108	1	1%
Met Life Direct	3	0	0%
Met Life Panorama 1	11	0	0%
Prudential	107	1	1%
Swiss Re	102	0	0%
Wilton Re	108	0	0%
Totals	**680**	**4**	

9. Crit #034 - In two instances of the 680 paid life claim files reviewed, the Company failed to pay the beneficiary interest of ten percent when the claim was paid after thirty-one (31) days of receipt of due proof of loss. The Company shall provide the calculations of interest due and proof of interest payment to the beneficiaries. This was a violation of 215 ILCS 5/224(1)(l).

Clients	Files Reviewed	# of Instances	Error %
Accordia	107	2	1.9%
Brighthouse Direct	105	0	0%
Brighthouse Panorama 2	29	0	0%
Jackson National	108	0	0%
Met Life Direct	3	0	0%
Met Life Panorama 1	11	0	0%
Prudential	107	0	0%
Swiss Re	102	0	0%
Wilton Re	108	0	0%
Totals	**680**	**2**	

10. The median for payments for each of the companies is listed below and was nine (9) days cumulatively.

Company	Median Days to Pay
Accordia	14 days
Brighthouse	2 days
Jackson National	7 days
Met Life	14 days
Prudential	7 days
Wilton Re	1 day

ii. Approved Waiver of Premium Claims

1. Crit #015 - In three instances of the ninety-two approved waiver of premium claim files reviewed, the Company failed to provide detailed documentation in the claim file to be able to reconstruct the Company's activities in handling the claim. This was a violation of 50 Ill. Adm. Code 919.30(c).

Clients	Files Reviewed	# of Instances	Error %
Accordia	NA	NA	NA
Brighthouse Direct	NA	NA	NA
Brighthouse Panorama 2	NA	NA	NA
Jackson National	6	0	0%
Met Life Direct	NA	NA	NA
Met Life Panorama 1	2	0	0%
Prudential	NA	NA	NA
Swiss Re	76	2	2.6%
Wilton Re	8	1	12.5%
Totals	**92**	**3**	

2. Crit #016 - In eleven instances of the ninety-two approved waiver of premium claim files reviewed, the Company failed to provide the correct Chicago Department of Insurance address in the notice of availability as directed in the July 21, 2016 memo from the Illinois Department of Insurance. This was a violation of 50 Ill. Adm. Code 919.70(a)(2) as defined by 50 Ill. Adm. Code 919.40.

Clients	Files Reviewed	# of Instances	Error %
Accordia	NA	NA	NA
Brighthouse Direct	NA	NA	NA
Brighthouse Panorama 2	NA	NA	NA
Jackson National	6	0	0%
Met Life Direct	NA	NA	NA
Met Life Panorama 1	2	0	0%
Prudential	0	0	0%
Swiss Re	76	11	14.5%
Wilton Re	8	0	0%
Totals	**92**	**11**	

3. Crit #017 - In twenty-one instances of the ninety-two approved waiver of premium claim files reviewed, the Company failed to provide a delay letter with the notice of availability of the Department of Insurance when the claim remained unresolved for 45 days. This was a violation of 50 Ill. Adm. Code 919.70(a)(2).

Clients	Files Reviewed	# of Instances	Error %
Accordia	NA	NA	NA
Brighthouse Direct	NA	NA	NA
Brighthouse Panorama 2	NA	NA	NA
Jackson National	6	0	0%
Met Life Direct	NA	NA	NA
Met Life Panorama 1	2	0	0
Prudential	NA	NA	NA
Swiss Re	76	19	25%
Wilton Re	8	2	25%
Totals	**92**	**21**	

EXAMINATION DRAFT REPORT SUBMISSION

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged and appreciated.

Andre J. Mumper-Ham
Donna Lee Williams
Elizabeth Harvey
Lisa Crump
Karina Ruthenberg
June Coleman
Lucinda Woods
Lisa Bringman
Tony J. Taylor
George Kalargyros, Examiner-in-Charge
Shelly Schuman, Supervisory Insurance Examiner

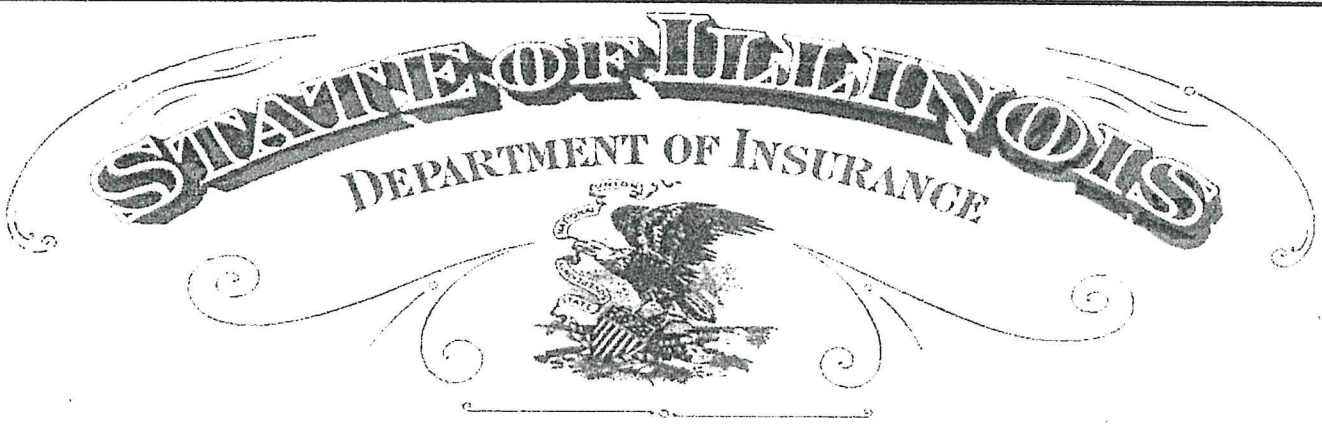
Respectfully submitted,

George Kalargyros

GEORGE KALARGYROS
EXAMINER-IN-CHARGE

Shelly Schuman

SHELLY SCHUMAN
SUPERVISING EXAMINER



IN THE MATTER OF:

ALLIANCE-ONE SERVICES INC.
99 BUCKSHIRE PLACE
HOLLAND, PA 18966

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, Alliance-One Services Inc. ("the Company"), is authorized under the insurance laws of this State and by the Director to engage in the business of acting as an administrator on behalf of a plan sponsor or insurer in connection with life, accident, or health benefits provided through or as an alternative to insurance within the scope of Class 1(a), 1(b), or 2(a) of Section 4 of the Illinois Insurance Code (215 ILCS 5/4 Class 1(a), 1(b), or 2(a)); 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, 425, and 511.109 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, 5/425, and 5/511.109); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report covering the examination period of January 1, 2015 – December 31, 2019 and, for complaints, June 1, 2014 – December 31, 2019, which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was alleged not to be 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 or in the Market Conduct Exam Report, 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, 407.2, and 511.109(e) 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, in consideration of the forgoing recitals, 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 alleged not to be 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, when the Company has contracted with an insurer-client of the Company to perform underwriting services, the Company shall produce underwriting guidelines it has received from such insurer-clients to examiners in a complete and timely manner. 215 ILCS 5/132(2) and 215 ILCS 5/511.109(b).

2. Institute and maintain policies and procedures whereby the Company shall have business practices in place to ensure accurate maintenance of policies during the conversion process. 215 ILCS 5/154.6(r) with respect to (a), 215 ILCS 5/424(4), and 215 ILCS 5/511.107(5).

3. Institute and maintain policies and procedures whereby the Company shall provide the correct Chicago Department of Insurance address in the notice of availability. 50 Ill. Adm. Code 919.70(a)(2) as defined by 50 Ill. Adm. Code 919.40.

4. Institute and maintain policies and procedures whereby the Company shall provide a delay letter which includes the notice of availability of the Department of Insurance when the claim has remained unresolved for 45 days. 50 Ill. Adm. Code 919.70(a)(2).

5. Institute and maintain policies and procedures whereby the Company shall maintain and provide examiners requested documents related to the Company's Information Technology (IT) protocols and changes pertaining to independent auditing exceptions. 215 ILCS 5/132(2), 215 ILCS 5/511.106(c), 215 ILCS 5/511.109(b), 215 ILCS 5/511.107(5), and 215 ILCS 5/511.107(8).

6. Institute and maintain policies and procedures whereby, when the Company has contracted with an insurer-client of the Company to provide notice of replacements, the Company shall notify the insured with the required Notice Regarding Proposed Replacement of Life Insurance or Annuity Notice within three days of receiving the application. 50 Ill. Adm. Code 917.70(c).

7. Institute and maintain policies and procedures whereby, when the Company has contracted with an insurer-client of the Company to provide services relating to replacements, the Company shall provide examiners specific documentation in the files that are needed to verify the proper handling of replacements for its insurer-clients. 215 ILCS 5/132(2) and 215 ILCS 5/511.109(b).

8. Institute and maintain policies and procedures whereby the Company shall provide examiners accurate, timely and/or complete representation of the information requested that is within the Company's control and shall cooperate and provide such requested information in a manner that enables examiners to readily verify the Company's compliance with Department regulations and applicable state laws. 215 ILCS 5/132(2), 215 ILCS 5/511.109(b), 50 Ill. Adm. Code 919.30, and 50 Ill. Adm. Code 926.50.

9. Institute and maintain policies and procedures whereby, when the Company has contracted with an insurer-client of the Company to provide notice of interest in connection with delayed claim payments, the Company shall notify the insured's beneficiary of the availability of interest due to delayed claims processing. 215 ILCS 5/224(1)(l).

10. Institute and maintain policies and procedures whereby the Company shall notify the insured with the required Notice of Availability of the Department of Insurance in the required 45-day delay letter. 50 Ill. Adm. Code 919.70(a)(2) and Notice as defined by 50 Ill. Adm. Code 919.40.

11. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above ten (10) orders within 30 days of execution of this Order.

12. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of $199,500.00 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 ALLIANCE-ONE SERVICES INC.

Connie Whitlock

Signature

Connie Whitlock

Name

President

Title

Subscribed and sworn to before me this
24 day of February 2022.

Cynthia Dodge

Notary Public

CYNTHIA DODGE
Notary Public - State of Florida
Commission # GG 956290
My Comm. Expires Feb 6, 2024

DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE February 24, 2022

Dana Popish-Severinghaus

Dana Popish-Severinghaus
Director