

BEFORE THE INSURANCE COMMISSION OF THE  
COMMONWEALTH OF PENNSYLVANIA  
OCT 13 AM 10:12  
ADMIN HEARINGS OFFICE

IN RE:	:	VIOLATIONS:
	:	
AMERICAN GENERAL LIFE	:	40 Purdons Statutes, Section
INSURANCE COMPANY	:	510c(3)
2727-A Allen Parkway	:	
Houston, TX 77251	:	Title 31, Pennsylvania Code,
	:	Section 81.6(d)
	:	
Respondent.	:	Docket No. CO06-07-004

CONSENT ORDER

AND NOW, this 13<sup>th</sup> day of October, 2006, this Order is hereby issued by the Deputy Insurance Commissioner of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.S. §101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter, and agrees that this Consent Order, and the Findings of Fact and Conclusions of Law contained herein, shall have the full force and effect of an Order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

#### FINDINGS OF FACT

4. The Deputy Insurance Commissioner finds true and correct each of the following Findings of Fact:

- (a) Respondent is American General Life Insurance Company, and maintains its address at 2727-A Allen Parkway, Houston, Texas 77251.
- (b) Respondent, at all relevant times herein, held a Certificate of Authority to transact the business of insurance in the Commonwealth of Pennsylvania, which has been in effect since August 1, 1960.
- (c) Respondent, in December, 2000, issued a Flexible Premium Variable Life insurance policy #VL1003869V to insured Anthony Sciamanna.
- (d) The policy replaced an All American Life Insurance Company policy in the name of insured Anthony Sciamanna.

- (e) On the first page of the policy, Respondent listed the statement: "Notice Of Ten Day Right To Examine Policy."
- (f) Respondent, on the Notice Regarding Replacement Of Life Insurance And Annuities, listed the statement: "After we have issued your policy, you will have 20 days from the date the new policy is received by you to notify us you are canceling the policy issued on your application and you will receive back all payments you made to us."
- (g) The "Notice Of Ten Day Right To Examine Policy" statement, referenced in 4(e) above, is incorrect and misleading, in that the notice should state "20 days", as shown on the Notice Regarding Replacement in 4(f) above.

#### CONCLUSIONS OF LAW

5. In accord with the above Findings of Fact and applicable provisions of law, the Deputy Insurance Commissioner concludes and finds the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.

- (b) 40 Purdons Statutes, Section 510c(b)(3), states that policies which are offered as replacements for an existing policy or annuity shall have prominently printed on the first page, or attached thereto, a notice stating that the policyholder shall be permitted to return the policy within at least 20 days of its delivery, and to have the premium refunded, if the policyholder is not satisfied with it for any reason.
- (c) Respondent's activities described above in Section 4(e) violate 40 Purdons Statutes, Section 510c(b)(3).
- (d) Respondent's violations of 40 Purdons Statutes, Section 510c(b)(3) are punishable by the following, under 40 P.S. § 625-10: Upon determination by hearing that this act has been violated, the commissioner may issue a cease and desist order, suspend, revoke or refuse to renew the license, or impose a civil penalty of not more than \$5,000 per violation.
- (e) Title 31, Pennsylvania Code, Section 81.6(d) requires the replacing insurer to have prominently printed on the first page of the policy or attached thereto, a notice that the applicant has a right to an unconditional refund of all premiums paid, which right may be exercised within a period of 20 days commencing from the date of delivery of the policy.

- (f) Respondent's activities described above in Section 4(e) violate Title 31, Pennsylvania Code, Section 81.6(d).

ORDER

6. In accord with the above Findings of Fact and Conclusions of Law, the Deputy Insurance Commissioner orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.
- (b) Respondent shall pay a civil penalty of One Thousand Dollars (\$1,000.00) to the Commonwealth of Pennsylvania. This penalty shall be made payable to the Commonwealth of Pennsylvania, and directed to Sharon L. Fraser, Administrative Assistant, Bureau of Enforcement, 1227 Strawberry Square, Harrisburg, Pennsylvania 17120. Payment may be enclosed with the Consent Order, but must be paid in any event no later than thirty (30) days after the date of the Consent Order.

7. In the event the Deputy Insurance Commissioner finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein, the Department may pursue any and all legal

remedies available, including but not limited to the following: The Department may enforce the provisions of this Order in an administrative action pursuant to any relevant provision of law; and/or regulation or, if applicable, the Department may enforce the provisions of this Order in any court of law or equity having jurisdiction.

8. Alternatively, in the event the Deputy Commissioner finds that there has been a breach of any of the provisions of this Order, the Deputy Commissioner may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to relevant provision of law and/or regulation.

9. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

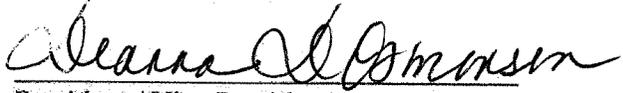
10. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

11. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

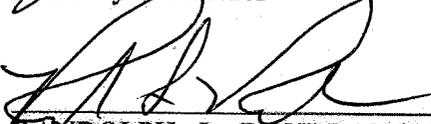
12. This Order shall be final upon execution by the Deputy Insurance Commissioner. Only the Insurance Commissioner or the duly authorized Deputy

Insurance Commissioner is authorized to bind the Insurance Department with respect to the settlement of the alleged violation of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or the duly authorized Deputy Insurance Commissioner.

BY: AMERICAN GENERAL LIFE  
INSURANCE COMPANY, Respondent

  
~~President~~ Vice President

  
Assist. Secretary / Treasurer

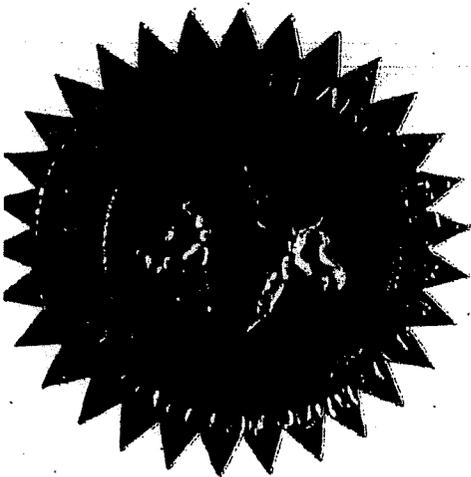
  
RANDOLPH L. ROHRBAUGH  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE: The Act of April 9, 1929, P.L. 177, No. 175, known as The  
Administrative Code of 1929

AND NOW, this 29 day of April, 2002, Randolph L.

Rohrbaugh, Deputy Insurance Commissioner, is hereby designated as the  
Commissioner's duly authorized representative for purposes of entering in and executing  
Consent Orders. This delegation of authority shall continue in effect until otherwise  
terminated by a later Order of the Insurance Commissioner.

  
  
M. Diane Koken  
Insurance Commissioner