



**COMMONWEALTH OF PENNSYLVANIA
INSURANCE DEPARTMENT**

MARKET CONDUCT
EXAMINATION REPORT

OF

**ACCORDIA LIFE AND
ANNUITY COMPANY**
DES MOINES, IA

As of: March 30, 2023
Issued: May 18, 2023

**BUREAU OF MARKET ACTIONS
PROPERTY AND CASUALTY DIVISION**



PENNSYLVANIA INSURANCE DEPARTMENT
EXAMINATION VERIFICATION

I, _____, _____ from
(Name of Examiner) (Title of Examiner)

_____ certify that I was the Examiner-In-Charge of the Report of
(Name of Vendor/Department)

Examination of _____ made as of _____.
(Name of Examined Company) (Date)

The last date of examination file review was _____ and the written Report
(Date)

of Examination was reviewed and accepted by _____
(Chief of Market Conduct Examiner)

on _____.
(Date)

I have reviewed the completed written Report of Examination and certify that the facts and figures recited
therein are true and accurate, according to the records, documents and other evidence obtained during the
course of the examination.

(Examiner-in Charge)

(Name of Vendor/Department)

(Address of Vendor/Department)

Holly Blanchard
(Examiner in Charge Signature)

(Date)

IN ORDER TO SATISFY SECTION 40 P.S. § 323.5(b), THAT PROVIDES FOR NO LONGER THAN
SIXTY (60) DAYS FROM THE COMPLETION OF THE EXAMINATION, THE EXAMINER IN
CHARGE SHALL FILE WITH THE DEPARTMENT A VERIFIED WRITTEN REPORT OF
EXAMINATION UNDER OATH.

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BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

ORDER

AND NOW, this __31st__ day of _March___, 2022, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate David J. Buono, Jr., Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.





Michael Humphreys
Acting Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
ACCORDIA LIFE AND	:	40 P.S. §§310.71(c), 310.71(f), and
ANNUITY COMPANY	:	310.71a(e)
215 10 th Street, suite 1100	:	
Des Moines, IA 50309	:	40 P.S §§323.3(a)
	:	
	:	40 P.S. §510e(a)(c)(5)(ii)
	:	
	:	40 P.S. §625-6
	:	
	:	40 P.S. §§1171.5(a)(10)(ii) and
	:	1171.5(a)(11)
	:	
	:	31 Pa. Code §§83.3(a), 146.5(d), and
	:	146.7(a)(1)
	:	
	:	
	:	
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	:	
	:	
	:	
Respondent.	:	Docket No. MC23-04-001

CONSENT ORDER

AND NOW, this 18th day of May 2023, this Order is hereby issued by the Insurance Department 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.C.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 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

3. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is Accordia Life and Annuity Company, and maintains its address at 215 10th Street, Suite 1100, Des Moines, IA 50309.
- (b) A market conduct examination of Respondent was conducted by the Insurance Department covering the experience period from January 1, 2021 through December 31, 2021.
- (c) On March 30, 2023, the Insurance Department issued a Market Conduct Examination Report to Respondent.

- (d) A response to the Examination Report was provided by Respondent on April 28, 2023.
- (e) The Market Conduct Examination of Respondent revealed violations of the following:
 - (i) All findings and conclusions in the Examination Report, which is attached hereto, are hereby incorporated into this Consent Order.

CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Respondent's violations of Section 40 P.S. §§ 310.71(c), 310.71(f), and 310.71a(e) are punishable by the following, under (40 P.S. § 310.91):
 - (i) suspension, revocation or refusal to issue the certificate of qualification or license;
 - (ii) imposition of a civil penalty not to exceed five thousand dollars (\$5,000.00) for every violation of the Act;

- (iii) an order to cease and desist; and
 - (iv) any other conditions as the Commissioner deems appropriate.

- (c) Respondent's violations of Sections 40 P.S. §§510e(a)(c)(5)(ii) and 625-6 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.

- (d) Violations of 40 P.S. §§1171.5(a)(10)(ii) and 1171.5(a)(11) are punishable by the following, under Section 9 of the Unfair Insurance Practices Act (40 P.S. § 1171.9):
 - (i) cease and desist from engaging in the prohibited activity;
 - (ii) suspension or revocation of the license(s) of Respondent.

- (e) In addition to any penalties imposed by the Commissioner for Respondent's violations of 40 P.S. §§1171.1 – 1171.5, the Commissioner may, under (40 P.S. §§1171.10, 1171.11) file an action in which the Commonwealth Court may impose the following civil penalties:
 - (i) for each method of competition, act or practice which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars (\$5,000.00);
 - (ii) for each method of competition, act or practice which the company did not know nor reasonably should have known was in violation of the law

, a penalty of not more than one thousand dollars (\$1,000.00).

(f) Respondent's violations of 31 Pa. Code §§146.5(d) and 146.7(a)(1) are punishable under Sections 1 through 5 and Section 9 of the Unfair Insurance Practices Act (40 P.S. §§1171.1 – 1171.5 and 1171.9):

- (i) cease and desist from engaging in the prohibited activity;
- (ii) suspension or revocation of the license(s) of Respondent.

(g) Respondent's violations of 31, Pennsylvania Code, Chapter 83 are punishable under 31, Pennsylvania Code, Section 83.6:

- (i) For failing to insure adequate disclosure of basic information, after a hearing, a company may be subject to the penalties provided under 40 P.S. § 475, for violations of 40 P.S. §§ 472 through 474. In addition, failure to make the disclosure outlined in this subchapter may be considered a violation of 40 P.S. §§ 1171.1 through 1171.15.

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department 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 Seventy-Five Thousand Dollars (\$75,000.00) in settlement of all violations contained in the Report.

- (c) Payment of this matter shall be made at <https://www.bpp.ob.pa.gov/Customer>. Instructions on how to do this are provided in the attached cover letter to this order. Payment must be made no later than thirty (30) days after the date of this Order.

- (d) To determine Respondent's compliance with the full and timely implementation of all recommendations in the Examination Report, the Department may inquire with the Respondent about its implementation of the Recommendations no earlier than twelve (12) months from the date of this Order.

- (d) Respondent shall share the Examination Report and this Order with each of its directors and submit affidavits executed by each of its directors, stating under oath that they have received a copy of the Examination Report and this Order. Such affidavits shall be submitted within thirty (30) days of the date of this Order.

- (e) Respondent shall comply with all recommendations contained in the attached Report.

6. In the event the Insurance Department 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 may pursue any and all legal remedies available, including but not limited to the following: The Insurance Department may enforce the provisions of this Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. 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.

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

10. 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.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: ACCORDIA LIFE AND ANNUITY
COMPANY

DocuSigned by:
Respondent
Emily W. May MD, Chief Operating Officer
3727D3E6E68B4D3...
DocuSigned by:
Kelly Rutherford Managing Director, Head of IM Oper
5E3B2BC3087C4E0...
President / Vice President

Secretary / Treasurer

David J. Buono
DAVID J. BUONO
Deputy Insurance Commissioner
Commonwealth of Pennsylvania

I. INTRODUCTION

The Market Conduct Examination (Examination) was conducted through a desktop examination of Accordia Life and Annuity Company (the Company) (NAIC #62200). All reviews were conducted in the offices of the Pennsylvania Insurance Department (the Department) and off-site locations.

Pennsylvania Market Conduct Examination Reports generally note the items that have been reviewed and whether there is a violation of law or regulation. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in an Examination Report may result in imposition of penalties. An Examination Report also includes management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review these areas of concern in order to determine the potential impact upon Company operations for future compliance. Findings identified in all summaries issued to the Company throughout the Examination process are included in this Examination Report; however, in some instances, the content of multiple summaries may be combined into a single report section. This only applies to sections in which no violations were found.

Throughout the course of the Examination, Company officials were provided status memoranda or summaries, which reference specific policy numbers with citations to each section of law violated. Additional information was requested to clarify apparent violations. Multiple conference calls, status meetings, and an exit conference were conducted with Company officials to discuss the various types of violations identified during the Examination and to review written summaries provided for the violation's examiners identified.

The courtesy and cooperation extended by the officers and employees of the Company during the course of the Examination is acknowledged.

The following examiners participated in the Examination and in the preparation of this Examination Report.

PA Insurance Department

Paul Towsen, MCM
Chief Property & Casualty/Life & Annuity Division
PA Insurance Department

David J. Kelly, MCM
Market Conduct Examiner II
PA Insurance Department

Donna Shafer, MCM
Market Conduct Examiner I
PA Insurance Department

Holly Blanchard, FLMI, AIE, ACP, CCP, INS, MCM
Contract Market Conduct Examiner

Lindsay Bates, MCM, CFE
Contract Market Conduct Examiner

II. SCOPE OF EXAMINATION

The Examination was conducted pursuant to the authority granted by Sections 903 and 904 (40 P.S. §§ 323.3 and 323.4) of the Insurance Department Act and covered the experience period of January 1, 2021, through December 31, 2021, unless otherwise noted. The purpose of the Examination was to ensure compliance with Pennsylvania insurance laws and regulations.

The Examination focused on the Company's policies, procedures, and processes in the following areas: Complaints, Policyholder Services, Claims, and Producer Licensing. The lines of business examined included: Whole Life, Traditional Universal Life, Indexed Universal Life, Variable Life, and Term Life.

Examiners requested that the Company identify the universe of files for: complaints, and claims. Based on the universe sizes identified, random sampling was utilized to select files reviewed for analysis.

For control purposes, some of the review segments identified in this Examination Report may be broken down into various sub-categories by line of insurance or Company administration. These specific sub-categories, if not reflected individually in the Examination Report, are included, and grouped within the respective categories of the Examination Report. All reviews conducted throughout the Examination included consideration of company responses to examiner requests pursuant to 40 P.S. §§ 323.3 and 323.4. While these statute and regulation sections are included in all reviews completed during the Examination, the Examination Report only notes when examiners found a violation of these sections in a particular sub-category, such as incomplete file documentation or incorrect information provided in response to the requests.

III. COMPANY HISTORY

Accordia Life and Annuity Company, formerly known as Presidential Life Insurance Company, 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 the common stock of Accordia. 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 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.

On July 8, 2020, a strategic transaction was announced whereby KKR & Co., Inc. (KKR) agreed to acquire GAFGL through the Magnolia Parent LLC (Magnolia), now known as GAFGL, following the merger of GAFG and Magnolia Merger Sub Limited with GAFG as the surviving entity of the merger transaction. On February 1, 2021, the KKR Acquisition closed, which resulted in KKR indirectly owning approximately 62% of the economic equity interests in GAFGL. The remaining economic equity interests in GAFGL

are indirectly owned by new co-investors, and investors who indirectly held equity interests in GAFGL prior to the KKR Acquisition.

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.

The history of PLIC-USA is as follows:

1. Ohio Corp. was first incorporated on August 10, 1967, under the laws of State of California. Ohio Corp. was re-domesticated to Ohio on April 3, 1996, and became a corporation under the laws of the State of Ohio.
2. Great American Life Assurance Company (“GALAC”), an Ohio corporation, was incorporated on April 3, 1996, by the Ohio Secretary of State.
3. Effective June 30, 2011, Great American Life Insurance Company (“GALC”) entered into a coinsurance agreement with GALAC. This closed block of life insurance, annuities and supplemental contracts continues to be administered by GALC. The third-party administrator is NTT Data Services.
4. Effective May 22, 2012, Presidential Life Corporation, a Delaware domiciled corporation, acquired GALAC. On August 22, 2012, the name of GALAC was changed to Presidential Life Insurance Company – USA (“PLIC-USA”). The Articles of Incorporation of PLIC-USA were amended and filed with the Ohio Secretary of State and received required approvals from the Ohio Department of Insurance and Attorney General.
5. Effective November 20, 2012, the conversion of Ohio Corp. to PLIC-USA, a Delaware corporation, was approved via a Certificate of Conversion to Corporation.
6. Effective July 22, 2013, PLIC-USA re-domesticated from Delaware to Iowa.

7. On September 30, 2013, Commonwealth Annuity and Life Insurance Company purchased from Athene Holding Ltd. all the outstanding shares of capital stock of PLIC-USA and its subsidiaries. Included in this purchase was the assumption of Aviva USA's indexed universal life, universal life, whole life, term (open block) and the closed blocks from Athene, and purchase of a new business distribution network relating to reinsured policies in a separate agreement. Accordia continued to assume Athene's non-New York life business during 2014 and initiated the process of novating portions of the business. Aviva USA's New York business was assumed by First Allmerica Financial Life Insurance Company ("FAFLIC"), an affiliate of Accordia. The closed blocks (which included Indianapolis Life Insurance Company and American Mutual Insurance Company ("AmerUS") closed block policies), were ceded to Accordia on a coinsurance and excess of existing reinsurance basis.
8. Effective October 25, 2013, PLIC-USA was renamed Accordia Life and Annuity Company.

OVERVIEW AND ORGANIZATION OF THE COMPANY

The Company is a wholly owned subsidiary of Commonwealth Annuity & Life Insurance Company (Massachusetts).

As of December 31, 2021, the Company is licensed in the District of Columbia, and all states except New York. The Company is authorized to transact the business of life insurance including whole life, Traditional Universal Life, Indexed Universal Life, Variable Life, and Term Life.

IV. CONSUMER COMPLAINTS

Examiners requested documentation relating to consumer complaints, including policies and procedures for complaint handling, record keeping, dispositions, and timelines. Unless noted, all documents identified in the universe by the Company were requested, received, and reviewed by the examiners. In the event the initial documents provided by the Company did not provide enough information, examiners issued information requests, which resulted in additional documents that were included in the review. Documents provided pursuant to examiner requests under this section were reviewed to ensure compliance with applicable standards found in 40 P.S. §§ 323.3, 323.4, 40 P.S. §1171.5, and 31 Pa. Code §146.5.

A. Policies and Procedures Related to the Intake and Handling of Complaints

The Company was asked to provide all policies and procedures utilized by the Company during the Examination period for the intake of complaints and all correspondence that is provided to the policyholder outlining how to file a complaint, including contact information and addresses presented for consumer inquiries, as well as information presented to file a complaint with the Pennsylvania Insurance Department. The Company provided comprehensive documents in response to the request. In accordance with the requirements of the examination, the documents were reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

B. Complaint Register and Log and Other Related Documents

The Company was asked to provide a record of all complaints which it received during the experience period of January 1, 2021, through December 31, 2021, as well as documentation that all complaints, both Department of Insurance and internal Company complaints, are recorded in the required format on the regulated entity's complaint register. The Company was also asked to provide the complete internal complaint register for the above identified lines of business for the examination period as well as any Department complaints. In response, the Company provided one complaint log which included the Department complaints, and all other complaints, including internal Company complaints, totaling seven (7) complaint files. The population of seven (7) files

were selected for review. All seven (7) files were received. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations, and to verify compliance with 40 P.S. §1171.5(a)(11) and 31 Pa. Code §146.5(b) and (c). One violation was noted.

1 VIOLATION-40 P.S. §1171.5 (a)(11) – Complaint Register

Failure of any person to maintain a complete record of all the complaints which it has received during the preceding four years. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint. For purposes of this paragraph, "complaint" means any written communication primarily expressing a grievance.

The Company failed to maintain a complete and accurate complaint log for 2021.

C. Policies and Procedures for Tracking and Finalizing a Complaint

The Company was asked to provide policies and procedures demonstrating that the Company takes adequate steps to finalize and dispose of the complaint in accordance with applicable statutes. In response, the Company provided comprehensive responses. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

V. **POLICYHOLDER SERVICES**

Examiners requested documentation relating to policyholder services. Specifically, the documents were reviewed to ensure policyholder service guidelines were in place and being followed in a uniform and consistent manner, and that no policyholder service practices, or procedures were in place that could be discriminatory in nature, or specifically prohibited by statute or regulation. Unless noted, all documents identified in the universe by the Company were requested, received, and reviewed by the examiners. In the event the initial documents provided by the Company did not provide enough information, examiners issued information requests, which resulted in additional documents that were included in the review. Documents provided pursuant to examiner requests under this section were reviewed to ensure compliance with applicable standards found in 40 P.S. §§ 477a, 40 P.S. §§ 323.3, 323.4, 40 P.S. §1171.5, 40 P.S. § 627-1 (2), and 31 Pa Code §51.3(A).

A. Policyholder Services Business Area

Examiners requested a comprehensive description of the policyholder services department(s), including an organization chart for the business units comprising the policyholder services areas. The Company provided a response to the request. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

B. Reinstatement Procedures

Examiners requested documentation for all policies and procedures for reinstatements. In response, the Company provided a comprehensive procedure document outlining their policies for reinstatements. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

C. Contact Information

Examiners requested documentation that advises the policyholder how to access customer service, including the contact information that is presented. In response, the Company

provided one (1) supporting document presenting the contact information for customers to access customer service. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

D. Annual Report

Examiners requested policies and procedures in place for providing policyowners annual reports. In response the Company provided a summary statement regarding the timeframes for providing annual statements to policyholders. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable laws and regulations. No violations were noted.

E. New Business

The Company was asked to provide a listing of all policies sold during the examination experience period for each line of business identified. In response to the request, the Company provided a list of sixty-seven (67) contracts sold during the examination period. In accordance with the requirements of the Examination, all documents were reviewed and a random sample of thirty-five (35) new business files were reviewed to ensure compliance with applicable state laws and regulations. Seventeen violations were noted.

1 VIOLATION-31 Pa. Code § 83.3(a) - Required Written Disclosures in the Solicitation of Life Insurance

Required written disclosure. A life insurance agent, broker or insurer soliciting the type of business to which this subchapter applies shall provide a prospective purchaser with a written disclosure statement clearly labeled as such. An acceptable disclosure statement is attached as Appendix A. If the Appendix A disclosure statement will be used, a letter to that effect, prior to use, is adequate notification to the Department. However, if a statement different than Appendix A will be used, the statement shall be filed with the Department for review prior to use. If an insurer desires to use an advertisement as its disclosure statement, the portion of the advertisement containing the disclosure statement shall be filed for review prior to use. A disclosure statement shall be a document which shall describe the purpose and importance of the disclosure and describe the significant elements of the policy and riders being offered.

The Company failed to provide the required written disclosure documentation in one (1) file.

15 VIOLATIONS-40 P.S. § 323.3(a) – Conduct of Examinations

(b) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth.

The Company failed to maintain documentation in fifteen (15) files.

1 VIOLATION-40 P.S. § 625-6 - Application Alteration

No alteration of any written application for a life insurance policy or annuity shall be made by any person other than the applicant without the applicant's written consent, except that insertions may be made by the insurer, for administrative purposes only, in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant.

One application showed an alteration that was not initialed by the applicant.

F. Underwriting Guidelines

The Company was asked to provide the processes, procedures, and guidelines for the underwriting process for each product sold during the examination experience period for each line of business identified. In response, the Company provided six (6) documents outlining their processes, procedures, and guidelines for the underwriting process. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

G. Policy Forms

The Company was asked to provide a complete listing of Company filed policy forms, endorsements, and applications used during the examination experience period for each line of business identified. The listing was to include form number, descriptive names, dates approved and dates the form was replaced by another form if changes were implemented during the examination experience period. In response to the requests, the Company provided a spreadsheet of seventy-six (76) form filings that were approved and utilized during the Examination period. The examiners compared the list to the form filings approved by the PID to identify discrepancies. Additionally, in accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations, including 18 Pa CSA 4117(k)(1). No violations were noted.

H. Declined Business

The Company was asked to provide a complete listing of all policies not accepted or taken by the Company during the examination experience period for each line of business identified. In response, the Company provided a spreadsheet of the policies not accepted or taken during the experience period. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations, including 40 P.S. § 753(B)(8). No violations were noted.

I. Terminated Business

The Company was asked to provide a list of all policies that were terminated during the examination experience period for each line of business identified, with terminated policies including all policies where a full death benefit was not paid, including but not limited to lapsed policies, policyholder-initiated cancellations, rescinded policies, denied claims, free looks, and surrendered policies. A surrendered policy would have a surrender fee applied at termination. In response, the Company provided six (6) spreadsheets which contained the requested information for each line of business. From the universes, twenty-six (26) files were randomly selected for review. The Company presented the comprehensive files for review. In accordance with the requirements of the Examination,

all documentation was reviewed to ensure compliance with applicable state laws and regulations, including 40 P.S. § 753(B)(8) and 40 P.S. § 323.3(a). One violation was noted.

1 VIOLATION-40 P.S. § 323.3(a) - Authority, Scope, and Scheduling of Examinations

(a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth.

The Company failed to provide comprehensive documentation for one file.

J. Insurable Interest

The Company was asked to provide all processes and procedures for ensuring insurable interest exists on each policy and identifying circumstances where insurable interest is a concern. The Company was additionally asked to provide processes and procedures utilized to confirm that an insurable interest is presented with the initial application as well as processes and procedures utilized when an insurable interest cannot be determined. In response, the Company provided a comprehensive Compliance Guide as supporting documentation. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

K. Cancellation, Declinations, Partial Surrender, or Loan

The Company was asked to provide all policies and procedures utilized by the Company for policyholder instigated cancellations, partial surrenders, or loans during the examination experience period, as well as a record of all policies surrendered or declined which it received during the examination period for each line of business identified. In response to the request, the Company provided five (5) standard operating procedures as

supporting documents, as well as a spreadsheet of the policies surrendered during the examination period. The universe of policies surrendered contained 138 files, of which, seventy (70) files were randomly selected for review. The Company provided the requested files. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations, including 40 P.S. § 323.3(a) and 40 P.S. § 510 e(a)(5)(ii). Forty-five (45) violations were noted.

3 VIOLATIONS-40 P.S. § 323.3(a) - Authority, Scope, and Scheduling of Examinations

(a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth.

The Company failed to provide the correct termination date on the data universe in two (2) files and did not provide the requested documentation or match the data universe in one (1) file.

42 VIOLATIONS-40 P.S. § 510e(a)(c)(5)(ii) – Policy Loan Notification

(a) The purpose of this section is to permit and set guidelines for companies to include in life insurance policies and annuity contracts, if such contracts contain a loan provision, issued after the effective date of this act a provision for periodic adjustment of policy loan interest rates. (c)(5) The company shall:
(ii) notify the policyholder with respect to premium loans of the initial rate of interest on the loan as soon as it is reasonably practical to do so after making the initial loan. Notice need not be given to the policyholder when a further premium loan is added, except as provided in subsection (c)(5)(iii) below...

The Company failed to send a letter to the insured regarding the loan confirmation in 42 instances. The Company advised “Accordia has corrected

the administrative system that impacted the APL Notices resolving the system's failure to produce them. We have tested the corrections and verified the production of APL Notices for policy's that previously didn't receive a notice. This system update is now complete and remediated. This remediation has not been verified by the examiners.

L. Premium Notices

The Company was asked to provide all examples of notices of premium payments due to the policyholder as well as documentation demonstrating that premium notices and billing notices are sent out with an adequate time of advance notice. In response to the request, the Company provided nine (9) supporting documents. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

M. Unclaimed Property

The Company was asked to provide all policies and procedures related to unclaimed property utilized during the examination experience period for each line of business identified, as well as the Company's unclaimed property register. In response to the request, the Company provided seven (7) supporting documents. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations, including. No violations were noted.

N. Death Master Index

The Company was asked to provide a list of all policies and procedures for reporting unclaimed property to the Death Master Index, including all processes for reconciliation against the Death Master Index. In response to the request, the Company provided a spreadsheet which contained eleven (11) files that were submitted to the unclaimed property as a supporting document. The examiners reviewed all eleven (11) files. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations, including 40 P.S. § 627-1(2). No violations were noted.

O. Location of Missing Policyholders or Beneficiaries

The Company was asked to provide documentation demonstrating that reasonable attempts to locate missing policyholders or beneficiaries are made, including: schedule F of the annual statement, policies scheduled for matured endowments, and identification of unpaid payees of returned benefit checks and copies of all unclaimed property reports. In response to the request, the Company provided a cross reference to information presented in other areas. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations for this request. No violations were noted.

P. Policy Lapses

The Company was asked to provide a listing of all policies lapsed during the examination experience period for each line of business identified. The list was to include policy number, policy type, policy effective date, the insureds last name, the insureds date of birth, and the date the policy lapsed. In response to the request, the Company provided the requested documents in the form of two spreadsheets containing the policies lapsed during the examination period. The examiners randomly selected seventy-eight (78) files to review. The Company provided the comprehensive documentation for the requested files. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations, including 40 P.S. § 627-3.1. No violations were noted.

Q. Advertisement

The Company was asked to provide policies and procedures for the approval of all advertisements utilized, the maintenance of all advertisements and finally a listing of all advertisement materials utilized during the examination experience period for each line of business identified. The listing was to include form numbers, titles, ad descriptive, date advertisement was approved, date the advertisement was put into circulation, date the advertisement was removed from circulation, the type of advertisement, the method of distribution utilized, and the advertisements intended audience. In response to the request, the Company provided the requested policies and procedures as well as spreadsheet

containing a universe of 406 advertisements that were approved during the examination period. A random sample of ninety-three (93) advertisements were selected for review. The examiners reviewed the documents to ensure they were approved by the PID, were accurate, and current. In accordance with the requirements of the Examination, all additional documentation was reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

R. Consumer Disclosures

The Company was asked to provide policies and procedures for consumer disclosure of information pertinent to a life insurance contract. In response to the request, the Company provided the application packet outlining consumer disclosure information pertinent to a life insurance contract. In accordance with the requirements of the Examination, all additional documentation was reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

R. List of Producer Training Materials

The Company was asked to provide a list of producer training materials utilized during the examination experience period for each line of business identified, with the list to include form numbers, titles, lines of business, and date approved. In response to the request, the Company provided a spreadsheet containing nine training forms utilized during the examination period. The examiners reviewed the training material for content. In accordance with the requirements of the Examination, all documentation was reviewed to ensure compliance with applicable state laws and regulations. No violations were noted.

VI. CLAIMS PROCEDURES

Examiners requested documentation relating to claims procedures, including policies and procedures for claims handling, record keeping, dispositions, and timelines. Unless noted, all documents identified in the universe by the Company were requested, received, and reviewed by the examiners. In the event the initial documents provided by the Company did not provide enough information, examiners issued information requests, which resulted in additional documents that were included in the review. Documents provided pursuant to examiner requests under this section were reviewed to ensure compliance with applicable standards found in 40 P.S. §§ 323.3, 323.4, 40 P.S. §§ 511B, 1171.5 and 31 Pa. Code Ch. 146.

A. Claims Manual

The Company was asked to provide all policies and procedures regarding claims handling utilized during the examination experience period for each line of business identified. In response, the Company provided five (5) supporting documents. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations noted above. No violations were noted.

B. Claims Training Manuals

The Company was asked to provide all claims training documentation utilized during the examination experience period for each line of business identified. In response to the request, the Company provided a universe of three (3) supporting documents. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations noted above. No violations were noted.

C. Claims Process

The Company was asked to provide a comprehensive narrative regarding the claims handling process from inception to final disposition, including investigative notes and references during the examination experience period for each line of business identified. The Company referred the examiners to the information previously provided for Claims

processes and procedures as well as the claims training manuals. In accordance with the requirements of the Examination, the document was reviewed relevant to claims processes to ensure compliance with applicable state laws and regulations noted above, as well as 31 Pa Code § 146.5 (c). No violations were noted.

D. Claims Forms

The Company was asked to provide claim forms that were utilized for each line of business identified. In response to the request the Company provided twelve (12) supporting documents of claim forms that were utilized for each line of business during the examination period. In accordance with the requirements of the Examination, all documents were reviewed to ensure compliance with applicable state laws and regulations noted above. No violations were noted.

E. Claims Universes

The Company was asked to provide the universe of paid, denied, pended claims, and policy loans. In response to the requests the Company provided spreadsheets for each universe. Random samples of twenty-one (21) pended claims and fifty (50) paid claims were derived from each universe and requested from the Company. Files were provided by the Company for each claim file requested. The examiners performed a comprehensive review of each claim file to determine compliance with applicable state laws and regulations noted above, as well as: 40 P.S. § 1171.5 (a)(10)(ii); 40 P.S. § 323.3(a); 40 P.S. § 1171.5 (a)(10)(iii); 31 Pa Code § 146.3; 31 Pa Code § 145.5 (d); 31 Pa Code §146.7 (a)(1). Thirteen (13) violations were noted.

Paid claims:

2 VIOLATIONS-31 Pa Code § 146.7(a)(1) – Standards for prompt, fair and equitable settlements applicable to insurers

(a) Acceptance or denial of a claim shall comply with the following: (1) Within 15 working days after receipt by the insurer of properly executed proofs of loss, the first-party claimant shall be advised of the acceptance or denial of the claim by the insurer. An insurer may not deny a claim on the grounds of a specific policy

provision, condition or exclusion unless reference to the provision, condition or exclusion is included in the denial. The denial shall be given to the claimant in writing and the claim file of the insurer shall contain a copy of the denial.

The Company failed to provide an acceptance or denial of the claim within fifteen (15) working days after receipt of properly executed proofs of loss for the two (2) files.

1 VIOLATION-40 P.S. § 323.3(a) – Authority, Scope, and Scheduling of Examinations

(a) Every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth.

The Company failed to provide all required documentation in one (1) file.

Pended Claims:

2 VIOLATIONS-31 Pa Code § 146.5(d) – Failure to Send Claim Forms Within 10 Working Days

(d) Every insurer, upon receiving notification of claim, shall provide within 10 working days necessary claim forms, instructions and reasonable assistance so that first-party claimants can comply with the policy conditions and reasonable requirements of the insurer. Compliance with this subsection within 10 working days of notification of a claim shall constitute compliance with subsection (a).

The Company failed to provide the required claim forms within ten (10) working days after notification of a claim in two (2) files.

3 VIOLATIONS-31 Pa Code § 146.7(a)(1) – Standards for Prompt, Fair and Equitable Settlements Applicable to Insurers

(a) Acceptance or denial of a claim shall comply with the following: (1) Within 15 working days after receipt by the insurer of properly executed proofs of loss, the first-party claimant shall be advised of the acceptance or denial of the claim by the insurer. An insurer may not deny a claim on the grounds of a specific policy provision, condition, or exclusion unless reference to the provision, condition or exclusion is included in the denial. The denial shall be given to the claimant in writing and the claim file of the insurer shall contain a copy of the denial.

The Company failed to provide prompt, fair and equitable settlements within fifteen (15) days in three (3) files.

5 VIOLATIONS-40 P.S. § 1171.5.(a)(10)(ii) – Unfair Insurance Practices Act – Failing to Act Promptly

(a) “Unfair methods of competition” and “unfair or deceptive acts or practices” in the business of insurance means:

...

(10) Any of the following acts if committed or performed with such frequency as to indicate a business practice shall constitute unfair claim settlement or compromise practices.

...

(ii) Failing to acknowledge and act promptly upon written or oral communications with respect to claims arising under insurance policies.

5 VIOLATIONS of 71 files (21 Pended Claims and 50 Paid Claims) or 7% error rate: The Company failed to provide prompt, fair and equitable settlements within 15 days at a frequency that indicates a business practice.

VII. PRODUCER LICENSING

Examiners requested documentation relating to producer licensing, including policies and procedures regarding systems, record-keeping, and verification. Unless noted, all documents identified in the universe by the Company were requested, received, and reviewed by the examiners. In the event the initial documents provided by the Company did not provide enough information, examiners issued information requests, which resulted in additional documents that were included in the review. Documents provided pursuant to examiner requests under this section were reviewed to ensure compliance with applicable standards found in 40 P.S. §§ 310.1 et seq, 40 P.S. §310.41, 40 P.S. §310.71.

A. Records of appointed Producers

The Company was asked to provide documentation demonstrating that the Company maintains required records of licensed and appointed producers and continuously monitors the producer list. The Company was also asked to provide a list of all producers appointed at any time during the examination experience period, and termination dates if applicable. In response to the request the Company provided the requested information and a spreadsheet of appointed producers for the identified products during the examination period, documenting 575 producers, including 476 appointed and 107 terminated. The examiners compared the listing to the PID list of appointed and terminated producers. In accordance with the requirements of the Examination, all additional documents were reviewed to ensure compliance with applicable state laws and regulations. 40 Violations were identified.

40 VIOLATIONS-40 P.S. § 310.71(f) Appointment Reporting

An insurer shall, upon request, certify to the Department the names of all licensees appointed by the insurer.

The Company failed to provide a correct list of certified appointees for 40 producers.

B. Appointed and Terminated Producers

The Company was asked to provide a listing of all producers appointed with the Company in Pennsylvania or authorized to conduct business in Pennsylvania at any time during the examination experience period, noting that if the producer was terminated during the examination experience period, the list should also reflect the updated status of the producer's license and appointment with the date(s) of the change(s) and the termination date. In response to the request, the Company provided a spreadsheet of appointed producers for the examination period, documenting 575 producers, including 476 appointed and 107 terminated. In accordance with the requirements of the Examination, the spreadsheet was compared to the appointment list producers maintained by PID. Additional documents were reviewed to ensure compliance with applicable state laws and regulations including 40 P.S. § 310.71 (c). 10 violations were noted.

10 VIOLATIONS-40 P.S. § 310.71(c) Notification of Appointment

An insurer that appoints an insurance producer shall file with the Department a notice of appointment. The notice shall state for which companies within the insurer's holding company system or group the appointment is made. Upon receipt of the notice, the Department shall verify if the insurance producer is eligible for appointment. If the insurance producer is determined to be ineligible for appointment, the Department shall notify the insurer of the determination.

The Company failed to appoint ten (10) producers presented on their spreadsheet.

C. Producer Licensing

The Company was asked to provide documentation demonstrating that producers are properly licensed and appointed and have appropriate continuing education in the jurisdiction where the application was taken. In response to the request, the Company provided a spreadsheet of appointed producers for examination period, documenting 575 producers, including 476 appointed and 107 terminated. In accordance with the requirements of the examination, the spreadsheet was reviewed to identify producers that

were not appointed. Additional documents were reviewed to ensure compliance with applicable state laws and regulations including 40 P.S. § 310.71 (a). No violations were noted.

D. Producer Termination

The Company was asked to provide policies and procedures for termination of appointed producers, including applicable notifications. In response to the request, the Company provided a spreadsheet of appointed producers for the examination period, documenting 575 producers, including 107 terminated. In accordance with the requirements of the Examination, the spreadsheet was compared to the appointment list of the PID, and all additional documents were reviewed to ensure compliance with applicable state laws and regulations, including 40 P.S. § 310.71 (a) and 40 P.S. § 310.71 (e). Four (4) violations were noted.

4 VIOLATIONS- 40 P.S. § 310.71a(a) – Termination of appointment

An insurer which terminates an appointment pursuant to section 671-A(d)1 shall notify the Department in writing on a form approved by the Department, or through an electronic process approved by the Department, within 30 days following the effective date of the termination.

40 P.S. § 310.71a(e) – Termination Reporting

An insurer or licensee that fails to report as required under the provisions of this section or that is found to have falsely reported with malice by a court of competent jurisdiction may, after notice and hearing, have its license or certificate of authority suspended or revoked and may have civil penalties imposed against the insurer or licensee in an amount not to exceed \$5,000 for each violation.

The Company failed to notify the Department of four (4) producer terminations.

D. Producer Recruiting and Onboarding

The Company was asked to provide all processes and procedures in place for recruiting producers and the oversight of the onboarding process to include background checks, appropriate licensing, and complaints against them. In response to the request, the Company directed the examiners to responses provided for other sections. In accordance with the requirements of the Examination, the documents were reviewed related to producer recruiting and onboarding to ensure compliance with applicable state laws and regulations, including 40 P.S. §310.41 (a), 40 P.S. §310.71 and 31 Pa Code Chapter 39 a. No violations were noted.

E. Producer Oversight

The Company was asked to provide policies and procedures for overseeing the sales force, including complaints received regarding any producer, and descriptions of administrative or disciplinary actions the Company imposes against producers. In response to the request, the Company provided supporting documentation for overseeing the sales force. In accordance with the requirements of the Examination, the documents were reviewed to ensure compliance with applicable state laws and regulations, including 31 Pa. Code Ch. 39a. No violations were noted.

F. Producer Training and Ongoing Education

The Company was asked to provide documentation on how they monitor producer training and ongoing education requirements to ensure that the producer has the appropriate training and certification for the line of business they are writing. In response to the request, the Company directed the examiners to responses provided for other sections. In accordance with the requirements of the Examination, the documents were reviewed related to producer training and ongoing education to ensure compliance with applicable state laws and regulations, including 40 P.S. §310.41 (a), 40 P.S. §310.71 and 31 Pa Code Chapter 39 a. No violations were noted.

G. Producer Information

The Company was asked to provide all processes and procedures in place to ensure that each producer has the appropriate education and training at the time of sale. In response to the request, the Company directed the examiners to responses provided for other sections. In accordance with the requirements of the Examination, the documents were reviewed related to producer information to ensure compliance with applicable state laws and regulations, including 40 P.S. §310.41 (a), 40 P.S. §310.71 and 31 Pa Code Chapter 39 a. No violations were noted.

VIII. RECOMMENDATIONS

The recommendations made below identify corrective measures the Department finds necessary due to the number, nature or severity of violations noted in this Examination Report.

1. The Company must ensure that complaint logs are complete and accurate and shall maintain a complete record of all complaints which it has received during the preceding four years as required by 40 P.S. §1171.5 (a)(11).
2. The Company must ensure to send the required written disclosure as required by 31 Pa Code § 83.3 (a)
3. The Company must ensure to maintain comprehensive file documentation as required by 40 P.S. § 323.3 (a).
4. The Company must ensure that any alteration of an application is approved by the applicant as required by 40 P.S. § 625.6.
5. The Company must ensure that the appropriate policy loan notifications are sent to the policyholder as required by 40 P.S. 510 e (a) (5)(ii).
6. The Company must ensure to provide an acceptance or denial of a claim within fifteen (15) working days after receipt of properly executed proofs of loss as required by 31 Pa Code §146.7 (a)(1).
7. The Company must ensure to send claim forms within ten (10) working days after notification of a claim as required by 31 Pa Code §146.5 (d).
8. The Company must ensure to acknowledge and act promptly upon written or oral communications with respect to claims arising under insurance policies as required by 40 P.S. § 1171.5 (a)(10)(ii).

9. The Company must ensure to provide complete accurate names of all licensees appointed by the insurer to the Department as required by 40 P.S. § 310.71 (f).

10. The Company must ensure to file a notice of appointments with the Department of all insurance producers as required by 40 P.S. § 310.71 (c).

11. The Company must ensure to notify the Department of producer terminations as required by 40 P.S. 310. 71 a(e).

IX. COMPANY RESPONSE

SUBMITTED VIA ELECTRONIC DELIVERY

Email: hblanchard@riaconsulting.net

April 28, 2023

Holly Blanchard
Regulatory Insurance Advisors, LLC
5100 N. 27th Street,
Suite A-2 # 308
Lincoln, NE 68521

RE: Accordia Life & Annuity Company (Accordia) Response to the
Initial Report of Examination (Warrant Number 20-M46-021) dated March 30, 2023

Dear Ms. Blanchard:

Accordia Life and Annuity Company (“Company”) has received the initial Report of Examination (“Report”) dated March 30, 2023, covering the period January 1, 2021, through December 31, 2021, from the Pennsylvania Insurance Department, Market Conduct Division. The Company would like to express our thanks to Regulatory Insurance Advisors and the Pennsylvania Insurance Department (“Department”) for their courtesy, cooperation, and professionalism during this examination. We look forward to the successful conclusion of the examination.

The Company is appreciative for the opportunity to review the Report findings and acknowledge that they are consistent with the Company’s position as provided during review. The Company will address the findings and corrective actions contained in the Report to ensure compliance with applicable Pennsylvania requirements. In this regard, the Company is committed to improving and enhancing procedures in those areas identified in the Report.

While the Company acknowledges the Department’s recommendations, the following disclosure language is requested to be included in the Final Examination Report addressing Rule 506 of Regulation D under the Securities Act of 1933:

- Nothing in this Final Report of Examination is intended to form the basis for a disqualification under Rule 506 of Regulation D under the Securities Act of 1933 and therefore disqualification under Rule 506(d)(1) should not arise as a consequence of this Report.

Should the Department require any additional information concerning the Company’s responses, please let me know.

Please contact me at christopher.fedosh@gafg.com or at (646) 495-7897 if I may be of further assistance regarding this matter.

Thank you for your time and consideration.

Sincerely,



Vice President, Head of Regulatory Examinations and Complaints