

STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION

In re:

Banker's Life and
Casualty Company

Docket No. 16-005-I

STIPULATION AND CONSENT ORDER

The Vermont Department of Financial Regulation ("Department") and Banker's Life and Casualty Company ("Banker's Life") stipulate and agree:

1. Pursuant to the authority granted by Vermont law including but not limited to that contained in 8 V.S.A. Sections 11,12,13, 4726 and 4804, the Commissioner of the Department is charged with administering and enforcing the insurance laws of the State of Vermont and is authorized to investigate insurers to determine compliance with these laws and regulations.
2. Banker's Life is a foreign insurer, NAIC ID 61263, licensed in the State of Vermont to issue life, accident and health, and annuity policies.
3. Following an investigation and administrative proceeding by the Department, Banker's Life and the Department entered into a Stipulation and Consent Order dated July 30, 2012, Docket No. 12-023-1. ("the 2012 Order").
4. Among other things, the 2012 Order required that the Department's Market Conduct Unit perform three annual audits of Banker's Life. The second such audit covered the period between July 20, 2013 and July 30, 2014. ("the Second Audit").
5. The Second Audit revealed violations of Vermont Regulation 1-2001-03, Section 5(A)(2) in that on several occasions, Banker's Life failed to notify existing life or annuity insurers of proposed

replacement policies when it knew or should have known an existing policy would be terminated.

6. The Second Audit also revealed a continuing violation of 8 V.S.A. Section 4724(2) relative to marketing and advertising materials which failed to comply with a Field Compliance alert issued by Banker's Life in December 2013 and which were not timely updated and corrected.
7. The Department and Banker's Life enter into this Stipulation and Consent Order to resolve, without further administrative proceedings, the Department's allegations that Banker's Life was not following the terms of the 2012 Order and was engaged in continuing violations of Vermont insurance law. Notwithstanding this Stipulation and Consent Order, the Department continues to allege that Banker's Life did not follow the terms of the 2012 Order and failed to comply fully with Vermont law, but the parties agree this Stipulation and Consent Order does not constitute adjudication or a finding of a violation of statute or regulation and Banker's Life neither admits nor denies the Department's allegations.
8. Nothing herein shall be construed as a waiver of any private right of action any person may have.
9. The Department and Banker's Life further stipulate and agree:
 - a. Agent training: Banker's Life will provide quarterly training to all producers appointed by and managers employed by Banker's Life who hold an active resident or non-resident Vermont license regarding Vermont statutory insurance law and Department insurance regulations, with particular focus on replacement regulations, including Vermont Ins. Regulation 1-2001-03.
 - b. Marketing and Advertising: All Banker's Life marketing and advertising materials utilized by agents must continue to be approved by the Banker's Life home office. The home office will review each agent or branch office submitted marketing and advertising materials to ensure

agents and branch offices are not utilizing marketing and advertising materials which violate Vermont law.

10. In addition to the compliance procedures set forth herein and pursuant to 8 V.S.A. Section 4726(b), Banker's Life agrees to pay an administrative penalty of Eight Thousand Dollars (\$8000), paid by check payable to the Vermont Department of Financial Regulation within thirty (30) days of execution of this Stipulation and Consent Order.
11. Pursuant to the 2012 Order, the Department will continue to monitor Banker's Life's compliance with its terms on an ongoing basis and will continue to conduct annual audits at Banker's Life. Nothing herein shall be construed as limiting the Commissioner's authority to conduct an examination of Banker's Life for reasons unrelated to a determination as to whether or not Banker's Life is compliant with the terms of this Consent Order or for any reason following the last of the three audits contemplated by the 2012 Order.
12. The Department and Banker's Life agree that the terms of this Stipulation and Consent Order resolve the allegations by the Department that Banker's Life did not comply with the terms of the 2012 Order and/or engaged in continuing violations of Vermont insurance law.
13. Banker's Life acknowledges that the Department will not be precluded in any manner from seeking to subject Banker's Life to further sanctions or administrative enforcement proceedings for any alleged violation of this Stipulation and Consent Order.
14. Banker's Life acknowledges and agrees this Stipulation and Consent Order is entered freely and voluntarily and that except as set forth herein, no promise was made to induce Banker's Life to enter into it and that this Stipulation and Consent order represents the entire agreement of the parties as to the subject matter of this agreement and Order.

- 15. Banker's Life acknowledges that it is and has been represented by counsel in this matter and, understanding it is entitled to a hearing before the Commissioner or her designee in the event administrative charges are filed, voluntarily waives that right.
- 16. Banker's Life further acknowledges that the Commissioner retains jurisdiction over this matter for purposes of enforcing this Order.
- 17. This Stipulation and Consent Order shall be governed by and construed under the laws of the State of Vermont.
- 18. Each of the parties signing below represents that he or she has full authority to bind the entity on behalf of which he or she signs.

AGREED AND ACCEPTED:

Department of Financial Regulation

By: Susan L. Donegan

Date: 1/25/16

Susan L. Donegan, Commissioner

Banker's Life and Casualty Company

By: William D. Fritts Jr.

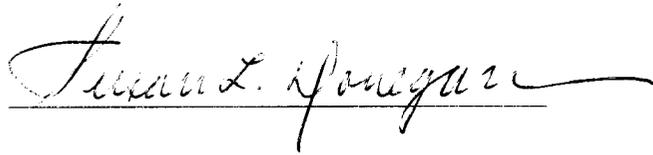
Date: January 14, 2016

William D. Fritts Jr., Senior Vice President,
Regulatory and Government Affairs

-ORDER-

1. Banker's Life and Casualty Company shall comply with all agreements, stipulations and undertakings as recited above.
2. Nothing contained in this Order shall restrain or limit the Department from responding and addressing any consumer complaints about banker's Life and Casualty Company filed with the Department or shall preclude the Department from pursuing any other violation of law.

Dated at Montpelier, Vermont this 25th day of January 2016

A handwritten signature in cursive script, reading "Susan L. Donegan", written over a horizontal line.

Susan L. Donegan, Commissioner, Vermont
Department of Financial Regulation