CSO LEGAL DEPT.
RECEIVED
... 1 2 2015

**STATE OF NORTH DAKOTA**

**BEFORE THE INSURANCE COMMISSIONER**

| | | |
|---|---|---|
| **In the Matter of** | ) | |
| | ) | |
| **Central States Health & Life Company of Omaha,** | ) | **CONSENT ORDER** |
| | ) | |
| **FEIN 47-0123035,** | ) | **CASE NO. CO-15-522** |
| | ) | |
| **Respondent.** | ) | |

**TO: Central States Health & Life Company of Omaha, P.O. Box 34350, Omaha, NE 68134**

North Dakota Insurance Commissioner Adam Hamm ("Commissioner") has determined as follows:

1. The Commissioner has authority in this matter pursuant to N.D.C.C. Title 26.1.

2. Central States Health & Life Company of Omaha, FEIN 47-0123035 ("Respondent"), is a foreign life insurance company incorporated under the laws of Nebraska and engaged in the business of selling accident and health, and life and annuity insurance. It has been duly authorized to do business in North Dakota since 1997.

3. N.D.C.C. § 26.1-26-04 states, in part:

> An insurance company or insurance producer may not pay a commission, service fee, brokerage, or other valuable consideration to a person for selling, soliciting, or negotiating insurance in this state if that person is required to be licensed under this chapter and is not licensed.

4. N.D.C.C. § 26.1-26-13.1 states:

> **26.1-26-13.1. Appointments.**
>
> 1. An insurance producer may not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer

CSO LEGAL DEPT.
RECEIVED
1 2 2015

who is not acting as an agent of an insurer is not required to become appointed.

2. To appoint an insurance producer as its agent, the appointing insurer shall file a notice of appointment within thirty days from the later of the date the agency contract is executed or the first insurance application is submitted. The notice must be in a format approved by the insurance commissioner. An insurer may also appoint an insurance producer to all or some insurers within the insurer's holding company system or group by the filing of a single appointment request.

3. An insurer shall pay an appointment fee for each insurance producer appointed by the insurer in the amount and method of payment set forth in section 26.1-01-07.

4. An insurer shall remit, in a manner prescribed by the commissioner, a renewal appointment fee in the amount set forth in section 26.1-01-07.

5. According to information received by the Department, Respondent , during the time period of at least June 29, 2009, to November 7, 2014, allowed three credit life insurance policies to be written by an unlicensed person without the required appointment.

6. The information provided to the Department showed that a Julie Hiatt was appointed by Respondent to write insurance business on its behalf while she was the Designated Responsible Licensed Producer (DRLP) at Iceblock Investments, Inc., dba Pure Honda. Hiatt has not been employed at Pure Honda since June 29, 2009. After Hiatt left her employment with Pure Honda, Craig Marshall was appointed by Respondent to write insurance business on its behalf. While Marshall was appointed by Respondent, three policies were written by Anthony Owens, who was not a licensed insurance producer and did not have an appointment to write business on behalf of Respondent.

7. Respondent's conduct of accepting and processing applications received in the course of its business from a person who did not have the proper appointment and

paying the agent, either directly or indirectly, commission, brokerage, or other valuable consideration for his services as an insurance producer violates N.D.C.C. §§ 26.1-26-04(1) and 26.1-26-13.1.

8. Respondent may be subjected to an administrative penalty pursuant to N.D.C.C. § 26.1-26-50.

9. Respondent has agreed to an informal disposition of this matter, without a hearing, as provided under N.D.C.C. § 28-32-22.

10. For purposes of resolving this matter, without further administrative proceedings, Respondent and the Commissioner have agreed to enter into the following Order:

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent is assessed a fine in the amount of $3,000 which shall be paid within 20 days of the execution of this Order.

2. Respondent shall immediately appoint all insurance producers that seek to sell, solicit, or negotiate its policies and shall comply with North Dakota law regarding all future appointments.

3. The use of this Consent Order for competitive purposes by an insurance producer or agency holding a license in the State of North Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority.

DATED at Bismarck, North Dakota, this 29th day of April, 2015.

Adam Hamm
Insurance Commissioner
State of North Dakota

CSO LEGAL DEPT.
RECEIVED
MAR 12 2015

CONSENT TO ENTRY OF ORDER

The undersigned, Rebecca L. Smart, **on behalf of Central States Health & Life Company of Omaha**, states that he/she has read the foregoing Consent Order, knows and fully understands its contents and effect; and has been advised of the right to be represented by legal counsel, the right to a hearing in this matter, the right to present evidence and arguments to the Commissioner, and the right to appeal from an adverse determination after hearing; and that by the signing of this Consent to Entry of Order he/she waives those rights in their entirety, and consents to entry of this Order by the Insurance Commissioner. It is further expressly understood that this Order constitutes the entire settlement agreement between the parties, there being no other promises or agreements, either expressed or implied.

DATED this 16 day of April, 2015.

Central States Health & Life Company of Omaha

By: Rebecca L. Smart
Name

VP General Counsel
Title

Subscribed and sworn to before me

this 16 day of April, 2015.

Loretta A. Wipf
Notary Public

County of Douglas

State of Nebraska

My commission expires:

GENERAL NOTARY - State of Nebraska
LORETTA A. WIPF
My Comm. Exp. October 27, 2018