

STATE OF NORTH DAKOTA
BEFORE THE INSURANCE COMMISSIONER

In the Matter of)	
)	
United Heritage Life Insurance)	CONSENT ORDER
Company,)	
FEIN 82-0123320,)	FILE NO. CO-14-487
)	
Respondent.)	

TO: Susan Pfeifer, United Heritage Life Insurance Company, 707 East United Heritage Court, P.O. Box 7777, Meridian, ID 83642-3527

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

1. The Commissioner has authority in this matter pursuant to N.D.C.C. § 26.1-01-03.
2. The Commissioner has jurisdiction over the Respondent and the subject matter of this Consent Order, and this Consent Order is made in the public interest.
3. On or about July 28, 2014, the North Dakota Insurance Department ("Department") received a copy of an advertisement sent by Kramer Direct on behalf of North Dakota insurance producer Steven R. Anderson to 5,269 North Dakota addresses.
4. Through the Department's investigation, the Department discovered that the advertisement for "final expense" coverage, was advertising United Heritage Life Insurance Company policies.

5. United Heritage Life Insurance Company, FEIN 82-0123320, (“Respondent”), at all relevant times, was a foreign insurance company domiciled in Idaho and licensed to do business in North Dakota.

6. Respondent was aware that the mailers were being sent by Kramer Direct to North Dakota addresses. Respondent paid Kramer Direct for these mailings and deducted the cost from Steven R. Anderson’s commissions.

7. Respondent did not require Kramer Direct to send them a copy of the mailer.

8. Respondent did not review the mailer to ensure compliance with North Dakota laws and rules.

9. As a result of information obtained by the Department regarding the conduct of Respondent, the Commissioner has considered the imposition of a civil penalty or any other action the Commissioner deems necessary. Respondent’s conduct is alleged to be in violation of N.D.C.C. § 26.1-26-43 and N.D. Admin Code §§ 45-04-10-02, 45-04-10-03, 45-04-10-04 and 45-04-10-05.

10. N.D.C.C. § 26.1-26-43 states:

26.1-26-43. License suspension, revocation, or refusal – Business entity – Additional ground. The license of a business entity may be suspended, revoked, or refused if the commissioner finds, after hearing, that an individual licensee’s violation was known or should have been known by one or more of the partners, officers, or managers acting on behalf of the business entity and the violation was not reported to the commissioner nor corrective action taken in relation to the violation.

11. N.D. Admin. Code § 45-04-10-02 states:

45-04-10-02. Applicability.

1. This chapter applies to any advertisement of life insurance or any annuity product intended for dissemination in this state and which advertisement is disseminated in any manner by or on behalf of an insurance company, agent, or broker.
2. Every insurer shall establish and at all times maintain a system of control over the content, form, and method of dissemination of all advertisements of its policies. All such advertisements, regardless of by whom written, created, designed, or presented, are the responsibility of the insurer. However, this does not in any way prohibit enforcement of this chapter against individual agents, brokers, and agencies.

12. N.D. Admin. Code § 45-04-10-03 states, in relevant part:

45-04-10-03. Disclosure Requirements.

...

2. No advertisement may omit material information or use words, phrases, statements, references, or illustrations if such omission or such use has the capacity, tendency, or effect of misleading or deceiving purchasers or prospective purchasers as to the nature or extent of any policy benefit payable, loss covered, premium payable, or state or federal tax consequences. The fact that the policy offered is made available to a prospective insured for inspection prior to consummation of the sale, or an offer is made to refund the premium if the purchaser is not satisfied, does not remedy misleading statements.
3. In the event an advertisement uses "Non-Medical", "No Medical Examination Required", or similar terms where issue is not guaranteed,

such terms must be accompanied by a further disclosure of equal prominence and in juxtaposition thereto to the effect that issuance of the policy may depend upon the answers to the health questions.

4. An advertisement may not use as the name or title of a life insurance policy any phrase which does not include the words "life insurance" unless accompanied by other language clearly indicating it is life insurance.
5. The policy must prominently describe the type of policy advertised.
- ...
7. An advertisement for a policy containing graded or modified benefits must prominently display any limitations of benefits. If the premium is level and coverage decreases or increases with age or duration, such fact must be prominently disclosed.

13. N.D. Admin. Code § 45-04-10-04 states:

45-04-10-04. Identity of insurer.

...

2. No advertisement may use any combination of words, symbols, or physical materials which by their content, phraseology, shape, color, or other characteristics are so similar to a combination of words, symbols, or physical materials used by a governmental program or agency or otherwise appear to be of such a nature that they tend to mislead prospective insureds into believing that the solicitation is in some manner connected with such governmental program or agency.

14. N.D. Admin. Code § 45-04-10-05 states, in relevant part:

45-04-10-05. Jurisdictional licensing and status of insurer.

1. An advertisement may not create the impression that the insurer, its financial condition or status, or advisability of its policy forms or kinds of plans of insurance are recommended or endorsed by any governmental entity. However, where a governmental entity has recommended or endorsed a policy form or plan, such fact may be stated if the entity authorizes its recommendation or endorsement to be used in an advertisement.

15. The mailer does not state that this is an advertisement for a life insurance product.

16. The mailer states that the product is a “state-regulated program to pay for your final expenses ...” which the Department finds to be misleading and implies that this is a government program.

17. The mailer states that the product pays for “final expenses regardless of your medical condition...” but fails to disclose that health questions must be answered.

18. The mailer fails to disclose the change in benefits as the insured ages or time lapses.

19. Respondent’s conduct of failing to ensure the mailers were in compliance with North Dakota laws and rules resulting in 5,269 non-compliant mailers being sent to North Dakota addresses constituting 5,269 separate violations.

20. Respondent may be subjected to an administrative penalty pursuant to N.D.C.C. § 26.1-01-03.3 and suspension, revocation or refusal pursuant to N.D.C.C. § 26.1-26-43.

NOW, THEREFORE, IT IS HEREBY ORDERED THAT:

1. Respondent United Heritage Life Insurance Company agrees that it committed a total of 5,269 separate violations of North Dakota laws and rules for the

5,269 mailers sent by Kramer Direct on behalf of North Dakota insurance producer Steven R. Anderson to 5,269 North Dakota addresses.

2. Respondent agrees to pay an administrative penalty in the amount of \$5,000 to the North Dakota Insurance Department within 15 business days of the execution of this Order. Payment must be sent to: North Dakota Insurance Department, 600 East Boulevard Avenue, Bismarck, ND 58505-0320.

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 the license or authority.

DATED this 16th day of December, 2014.



Adam Hamm
Insurance Commissioner
State of North Dakota

CONSENT TO ENTRY OF ORDER

The undersigned Geoffrey M. Baker, **on behalf of United Heritage Life Insurance Company**, states that the undersigned has read the foregoing Consent Order and is authorized by the Company to consent to the entry of this order. The undersigned, on behalf of the Company, fully understands the contents and effect of the Consent Order. The Company has been advised of its right to be represented by legal counsel, to request a hearing in this matter, to present evidence and arguments to the Commissioner, and of its right to appeal from an adverse determination after hearing.

By the signing of this Consent to Entry of Order, the undersigned on behalf of the Company waives those rights in their entirety and voluntarily consents to the entry of this Consent Order by the Insurance Commissioner and agrees to be bound by it. It is further expressly understood that this Consent Order constitutes the entire settlement agreement between the parties hereto, there being no other promises or agreements either expressed or implied.

DATED this 4th day of December, 2014.



United Heritage Life Insurance Company

By: Geoffrey M. Baker

Its: Senior Vice President and General Counsel

Subscribed and sworn to before me

this 4th day of December, 2014.


Notary Public

State of Idaho

County of Ada

My commission expires: 02/22/2020

