

State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Insurance Division
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

IN THE MATTER OF:

AMERICAN GENERAL LIFE INSURANCE
COMPANY

RESPONDENT.

DBR No. 2018-IN-018

CONSENT AGREEMENT

It is hereby agreed between the Department of Business Regulation (“Department”) and American General Life Insurance Company (“Respondent” or the “Company”) as follows:

FACTS

1. Respondent is an insurer that holds a license for the Life, Accident and Health lines of business in the State of Rhode Island and is licensed to issue products under that line of authority, including accidental death and dismemberment policies.
2. The Department received one complaint from a Rhode Island consumer (the “Complainant”) in December 2017 against the Respondent alleging that the Complainant had not requested an accidental death and dismemberment (“AD&D”) policy and requesting a refund of all premiums paid to the Company.
3. The Department conducted an initial investigation into the complaint. The Complainant purchased an AD&D policy (the “Policy”) via telephone from a licensed producer employed by Sunrise Health Plans, Inc. (the “Agency”). The policy sale was completed using a voice

signature; as such, the Respondent required the producer to collect the consumer's information and to process a voice application to initiate the policy. No hard copy or other electronic information regarding the Policy was provided to the consumer prior to the voice application and signature; however, the policy contained a free look period and was mailed to the consumer's verified address.

4. The Respondent initially declined to refund the Complainant's premium as the request for refund occurred outside the free look period and coverage had been provided. During the course of the Department's review of the complaint, the Company agreed to record the policy as not taken and issued a refund of all premiums paid on May 14, 2018.
5. As part of its investigation into the above complaint, the Department requested a copy of the recording in which the Complainant purchased the policy. The Company initially notified the Department that it was unable to obtain the voice recording as the Agency, which maintained the recording, was no longer in business. Similarly, the Respondent was unable to obtain a statement from the agent who sold the Complainant her policy.
6. Respondent later obtained the recording of the verification and voice signature for the sale of insurance from the successor entity to the Agency, which it forwarded to the Department in September 2018. The voice recording represented the verification of the sale using the Company's approved telephone sale verification script. That script included verification of the consumer's name, address, date of birth, social security number, place of birth and telephone number, as well as an explanation of the policy type, amount, premium, benefits, and exclusions and limitations of coverage. The recording also contained the Complainant's voice signature, which has the same legal effect as a written signature. The voice recording

did not contain the solicitation portion of the call between the producer and the Complainant.

7. In a telephone solicitation with Rhode Island consumers, the recorded verification portion of the call generally includes a description of the benefits of insurance under the policy(ies) at issue, including policy type, amount, premium, benefits, and exclusions and limitations of coverage. Through reviewing the recorded portion of those calls, Respondent may ensure that the producer subject to its Agreement was following its approved telephone verification scripts and accurately representing Respondent's policies to the consumer. Respondent does not require its licensed producers to record the entire telephone conversation between the producers and Rhode Island consumers.
8. The Department further examined Respondent's record keeping procedures, including a review of the Telephone Solicitation Agreement (the "Agreement") Respondent typically would have had with direct marketers operating in a contact center environment with call recording capabilities ("Contact Center Agencies"). Respondent was unable to locate a signed copy of the Agreement with this Contact Center Agency in its files, but provided a copy that typically would have been signed with a Contact Center Agency.
9. Per the Agreement, the Agency is required to "maintain all voice recordings for at least seven (7) years or until physically transferred to Company in a mutually agreed upon medium." Additionally, the Agreement required the Agency to "retain all documents, Company Voice Recordings and records relating to this Agreement for a period of two (2) years" upon termination of the Agreement. The Department asked the Respondent to detail steps taken in the event of the dissolution of the Agreement to recover voice recordings

and/or other records from the Agency; Respondent confirmed it does not currently have a systematic process to retrieve records upon termination.

10. Per the Agreement, the Respondent retained the right to conduct regular audits of the records or phone calls to supervise the Agency. Respondent's practice is to conduct risk-based monitoring of agencies with which it does business, including a review of records or telephone calls, based on consumer and/or regulatory complaints.

11. The Department further reviewed the licensure status of the Agency. During the relevant time period the Agency did not hold an optional business entity insurance producer license in Rhode Island.

APPLICABLE LAW / FINDINGS

1. Insurance Regulation 230-RICR-20-60-4.5(A) states, "A policy record file shall be maintained for each policy issued, and shall be maintained for the duration of the current policy term plus four (4) years, or for life insurance policies and annuity contracts, for the time the policy or contract is in force and four (4) years thereafter."
2. Insurance Regulation 230-RICR-20-60-4.5(B) states, "Policy records shall include the following: 1. Any application and accompanying records for each contract."
3. Insurance Regulation 230-RICR-20-60-4.10 states, "When, under normal circumstances, someone other than the insurer maintains a required record or type of record, the other person's responsibility to maintain the records shall be set forth in a written agreement, a copy of which shall be maintained by the insurer and shall be available to the examiners for purposes of examination."

4. The Department's position is that when an insurer relies on another person to fulfill its obligations under the records retention regulation, the insurer is ultimately responsible for compliance with all applicable laws and regulations.
5. Insurance Regulation 230-RICR-20-30-1.12.2(C) states, "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 health benefit contracts. All such advertisements, regardless of by whom written, created, designed, or presented, shall be the responsibility of the insurer whose health benefit contracts are so advertised."
6. The Department believes that not recording the entire phone call with a consumer and only recording the verification portion of a telephone solicitation call is insufficient to maintain a system of control over the advertisements and representations made concerning Respondent's products and amounts to an Unfair Trade Practice. The Company does not agree to this position.

AGREEMENT

THEREFORE, based on the foregoing, Respondent and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following:

1. Respondent acknowledges that it was a violation of 230-RICR-20-60-4.5 to not be able to retrieve in a timely manner the complete policy record file relating to a policy issued in Rhode Island.
2. Respondent acknowledges that it was a violation of 230-RICR-20-60-4.10 to rely on a third party to maintain required records without an executed written agreement maintained by the insurer that was available for purposes of examination.

3. Respondent acknowledges that it was a violation of 230-RICR-20-30-1.12.2(C) to not have a reasonable system in place to monitor the advertising done by its Contact Center Agencies relating to the Company's AD&D product.
4. Respondent has substantially exited the AD&D marketplace. However, if Respondent were to return to that marketplace, it agrees to establish additional measures as set forth below.
 - a. Respondent would require the use of approved call guides for Contact Center Agencies offering AD&D products. These call guides would be subject to the Company's advertising review process.
 - b. Respondent would require Contact Center Agencies to record, as permitted by applicable state and federal law, the portion of a sales call pertaining to the application for the Company's AD&D product, including required attestations and disclosures, application and voice signature. Nothing herein shall require recording of information which the Company is not authorized to receive and maintain, or recording in instances where any required consumer consent has been withheld.
 - c. Respondent would ensure that Contact Center Agencies hold the optional business entity license in Rhode Island and have an executed Telephone Solicitation Agreement in place prior to the issuance of AD&D insurance contracts in Rhode Island.
 - d. Respondent would subject any Contact Center Agencies offering the Company's AD&D products to its then-existing risk-based monitoring and controls, taking into account factors including but not limited to consumer and/or regulatory complaints and regularly-conducted new business surveys of contract holders.

5. Respondent agrees to refund the premiums paid by fifty-three (53) other Rhode Island AD&D policyholders who purchased policies from the Agency and cancelled their policies within twelve (12) months of purchase.
6. Respondent agrees to pay an administrative fine within thirty-days of twenty-five thousand dollars (\$25,000) to resolve this matter.
7. Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondent knowingly and voluntarily waives any right to an administrative hearing and waives any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 *et seq.*
8. Enforcement. If the Respondent fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, the Respondent will be in violation hereunder and the Department shall be entitled to immediately to take enforcement or other action in accordance with applicable law.
9. Compliance; Other Laws. Compliance with the terms of this Consent Agreement does not relieve the Respondent of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.

Counsel for the Department and Respondent hereby consent and agree to the foregoing on behalf of their respective clients this 5/15/2020 day of May 2020.

Department of Business Regulation
By its Legal Counsel,

DocuSigned by:

Matthew Gendron

4EA802AEAE64E1...

Matthew M. Gendron, Esq.

American General Life Insurance Company

By its Officer,

DocuSigned by:

Mark Peterson

F6C11891F7D9495...

Mark A. Peterson, V.P., Distribution