



**STATE OF RHODE ISLAND  
DEPARTMENT OF BUSINESS REGULATION  
INSURANCE DIVISION  
1511 PONTIAC AVENUE, BUILDING 69-2  
CRANSTON, RHODE ISLAND 02920**

**IN THE MATTER OF:**

**AMERICAN FAMILY LIFE ASSURANCE  
COMPANY OF COLUMBUS**

**RESPONDENT.**

**2025-IN-003**

**CONSENT AGREEMENT**

It is hereby agreed between the Department of Business Regulation (Department) and American Family Life Assurance Company of Columbus (Respondent) as follows:

1. Respondent is an insurance company domiciled in the State of Nebraska that is licensed to market individual life policies, annuity contracts and health insurance policies in Rhode Island and identified with the NAIC Company Code number of 60380.
2. The Department began its market conduct analysis in response to Respondent's data submitted for the 2022, 2023 and 2024 Market Conduct Annual Statement.
3. During the Department's market conduct analysis, the Department determined that Respondent's internal replacement disclosure used when an application for a replacement policy or contract for an existing life insurance policy or annuity contract is processed did not comply with the internal replacement disclosure requirements of R.I. Gen. Laws § 27-29-4.7.



4. Rhode Island enacted R.I. Gen. Laws § 27-29-4.7, “Additional Unfair Methods of Competition,” to combat twisting and churning in the business of insurance, as such terms are defined therein. Churning is a concern as it involves using the cash, loan values, or dividend values in an existing life insurance policy or annuity contract to purchase another insurance policy or annuity contract with the same insurer for the purpose of earning additional premiums, fees, and commissions or other compensation.

5. R.I. Gen. Laws § 27-29-4.7(b) requires an insurer when issuing a replacement life insurance policy or annuity contract to disclose “to the applicant at the time of offer if, how, and the extent to which the policy or contract values (including cash value, dividends, and other assets) of a previously issued policy or contract will be used to purchase a replacing or additional policy or contract with the same insurer. The disclosure must include the premium, the death benefit of the proposed replacing or additional policy, and the date on which the policy values of the existing policy or contract will be insufficient to pay the premiums of the replacing or additional policy or contract”.

#### MARKET CONDUCT ANALYSIS TIMELINE

6. As part of its Market Conduct Analysis, the Department informed the Respondent’s that its internal replacement disclosure did not comply with the requirements of R.I. Gen. Laws § 27-29-4.7 and 230-RICR-20-25-4. Specifically, the disclosure did not include:

- a) amount leaving the old policy/contract for the new policy/contract,
- b) amount left in the old policy/contract,
- c) old policy/contract cash value/surrender value vs cash value/surrender value of new policy/contract,
- d) old policy dividends vs. dividends of the new policy,
- e) old policy/contract other assets vs. other assets of the new policy/contract,
- f) old policy premium vs the new policy premium,
- g) old policy death benefits vs. new policy death benefits,



h) date existing policy/contract would be insufficient to pay premiums of the replacing or additional policy/contract and i) old policy/contract riders vs new policy/contract riders.

7. In response to the Department's market conduct analysis, Respondent provided an updated replacement disclosure addressing the Department's concerns and advised implementation would continue for the second quarter of 2025.

8. The updated replacement disclosure meets Rhode Island requirements.

9. According to the Department, Respondent reported a total of twelve (12) internal replacements, from 2022 through 2024, that were completed without giving consumers the statutorily required comparisons.

#### **AUTHORITY**

10. 230-RICR-20-25-4.10(D) states, in part, "Violations of this Part shall subject the violators to penalties that may include ... monetary fines".

11. R.I. Gen. Laws § 27-29-4.7(a) includes within the definition of unfair methods of competition and deceptive acts or practices in the business of insurance, the failure to comply with the internal replacement disclosure requirements set forth in R.I. Gen. Laws § 27-29-4.

12. R.I. Gen. Laws § 27-29-4.5 sets an administrative penalty for failure to comply with these disclosure requirements of up to five thousand dollars (\$5,000) per violation.

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

I. Respondent admits to the above referenced facts.




- II. Respondent agrees to pay an administrative penalty of seven thousand five hundred dollars (\$7,500.) within thirty (30) days to resolve the within-described internal replacement disclosure non-compliance.
- III. On or before thirty 30 days after execution, Respondent will review all replacement transactions after the date the internal replacement disclosure was implemented to ensure compliance and report any non-compliance to the Department.
- IV. 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.*
- V. Enforcement. If Respondent fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, 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.
- VI. Compliance: Other Laws. Compliance with the terms of this Consent Agreement does not relieve 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 Respondent and the Department hereby consent and agree on the foregoing on behalf of their respective clients the 15th day of April, 2026.

Rhode Island Department of  
Business Regulation  
by its Legal Counsel

American Family Life Assurance Company  
Of Columbus ("Respondent")  
by Thomas L. McDaniel



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Patrick J. Smock II (#7550)



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Thomas L. McDaniel  
Senior VP, Chief Auditor & U.S. Compliance Officer