



Report on  
Market Conduct Examination

of the  
**Americo Financial Life & Annuity Insurance Company**  
Kansas City, Missouri

by Representatives of the  
North Carolina Department of Insurance

as of  
January 6, 2023

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Raleigh, North Carolina  
January 6, 2023

Honorable Michael Causey  
Commissioner of Insurance  
Department of Insurance  
State of North Carolina  
325 N. Salisbury Street  
Raleigh, North Carolina 27603

Honorable Chlora Lindley-Meyers  
Commissioner of Insurance  
Department of Insurance  
301 W. High Street #603  
Jefferson City, Missouri 65101

Honorable Commissioners:

In accordance with the provisions of North Carolina General Statute (NCGS) 58-2-131 through 58-2-134, a target examination has been made of the market conduct activities of the following entity

**Americo Financial Life and Annuity Insurance Company  
(NAIC #61999)**

NAIC Exam Tracking System Exam Number: NC-NC094-32  
Kansas City, Missouri  
(hereinafter referred to as the Company)

This examination was conducted at the North Carolina Department of Insurance (Department) office located at 325 N. Salisbury Street Raleigh, North Carolina. A report thereon is respectfully submitted.

**SCOPE OF EXAMINATION**

This examination commenced on July 12, 2021, and covered the period of January 1, 2018, through December 31, 2020, with analyses of certain operations of the Company being conducted through November 15, 2022. All comments made in this report reflect conditions observed during the period of the examination.

This examination was performed in accordance with auditing standards established by

the Department and procedures established by the National Association of Insurance Commissioners (NAIC). The scope of this examination was not comprehensive and consisted of a review of the Company's practices and procedures in policyholder treatment, marketing, underwriting, and policy rescissions. The findings and conclusions contained within the report are based on the work performed and are referenced within the appropriate sections of the examination report.

It is the Department's practice to cite companies in violation of a statute or rule when the results of a sample show errors/noncompliance that fall outside certain tolerance levels. The Department applied 0 percent for consumer complaints, sales and advertising, producers who were not appointed and/or licensed, and the use of forms and rates/rules that were neither filed with nor approved by the Department; and 10 percent for all other areas reviewed. When errors are detected in a sample, but the error rate is below the applicable threshold for citing a violation, the Department issues a reminder to the company.

### **EXECUTIVE SUMMARY**

This market conduct examination revealed concerns with Company's procedures and practices in the following areas:

*Policyholder Treatment –*

- Failure to respond to the complaint within seven calendar days.
- Failure to promptly refund premiums on canceled policies.

*Underwriting –*

- Failure to notify existing insurers within five business days of receipt of an application.

Specific violations are noted in the appropriate section of this report. All North Carolina General Statutes and rules of the North Carolina Administrative Code cited in this report may be viewed on the North Carolina Department of Insurance Website: <https://www.ncdoi.gov/insurance-industry/market-regulation>.

This examination identified statutory violations which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate their ability and intention to conduct business in North Carolina according to its insurance laws and regulations.

All statutory violations may not have been discovered or noted in this report. Failure to identify statutory violations in North Carolina or in other jurisdictions does not constitute acceptance of such violations. Examination report findings that do not reference specific insurance laws, regulations, or bulletins are presented to improve the Company's practices and ensure consumer protection.

### **POLICYHOLDER TREATMENT**

#### **Department of Insurance Consumer Complaints**

As a result of the Department's market analysis surveillance activities, all Department of Insurance consumer complaints from a population of 43 were reviewed for accuracy, adherence to Company guidelines, and compliance with North Carolina statutes and rules.

The Company provided a consumer complaint register for the examiners' review. The Company was found to follow the provisions of Title 11 of the North Carolina Administrative Code (NCAC) Chapter 19 section 0103.

One file (2.3% error ratio) indicated the Company did not respond to the complaint within seven calendar days. The Company was deemed to be in violation of provisions of 11 NCAC 1.0602.

The following table displays the types of complaints received for each year of the examination:

<b>Type</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Administrative Related	3	5	6
Agent Related	3	7	8
Underwriting Related	4	4	3
<b>Total</b>	<b>10</b>	<b>16</b>	<b>17</b>

The average service time to respond to a Departmental complaint was 19 calendar days.

A chart of the response time follows:

<b>Service Days</b>	<b>Number of Files</b>	<b>Percentage of Total</b>
1 - 7	31	72.1
15 - 21	9	20.9
22 – 30	2	4.7
Over 60	1	2.3
<b>Total</b>	<b>43</b>	<b>100.0</b>

### **Non-Department of Insurance Consumer Complaints**

As a result of the Department's market analysis surveillance activities, the Company provided a list of 149 Non-Department of Insurance consumer complaints. Fifty files were randomly selected and reviewed for accuracy, adherence to Company guidelines, and compliance with North Carolina statutes and rules.

Eleven files (22.0% error ratio) referenced complaints of policies that were canceled, and premiums were not promptly refunded. The Company was found to be in violation of the provisions in NCGS 58-57-50(a).

The following table displays the types of complaints received for each year of the examination:

<b>Type</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Administrative Related	13	7	19
Agent Related	3	6	2
Underwriting Related	0	0	0
<b>Total</b>	<b>16</b>	<b>13</b>	<b>21</b>

The average service time to respond to a Non-Departmental complaint was 13 calendar days. A chart of the response time follows:

<b>Service Days</b>	<b>Number of Files</b>	<b>Percentage of Total</b>
1 - 7	12	24.0
15 - 21	23	46.0
22 - 30	10	20.0
31 - 60	4	8.0
Over 60	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

## **MARKETING**

### **Sales and Advertising**

The Company provided sales and advertising materials that displayed evidence of control over content, form, and method of dissemination of all advertisements of its policies. The review of the Company's internet site at [www.Americo.com](http://www.Americo.com), was also completed. No irregularities, adverse trends, or unfair trade practices were perceived in this section of the examination.

## **UNDERWRITING**

### **Individual Non-Variable Annuity Replacements**

The Company's underwriting practices were reviewed to determine accuracy, adherence to Company guidelines, and compliance with the applicable North Carolina statutes and rules. The Company provided a list of 224 individual annuity replacement files. Fifty files were randomly selected for review.

Seven files (14.0% error ratio) contained evidence that the replacement letter notifying any other existing insurers that may be affected by the proposed replacement, was not sent within five business days of receipt of an application. The Company was deemed to be in violation of the provisions of 11 NCAC 12.0612(a)(2).

The average service time from the date the application was received to the date on the notification letter to the replaced insurer was three calendar days. A chart of the service time to notify the existing insurer of replacement from the date of application until the date of notification follows:

<b>Service Days</b>	<b>Number of Files</b>	<b>Percentage of Total</b>
1 - 7	48	96.0
8 -14	1	2.0
15 - 21	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

### **Individual Non-Variable Life Replacements**

The Company's underwriting practices were reviewed to determine accuracy, adherence to Company guidelines, and compliance with the applicable North Carolina statutes and rules. The Company provided a list of 3,529 individual life replacement files. Fifty files were randomly selected for review. No irregularities, adverse trends, or unfair trade practices were perceived in this section of the examination.

The average service time from the date the application was received to the date on the notification letter to the replaced insurer was two calendar days. A chart of the service time to notify the existing insurer of replacement from the date of application until the date of notification follows:

<b>Service Days</b>	<b>Number of Files</b>	<b>Percentage of Total</b>
1 - 7	48	96.0
8 -14	1	2.0
15 - 21	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>



## POLICY RESCISSIONS

### Individual Life Policy Rescissions

The Company's policy rescission practices were reviewed to determine accuracy, adherence to Company guidelines, and compliance with the applicable North Carolina statutes and rules. The Company provided a list of 300 individual life rescission files. Fifty files were randomly selected for review. No irregularities, adverse trends, or unfair trade practices were perceived in this section of the examination.

The average service time to process a rescission was seven calendar days. A chart of the service time follows:

<b>Service Days</b>	<b>Number of Files</b>	<b>Percentage of Total</b>
1 - 7	5	10.0
15 - 21	1	2.0
22 - 30	1	2.0
31 - 60	3	6.0
Over 60	40	80.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

### COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

The Company must complete and implement corrective actions as a result of this targeted examination. The Company is directed to respond to consumer complaints received from the Department within seven calendar days. The Department directs the Company to promptly process refunds for canceled policies. The Company is also directed to notify existing insurers affected by the proposed replacement within five business days following the receipt of the application. The Company must monitor the activities of all appointed agents, including independent agents, who solicit or negotiate an application for insurance of any kind on behalf of the Company and is regarded by statute as representing the Company. If an agent is terminated for cause, the Company is directed to provide a copy of the notification to the producer at the producer's last known address by certified mail, return receipt requested,

postage prepaid, or by overnight delivery using a nationally recognized carrier. Furthermore, upon termination of the agent for cause, the Company must notify the Commissioner within 30 days after the effective date of the termination, using a form prescribed by the Commissioner, and upon the written request of the Commissioner, provide additional information, documents, records, or other data pertaining to the termination or activity of the agent. The Company should also promptly notify the Commissioner if, upon further review or investigation, additional information is discovered that would have been reportable to the Commissioner had the Company then known of its existence. In all termination of agent instances and after notifying the Commissioner, the Company is required to notify the producer using a form prescribed by the Commissioner at the producer's last known address within 15 days by certified mail, return receipt requested, postage prepaid, or by overnight delivery using a nationally recognized carrier.

Upon acceptance of the Report, the Company shall provide the Department with a statement of corrective action plan to address the violations identified during the examination. The Department will conduct a future investigation, if warranted, to determine if the Company successfully implemented its statement of corrective action.

### **CONCLUSION**

A target examination has been conducted on the market conduct affairs of Americo Financial Life and Annuity Insurance Company for the period January 1, 2018, through December 31, 2020.

This examination was conducted in accordance with the North Carolina Department of Insurance and the National Association of Insurance Commissioners Market Regulation Handbook procedures including analyses of Company operations in the areas of policyholder treatment, marketing, underwriting, and policy rescissions.

In addition to the undersigned, Princess Greene, MPM, MCM North Carolina Market

Conduct Senior Examiner participated in this examination.

Respectfully submitted,

A handwritten signature in cursive script that reads "Vicki S. Royal".

Vicki S. Royal, CPM, MCM, ACS, AIAA, AIRC  
Examiner-In-Charge  
Market Regulation Division  
State of North Carolina

I have reviewed this examination report and it meets the provisions for such reports prescribed by this Division and the North Carolina Department of Insurance.

A handwritten signature in cursive script that reads "Teresa Knowles".

Teresa Knowles, MCM, ACS  
Deputy Commissioner  
Market Regulation Division  
State of North Carolina