

STATE OF OREGON  
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case Nos. INS-19-0092

ACCORDIA LIFE AND ANNUITY  
COMPANY, an Iowa Corporation, and  
ATHENE ANNUITY AND LIFE  
COMPANY, an Iowa Corporation,

ORDER TO CEASE AND DESIST,  
FINAL ORDER ASSESSING CIVIL  
PENALTY, AND CONSENT TO  
ENTRY OF ORDER

Respondents.

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 (“Insurance Code”), has conducted an investigation into the activities of Accordia Life and Annuity Company (“Accordia”) and Athene Annuity and Life Company (“Athene”) (collectively, “Respondents”) and determined that Respondents engaged in violations of the Insurance Code.

Respondents wish to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Respondents hereby CONSENT to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. Accordia has held an Oregon insurer license since September 29, 1967. Accordia’s NAIC number is 62200.
2. Accordia’s principal place of business is 215 10<sup>th</sup> St., Suite 1100, Des Moines, IA 50309.
3. Athene has held an Oregon insurer license since May 23, 1922. Athene’s NAIC

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1 number is 61689.

2 4. Athene's principal place of business is 7700 Mills Civic Parkway, West Des  
3 Moines, IA 50266.

4 5. In or around October 2013, Global Atlantic Financial Group ("GAFG"),  
5 through a subsidiary, acquired a substantial portion of Athene's life insurance businesses.  
6 Pursuant to that transaction:

7 (A) A portion of Athene's life insurance business was transferred to  
8 Accordia; and

9 (B) Accordia assumed responsibility for the administration of the acquired  
10 life insurance business, including life business kept by Athene and reinsured by  
11 Accordia.

12 6. In or around 2013, Respondents outsourced the administration of their life  
13 insurance business and certain annuities to Alliance-One Services, Inc. ("Alliance"), a third  
14 party administrator.<sup>1</sup> Alliance provides Respondents with services that include premium  
15 collection, underwriting, record retention and policy administration for Respondents' life  
16 insurance products.

17 **Failure to Provide Annual Reports**

18 7. During the conversion of Respondents' accounts to Alliance's administrative  
19 systems, life insurance policies and annuity contracts for Respondents' Oregon clients were  
20 placed on suspended or restricted status. As a result, Respondents failed to provide the  
21 affected clients with annual reports containing information prescribed by the Insurance  
22 Code.<sup>2 3</sup>

23 \_\_\_\_\_  
24 <sup>1</sup> Alliance has held an Oregon third party administrator's license since November 20, 1996.

25 <sup>2</sup> Life insurance policy reports require information including, but not limited to, the policy's current value,  
26 the total amounts credited or debited to the policy during the reporting period, the policy's current death  
benefit, and the policy's current net cash surrender value. See Oregon Administrative Rules ("OAR") 836-  
051-0580(1).

<sup>3</sup> Annuity contract reports require information including, but not limited to, the policy's current accumulation  
and cash surrender values, the total amounts credited to the policy during the reporting period, relevant



1 8. In 2015, Respondents failed to provide 379 Oregon clients with annual reports  
2 for their life insurance policies for which illustrations were used.<sup>4</sup>

3 9. In 2016, Respondents failed to provide 821 Oregon clients with annual reports  
4 for their life insurance policies.

5 10. In 2016, Respondents failed to provide 376 Oregon clients with annual reports  
6 for their annuity contracts.

7 11. In 2017, Respondents failed to provide 228 Oregon clients with annual reports  
8 for their life insurance policies.

9 12. In 2017, Respondents failed to provide 186 Oregon clients with annual reports  
10 for their annuity contracts.

11 **Under-Crediting Interest on Consumer Policies/Contracts**

12 13. Many of Respondents' indexed life insurance products are subject to an eight  
13 percent interest rate cap for their policy/contract holders.

14 14. From in or around 2015 through in or around 2017, Alliance mistakenly coded  
15 a 7.75% interest rate cap on 286 of Respondents' Oregon indexed life insurance policies.  
16 As a result, their Oregon clients earned \$73,473.01 less than they were owed on their  
17 policies.

18 15. In or around January 2017, Alliance discovered that the incorrect rate cap had  
19 been applied to one of Respondents' Oregon policies.

20 16. On or around March 6, 2017, Respondents learned of this error.

21 17. Approximately eight months later, in or around November 2017, Respondents  
22 discovered the rate cap error was a systemic problem that applied to hundreds of policies.  
23 At this time, Respondents should have submitted the error for remediation.

24 18. Approximately six months later, in or around May 2018, Respondents  
25

26 \_\_\_\_\_  
deadlines, and any additional benefit values. See OAR 863-051-0920.

<sup>4</sup> Illustrations were used for all or a portion of the life insurance policies referenced in this Order.



1 submitted the rate cap error for remediation.

2 19. Approximately five months later, in or around October 2018, Respondents  
3 notified the affected Oregon clients and properly credited the affected policies.

4 **Additional Administrative Errors**

5 20. From in or around 2015 through in or around 2017, Respondents' Oregon life  
6 insurance and annuity clients encountered additional administrative problems, including:

7 (A) Statements with incorrect information, including policy value; and

8 (B) Athene clients received statements and communications incorrectly  
9 branded to Accordia.

10 CONCLUSIONS OF LAW

11 The Director CONCLUDES that:

12 21. Respondents are responsible for providing competent administration of its  
13 programs, under ORS 744.740(2).

14 22. By failing to provide Oregon clients with annual reports for their life insurance  
15 policies, Respondents violated OAR 836-051-0580(1) in 1,423 instances.

16 23. By failing to provide Oregon clients with annual reports for their annuity  
17 contracts, Respondents violated OAR 836-051-0920 in 562 instances.

18 24. Respondents engaged in injurious acts, in violation of ORS 746.240, by:

19 (A) Under-crediting interest on 268 Oregon insurance policies;

20 (B) Failing to identify and/or remedy the systemic under-crediting error in  
21 a timely manner; and

22 (C) Subjecting their Oregon clients to the administrative errors identified in  
23 Paragraph (20).

24 25. Because the Director has reason to believe that Respondents have been engaged  
25 in violations of the Insurance Code, the Director may issue an order to Respondents to  
26 cease and desist, under ORS 731.252(1).



1 26. The Director may impose a civil penalty of up \$10,000 *per violation* upon any  
2 person who violates a provision of the Insurance Code, under ORS 731.988(1).

3 ORDERS

4 Now therefore, the Director issues the following Orders:

5 27. As authorized by ORS 731.252(1), the Director ORDERS Respondents to  
6 CEASE AND DESIST from violating OAR 836-051-0580(1), OAR 836-051-0920 and  
7 ORS 746.240.

8 28. As authorized by ORS 731.988(1), the Director hereby ORDERS that  
9 Respondents be jointly and severally subject to a CIVIL PENALTY of \$75,000 as follows:

10 (A) \$25,000 for violating OAR 836-051-0580(1);

11 (B) \$25,000 for violating OAR 836-051-0920; and

12 (C) \$25,000 for violating ORS 746.240.

13 29. The Director hereby suspends payment of \$25,000 of the CIVIL PENALTY for  
14 a period of three years, provided Respondents:

15 (A) Pay the remaining \$50,000 of the CIVIL PENALTY pursuant to the  
16 terms of this Order;

17 (B) Satisfy the reporting requirements set forth below; and

18 (C) Do not violate the Insurance Code within the three-year time period.

19 30. Within 60 days of the execution of this Order, Respondents shall PROVIDE the  
20 Division with documentation detailing the procedures it has implemented to ensure that:

21 (A) All required reports are timely sent;

22 (B) All policies are properly credited; and

23 (C) All statements contain accurate information.

24 31. The Division may require Respondents to make reasonable modifications to  
25 the procedures as it deems appropriate.

26 32. The non-suspended portion of the CIVIL PENALTY assessed herein (\$50,000)

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1 is due and payable on the effective date of this Order.

2 33. The suspended CIVIL PENALTY (\$25,000) will be waived three years from  
3 the effective date of this Order, provided Respondents have complied with the foregoing  
4 Order terms. The Director reserves the right to immediately assess and collect the  
5 suspended civil penalty upon a determination that Respondents have violated any term of  
6 this Order.

7 34. Nothing contained herein is intended to establish a finding that Respondents –  
8 or any director, officer, or control person of Respondents (“covered person”) – engaged in  
9 any conduct that constitutes “bad actor” conduct under Rule 506 of Regulation D of the  
10 Securities Act of 1933 (17 C.F.R. 230.506).

11 35. This Order is binding upon Respondents’ successors and assigns.

12 SO ORDERED this 24<sup>th</sup> day of March, 2020.

13  
14 LOUIS SAVAGE, Acting Director  
Department of Consumer and Business Services

15  
16 /s/ Dorothy Bean  
Dorothy Bean, Chief of Enforcement  
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Christopher K. Fedosh, state that I am an officer of Accordia and am authorized to act on its behalf. I have read the foregoing Order and know and fully understand the contents hereof. I have been advised of Accordia’s right to a hearing and right to be represented by counsel in this matter. Accordia voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. Accordia understands that the Director reserves the right to take further actions against it to enforce this Order or to take appropriate action upon discovery of other violations of the Insurance Code with the terms and conditions stated herein.

Accordia further assures the Director that neither Accordia nor its officers, directors, employees, or agents will effect insurance services in Oregon unless such activities are in full compliance with the Insurance Code. Accordia understands that this Consent Order is a public document.

Signature: /s/ Christopher K. Fedosh

Position Held: Vice President – Head of Regulatory

Examinations

State of New Jersey

County of Middlesex

Signed or attested before me on this 16<sup>th</sup> day of March, 2020

by Christopher Fedosh.

/s/ Anupam Sheth

Notary Public

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CONSENT TO ENTRY OF ORDER

I, Chad Batterson, state that I am an officer of Athene and am authorized to act on its behalf. I have read the foregoing Order and know and fully understand the contents hereof. I have been advised of Athene’s right to a hearing and right to be represented by counsel in this matter. Athene voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. Athene understands that the Director reserves the right to take further actions against it to enforce this Order or to take appropriate action upon discovery of other violations of the Insurance Code with the terms and conditions stated herein.

Athene further assures the Director that neither Athene nor its officers, directors, employees, or agents will effect insurance services in Oregon unless such activities are in full compliance with the Insurance Code. Athene understands that this Consent Order is a public document.

Signature: /s/ Chad Batterson

Position Held: Vice President - Compliance

State of Iowa  
County of Dallas

Signed or attested before me on this 12<sup>th</sup> day of March, 2020  
by Chad Batterson.

/s/ Debra K. Knutson  
Notary Public

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