

## **American Investors Life Insurance fined \$1.4 million**

### **American Investors Life Insurance Company agrees to change the way they do business and make Minnesota consumers whole with unique restitution plan.**

(St. Paul, MN) The Minnesota Department of Commerce fined American Investors Life Insurance Company and two of its subsidiaries \$1.4 million for using deceptive sales practices and selling annuities that were not suitable for Minnesota consumers. In addition to paying the third largest insurance fine in state history, the company also agreed to a robust restitution plan including a unique independent review process for handling complaints that could result in millions of dollars more in direct restitution for Minnesota consumers.

The Department charged American Investors Life Insurance of Topeka, Kansas and their subsidiaries AmerUs Life Insurance and Senior Benefits Services with fifteen types of violations of Minnesota insurance law including:

- Selling insurance products and annuities that were not suitable for the consumer. In some cases, annuities were sold to senior citizens with maturity dates that effectively tied up their life savings, making the savings unavailable for basic living expenses.
- Selling insurance products that were not approved in Minnesota. After failing to gain approval for certain products through the Department's review process, some producers submitted false applications to the company showing the application signed in a different state. In one case, an agent for the company actually transported a consumer to Wisconsin so the policy could be signed in that state.
- Engaging in deceptive sales practices by scheduling meetings with consumers without disclosing the true purpose of the meetings. Some producers also held themselves out as financial planners, allowing consumers to believe they were working for them instead of the insurance company.

"This is another important case in our ongoing campaign to protect consumers from this type of illegal sales practice," said Glenn Wilson, Commissioner of the Minnesota Department of Commerce. "I hope every insurance company doing business in Minnesota reads this order to learn how we expect them to conduct their business in compliance with our laws, especially when it comes to the suitability of products sold to our senior citizens."

In addition to the \$1.4 million dollar fine, the AmerUs group is establishing a unique restitution plan that involves a complaint review process aimed at making Minnesota consumers whole again if they feel they were sold insurance products in a deceptive manner.

The company will identify and contact all Minnesota consumers who have filed a complaint since January 1, 2000 and allow the complainant the opportunity to have their complaint reviewed for possible restitution. The complaint review process will also remain available to AmerUs group contract holders for 18 months following the signing of this order.

An independent third-party reviewer will be appointed by the company with the approval of the Department to review any complaints in which no restitution was provided or the restitution was less than what was requested by the consumer. The company will be obligated to abide by all decisions of the independent reviewer.

"The goal of this restitution plan is to restore Minnesota consumers to the financial situation they would be in if our insurance laws had not been broken," added Wilson.

The Department of Commerce will also closely monitor the AmerUs group of companies for the next two years with quarterly reviews of their compliance with Minnesota insurance law and any operational or financial developments that may affect Minnesota consumers.

Today's action is part of an ongoing campaign to protect Minnesota consumers from deceptive sales practices, especially involving annuity sales to senior citizens. The legislature recently granted the Department's request to create a Senior Team to proactively prepare for the expected increase in fraud as the baby-boom generation retires.

Department officials indicated there are several ongoing investigations involving suitability of insurance products that will result in future enforcement actions.

Other recent action taken by the Department related to deceptive sales practices:

In April of 2006 the Department fined Conseco Insurance of Carmel, IN \$2.5 million for deceptive sales practices and violations of Minnesota's suitability laws.

In April of 2005, the Department fined Pacific Life Insurance Company of

Newport Beach, CA \$950,000 for deceptive sales practices and violations of Minnesota's suitability laws.

In December of 2006, the Department fined Met Life Investors USA Insurance Company of Newport Beach, CA \$250,000 for violating Minnesota insurance laws. William Gerga, a licensed Minnesota insurance producer from White Bear Lake was also fined \$10,000 for selling unapproved annuity contracts to approximately 50 Minnesota residents.