

File #: 33997/JMB
E-Case #: 1097

**STATE OF MINNESOTA
COMMISSIONER OF COMMERCE**

In the Matter of the Certificate of Authority
of ReliaStar Life Insurance Company (NAIC #67105)
a corporation domiciled in Minnesota and licensed to
do business in the State of Minnesota.

CONSENT ORDER

To: ReliaStar Life Insurance Company
Attn: Heather Lavalley, Senior Vice President
20 Washington Avenue S.
Minneapolis, MN 55401

1. Commissioner of Commerce Mike Rothman (hereinafter "Commissioner") has advised ReliaStar Life Insurance Company, its subsidiaries and affiliates (hereinafter "ReliaStar") that he is prepared to commence formal proceedings against ReliaStar based on allegations described herein and to seek penalties under Minn. Stat. § 45.027 (2014) and other applicable law. The Minnesota Department of Commerce ("Department") conducted an investigation of ReliaStar with respect to their group term life insurance policy ("Group Term Life Policy") issued to Unified Caring Association ("UCA") formerly United Consumer Awareness Association ("UCAA"). Patriot Health, Inc. ("Patriot") an affiliate of Ocean Consulting Group, Inc. ("Ocean") had a marketing agreement with UCA/UCAA to market certain classes of memberships for consumers, which included the coverage under the ReliaStar Group Term Life Policy with other insurance and non-insurance products. Patriot did not directly sell memberships to consumers but contracted with several sub agents to sell the memberships. ReliaStar had a Premium Remittance Agreement with Ocean that provided for collection and remittance of premiums for coverage under the Group Term Life Policy.

2. The Commissioner's action is based on allegations that ReliaStar, acting directly or through third parties, committed certain violations of Minnesota insurance law in connection with the UCA/UCAA membership program during the time it was offered in Minnesota.

Specifically, it is alleged that ReliaStar, acting directly or through third parties for whom ReliaStar should be held liable, engaged in the following activities that violated Minnesota laws:

- A. Sold group policies in Minnesota, that were neither approved nor met Minnesota requirements for such policies, in violation of Minn. Stat. § 61A.02 and Minn. Stat. § 60A.02 (2014).
- B. Failed to make the appropriate tax allocation in the amount of \$204.12 to the State of Minnesota, in violation of Minn. Stat. § 297I (2014).
- C. Failed to have an effective system of control to ensure that written advertisements used in connection with the UCA/UCAA membership program related to non-life insurance products and certain oral representations describing the Respondent's life insurance products prepared by agents and agencies were reviewed and approved prior to use, in violation of Minn. R. 2790.2100 (2013).
- D. Through the UCA/UCAA membership program permitted written advertisements related to non-life insurance products of the program to be distributed or solicitations to occur that, when considered with the oral representations made by distributors, were unclear, in violation of Minn. Stat. § 72A.19 and Minn. Stat. § 72A.20, subd. 18 (b) (2014).
- E. Accepted business in connection with the UCA/UCAA membership program in which commission was paid to sales persons acting as insurance agents were not licensed or appointed to sell insurance in the state of Minnesota, in violation of Minn. Stat. §§ 60K.32, 60K.48, subd. 1, 60K.49, and 72A.07 (2014).

4. Respondent has agreed to informal disposition of this matter without a hearing as provided under Minn. Stat. § 14.59 (2014) and Minn. R. 1400.5900 (2013).

5. The following Order is in the public interest.

NOW, THEREFORE, IT IS HEREBY ORDERED, that Respondent shall cease and desist from the following:

- A. Solicitation or sales of unapproved or unfiled group insurance policies in Minnesota and/or to Minnesota residents without complying with Minn. Stat. §61A.02 and Minn. Stat. §60A.02 (2014)

- B. Distributing advertisements or engaging in solicitations that contain unclear information as to whether products being offered are insurance when they are not.
- C. Selling group insurance through an improper association in violation of Minnesota laws.
- D. Allowing unlicensed and/or unappointed persons or entities to sell, solicit or negotiate insurance products to Minnesota consumers.

FURTHER, IT IS HEREBY ORDERED that, with regard to any association to which ReliaStar sells a policy to cover members located in Minnesota, ReliaStar shall take reasonable steps to ensure that advertisements referring to ReliaStar or its products are approved in advance by ReliaStar.

FURTHER, IT IS HEREBY ORDERED, that ReliaStar shall within thirty (30) days of this Order, pay all unpaid past due premium taxes that are the subject of this Consent Order to the State of Minnesota, Department of Revenue, and submit proof of payment to the Department.

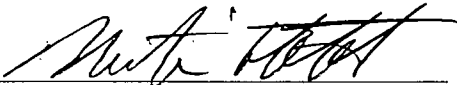
FURTHER, IT IS HEREBY ORDERED, that pursuant to Minn. Stat. § 45.027, subd. 6 (2014), ReliaStar shall pay to the state of Minnesota a civil penalty of \$30,000.00.

This Order shall be effective upon signature on behalf of the Commissioner.

Dated: 12-30-2014.

MIKE ROTHMAN
Commissioner

By:


MARTIN FLEISCHHACKER
Assistant Commissioner-Enforcement
85 Seventh Place East, Suite 500
Saint Paul, Minnesota 55101
651.296.2488

CONSENT TO ENTRY OF ORDER

The undersigned, Heather Lavallee, acting on behalf of ReliaStar, states that she has read the foregoing Consent Order; that she knows and fully understands its contents and effect; that she has been advised of her right to a hearing in this matter and waives that right; that she has been represented by legal counsel in this matter, or has been advised of her right to be represented by legal counsel and waives that right; and that she consents to entry of this Order by the Commissioner. It is further understood that this Consent Order constitutes the entire settlement agreement between the parties regarding the subject matter hereof, there being no other promises or agreements, either express or implied.

Heather Lavallee, Senior Vice President
Heather Lavallee, Senior Vice President
ReliaStar Life Insurance Company

STATE OF MINNESOTA

COUNTY OF Hennepin

Signed or attested before me on December 17, 2014 (date)



Melissa O'Donnell
(Signature of notary officer)
Melissa O'Donnell
Title (and Rank)
My Commission expires: Jan. 31, 2015