

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, MARCH 11, 2020

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COMMONWEALTH OF VIRGINIA, *ex rel.*
STATE CORPORATION COMMISSION

v.

CASE NO. INS-2020-00027

JOHN HANCOCK LIFE INSURANCE
COMPANY (U.S.A.)
Defendant

SETTLEMENT ORDER

Based on a market conduct examination conducted by the Bureau of Insurance ("Bureau"), it is alleged that John Hancock Life Insurance Company (U.S.A.) ("Defendant"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), in certain instances violated §§ 38.2-316 A and 38.2-316 B of the Code of Virginia ("Code") by failing to comply with insurance application form filing requirements of the Commission; § 38.2-316 C (1) of the Code by failing to use insurance policies or forms on file and approved by the Commission as of the effective date requested by the Defendant; § 38.2-502 (1) of the Code by misrepresenting the benefits, advantages, conditions, or terms of an insurance policy; § 38.2-508 (1) of the Code by engaging in unfair discrimination; § 38.2-514 B of the Code by failing to make proper disclosures on the explanation of benefits; § 38.2-604 B (4) of the Code by failing to accurately provide the required notices to insureds; §§ 38.2-610 A (1) and 38.2-610 A (2) of the Code by failing to provide written notice of an adverse underwriting decision and by failing to provide a summary of rights in the form approved by the Commission; § 38.2-610 B (3) of the Code by failing to disclose the names and addresses of the institutional sources of information; § 38.2-1812 A of the Code by paying or

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sharing commissions with an unlicensed agent; § 38.2-1833 A (1) of the Code by failing to file a notice of appointment of agents with the Commission; § 38.2-1834 D of the Code by failing to comply with the Commission's notification requirements of the termination of agent appointments; § 38.2-3115 B of the Code by failing to properly pay interest on life insurance and annuity contract proceeds; §§ 38.2-3117.4 (4) and 38.2-3117.4 (8) by failing to provide the required written disclosures to the beneficiary of a policy before a retained asset account is selected; § 38.2-3407.1 B of the Code by failing to comply with the requirement for the payment of interest on claim proceeds; § 38.2-3407.4 A of the Code by failing to file for approval by the Commission its explanation of benefits forms; § 38.2-3407.4 B of the Code by failing to accurately and clearly set forth the benefits payable under the contract in the explanation of benefits; 14 VAC 5-41-30 B, 14 VAC 5-41-40 B, 14 VAC 5-41-80 B, and 14 VAC 5-41-90 J of the Commission's Rules Governing Advertisement of Life Insurance and Annuities, 14 VAC 5-41-10 *et seq.*, by failing to comply with the requirements related to the advertisement of life insurance and annuities; 14 VAC 5-200-65 A 3 of the Commission's Rules Governing Long-Term Care Insurance, 14 VAC 5-200-10 *et seq.* ("Rules"), by failing to provide an insured the required notice of lapse or termination of a policy; 14 VAC 5-200-75 A 2 and 14 VAC 5-200-75 C of the Commission's Rules by failing to disclose the required rating practices to consumers; 14 VAC 5-200-160 A of the Commission's Rules by failing to comply with the requirements related to the advertisement of long-term care insurance; 14 VAC 5-200-205 E and F of the Commission's Rules by failing to comply with the insurance agent training requirements; as well as 14 VAC 5-400-50 A and 14 VAC 5-400-60 A of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.*, by failing to properly acknowledge

notification of a claim receipt and by failing to provide claimants timely notification of acceptance or denial of claims.

The Commission is authorized by §§ 38.2-218, 38.2-219 and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendant has been advised of the right to a hearing in this matter whereupon the Defendant, without admitting nor denying any violation of Virginia law, has made an offer of settlement to the Commission wherein the Defendant has agreed to comply with the corrective action plan outlined in the examination report as of December 31, 2016; has tendered to the Treasurer of Virginia the sum of Sixty Thousand Six Hundred Dollars (\$60,600); and has waived the right to a hearing.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendant pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendant, and the recommendation of the Bureau, is of the opinion that the Defendant's offer should be accepted.

Accordingly, IT IS ORDERED THAT:

- (1) The offer of the Defendant in settlement of the matter set forth herein is hereby accepted.
- (2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

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AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
William Gottlieb, Assistant Vice President and Associate General Counsel, John Hancock Life
Insurance Company (U.S.A.), 197 Clarendon Street, C-05-31, Boston, Massachusetts 02116; and
a copy shall be delivered to the Commission's Office of General Counsel and the Bureau of
Insurance in care of Deputy Commissioner Julie Blauvelt.