

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

In the Matter of the Certificate of
Authority of

JEFFERSON NATIONAL
LIFE INSURANCE COMPANY,

Respondent.

File No. GG201800071

ORDER ADOPTING STIPULATION

The attached Stipulation is hereby adopted as the Order of the Insurance
Commissioner of the State of California.

This Order shall be effective immediately.

IN WITNESS THEREOF, I have set my hand and affixed my official seal this
29th day of July, 2021.

RICARDO LARA
Insurance Commissioner

By _____
DENISE YUPONCE
Assistant Chief Counsel

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA**

In the Matter of the Certificate of
Authority of

File No. GG201800071

JEFFERSON NATIONAL
LIFE INSURANCE COMPANY,

STIPULATION AND WAIVER

Respondent.

To the California Department of Insurance:

Respondent, Jefferson National Life Insurance Company, enters into
this Stipulation and Waiver in the above-captioned matter as follows:

1. Respondent received a copy of the Accusation, Statement to Respondent, and form for Notice of Defense in the above-captioned matter.
2. Respondent submitted a Notice of Defense on February 5, 2021.
3. Respondent wishes to avoid an evidentiary hearing and decision in this matter. Respondent hereby waives Notice of Hearing and hearing, and all other rights which may be accorded pursuant to California Government Code §§ 11500-11528, inclusive.

//

//

- 1 4. In its sales of annuities to the Consumer referred to in the Accusation,
2 Respondent employed a sales process in which neither it nor its affiliated life
3 insurance agents performed an independent review of the unaffiliated Investment
4 Adviser's recommendations of Respondent's annuities to Investment Adviser's
5 client. Respondent made its affiliated life agents available for questions if asked,
6 but the affiliated life agents did not engage in any direct exchange with
7 Consumer. The Department has not made a determination that Respondent's
8 annuities were, in fact, unsuitable for Consumer, and Respondent denies that
9 they were unsuitable. Respondent neither admits nor denies that its sales
10 process inadequately ascertained suitability at the time the annuities were sold to
11 Consumer.
- 12
- 13 5. The allegations in Paragraphs 2 through 12 of the Accusation provide the
14 Insurance Commissioner with reason to believe that Respondent's sales process
15 did not include an adequate independent review of the recommendations of
16 Respondent's annuities by the non-insurance licensed Investment Adviser. The
17 Insurance Commissioner further believes that Respondent's sales process did not
18 include an adequate independent analysis of Consumer's insurance needs and of
19 the financial objectives of Consumer at the time of the transactions recited herein,
20 as required by California Insurance Code § 10509.910.
- 21
- 22 6. Respondent has agreed to reimburse Consumer for the surrender charges
23 incurred by Consumer referenced in the Accusation, despite Consumer's
24 significant growth in account value in Consumer's existing Monument Advisor
25 Annuity. Within 30 days of the Insurance Commissioner's order adopting this
26 Stipulation and Waiver, Respondent shall deposit funds equal to \$14,342.82 into
27 Consumer's existing Monument Advisor annuity, and provide proof of such
28 deposit to counsel for the Department. Consumer may withdraw funds from the

1 Monument Advisor annuity without penalty at any time. Payment to Consumer of
2 these funds meets the Department's demand for reimbursement of surrender
3 charges incurred by Consumer.

4
5 7. Following the Insurance Commissioner's order adopting this Stipulation and
6 Waiver, Respondent shall, pursuant to California Insurance Code § 10509.916,
7 pay the Department a penalty of \$150,000 pursuant to the instructions on an
8 invoice to be sent by the Department, treating all of the transactions alleged in the
9 Accusation as a single violation. The term "penalty" as used herein is solely for
10 the Department's accounting purposes and does not constitute an admission of
11 liability or wrongdoing, or is in any way inconsistent with the provisions of any
12 other paragraph in this Stipulation and Waiver.

13
14 8. The Department, after appropriate demonstration by Respondent, has determined
15 that Respondent has taken reasonably appropriate corrective action to address
16 the involvement of its affiliated life agents in its annuity sales process.

17
18 9. This Stipulation and Waiver does not settle, waive, release, limit, or prohibit
19 administrative, civil, or criminal investigations and actions against Respondent
20 involving matters alleged in or arising out of the allegations in the Accusation that
21 have been or may be commenced by any entity other than the Department. By
22 entering into this Stipulation and Waiver, Respondent does not waive or limit any
23 defense that might otherwise apply in such an investigation or action.

24
25 10. Respondent acknowledges the opportunity to confer with counsel. Respondent
26 freely and voluntarily executes this Stipulation and Waiver, with a full realization of
27 the legal rights set forth in the Statement to Respondent.
28

1 11. Respondent acknowledges that California Insurance Code § 12921(b)(1)
2 requires the Insurance Commissioner or a delegate to approve the final
3 settlement of this matter. Both the settlement terms and conditions contained
4 herein and the acceptance of those terms and conditions are contingent upon the
5 Commissioner's approval.

6
7 Respondent declares the above to be true under penalty of perjury under the
8 laws of the State of California.

9
10 Dated: June 30, 2021

11
12 **JEFFERSON NATIONAL LIFE INSURANCE COMPANY**

13
14 Signed: 

15
16 Name: Craig A. Hawley

17
18 Title: President

19
20
21
22
23
24
25
26
27
28