

No. **2023-7838**

**Official Order
of the
Texas Commissioner of Insurance**

Date: 03/06/2023

Subject Considered:

Lumico Life Insurance Company
175 King St.
Armonk, New York 10504-1606

Consent Order
TDI Enforcement File No. 31217

General remarks and official action taken:

This is a consent order with Lumico Life Insurance Company (Lumico). The department conducted a market conduct examination and found violations of Texas law. Lumico has agreed to an administrative penalty of \$50,000.

Waiver

Lumico acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Lumico waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

Findings of Fact

1. Lumico is a foreign life, health, or accident insurance company holding a certificate of authority to transact business in the state of Texas.
2. The department conducted a targeted market conduct examination that covered activity between January 1, 2020, and December 31, 2020, on Lumico's individual life line of business.

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3. The purpose of the examination was to determine Lumico's compliance with Texas statutes and regulations related to sales, advertising, and marketing; replacements and surrenders; claims practices; and consumer complaints.
4. During the examination, the department found violations of the Texas Insurance Code and the Texas Administrative Code.

Agents' Licensing and Appointments

5. In 9% (6 of 70) of the issued policies staff reviewed, Lumico allowed agents who were not properly appointed to issue or service policies.

Underwriting and Surrenders

6. Staff reviewed Lumico's forms and filings and sampled issued and surrendered policies, rescissions, and rejected applications Lumico issued in 2020 to determine compliance with use of proper forms, endorsements, and disclosures; replacement requirements; timely handling of transactions; policy service requests; adherence to consistent and nondiscriminatory underwriting practices; and compliance with statutes and regulations.
7. In 31% (22 of 70) of the issued policies staff reviewed, Lumico issued the policies with an outdated Notice of Toll-Free Telephone Numbers and Information and Complaint procedures.

Claims

8. Staff randomly sampled death claims Lumico processed in 2020 to determine compliance with policy provisions, timeliness and accuracy of payment, supporting documentation, general claims handling, and compliance with statutes and regulations.
9. In 10% (5 of 50) of the paid claims staff reviewed, Lumico notified the claimant, in writing, of the acceptance of the claim later than the 15th business day after Lumico received all items, statements, and forms required by Lumico to secure final proof of loss. In all five of these claims, Lumico accepted the claim more than 30 business days after receipt.

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10. In 2% (1 of 50) of the paid claims staff reviewed, Lumico paid the claim later than the fifth business day after notifying the claimant Lumico would pay the claim. Lumico paid the claim 40 business days after accepting the claim.
11. In 42% (10 of 24) of the denied claims staff reviewed, Lumico notified the claimant, in writing, of the rejection of the claim later than the 15th business day after Lumico received all items, statements, and forms required by Lumico to secure final proof of loss. In five of these claims, Lumico rejected the claim more than 30 business days after receipt.

Complaints

12. Staff sampled the complaints Lumico received in 2020 to determine compliance with TEX. INS. CODE § 38.001, 542.005; 28 TEX. ADMIN. CODE § 21.203(6) § 21.2501-21.2507; and other statutes and regulations.
13. Staff reviewed 14 complaints and 1 (7%) was considered confirmed.
14. In 7% (1 of 14) of the complaints staff reviewed, Lumico failed to respond to a department inquiry not later than the 15th day after the date the inquiry was received.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE § § 82.051–82.055, 84.021–84.044, 751.001 *et seq.*, 801.051–801.053, 841.101 *et seq.*, 842.051, and 982.051.
2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.
3. Lumico has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Lumico violated TEX. INS. CODE § 4001.201 when it allowed agents who were not properly appointed to issue or service policies.

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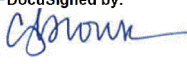
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5. Lumico violated 28 TEX. ADMIN. CODE § 1.601 when it issued policies with an outdated Notice of Toll-Free Telephone Numbers and Information and Complaint Procedures.
6. Lumico violated TEX. INS. CODE § 542.056(a) by failing to notify the claimant in writing of the acceptance of the claim not later than the 15th business day.
7. Lumico violated TEX. INS. CODE § 542.057(a) by failing to pay the claim or a portion of a claim not later than the fifth business day.
8. Lumico violated TEX. INS. CODE § 38.001(c) by failing to respond to a department inquiry in writing not later than the 15th day after the date the inquiry was received.

Order

It is ordered that Lumico pay an administrative penalty of \$50,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which the department will send after entry of this order.

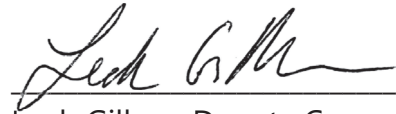
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Cassie Brown
Commissioner of Insurance

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Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Sydney Moore, Staff Attorney
Enforcement

Affidavit

STATE OF NY §

COUNTY OF Bronx §

Before me, the undersigned authority, personally appeared Niels Kecker who being by me duly sworn, deposed as follows:

"My name is Niels Kecker. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of CEO - President and am the authorized representative of Lumico Life Insurance Company. I am duly authorized by said organization to execute this statement.

Lumico Life Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."



Affiant

SWORN TO AND SUBSCRIBED before me on 14th Feb, 2023.

(NOTARY SEAL)

Ben J. Scott

Signature of Notary Public

Bess L. Scott

Printed Name of Notary Public

