

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

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation of the
Securities Act of Washington by:

BANKERS LIFE AND CASUALTY CO.;
BLC FINANCIAL SERVICES, INC.,

Respondents.

Order No.: S-12-0985-21-CO02

AMENDED CONSENT ORDER

INTRODUCTION

WHEREAS, following a multi-jurisdictional investigation of Bankers Life and Casualty Company (hereinafter referred to as “Bankers”) and BLC Financial Services, Inc. relative to certain unlicensed business activities, the parties entered a Consent Order dated July 23, 2012, Order No. S-12-0985-12-CO01 (hereinafter referred to as “Consent Order”), that is attached hereto as Exhibit A, the terms of which are incorporated by reference herein; and

WHEREAS, Paragraph 10 of Section III of the Consent Order required that Bankers comply with certain restrictions on the activities of its insurance producers to ensure that those activities would not trigger licensing requirements under state securities laws; and

WHEREAS, since the entry of the Consent Order, the National Association of Insurance Commissioners has recommended that insurance industry personnel adhere to enhanced standards to ascertain customer suitability, particularly where annuities are involved; and

WHEREAS, as presently constituted, Paragraph 10 of Section III of the Consent Order could be construed as to unduly impair the ability of insurance industry personnel to fully assess whether insurance products are suitable for their customers; and

AMENDED CONSENT ORDER

DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760

1 WHEREAS, Bankers has petitioned Washington and other jurisdictions seeking clarification with
2 respect to the activity restriction provision described above; and

3 WHEREAS, RCW 21.20.450(1), provides, in part, that: "...The director may from time to time make,
4 amend, and repeal such, rules, forms, and orders as are necessary to carry out the provisions of this chapter...";
5 and

6 WHEREAS, the Director finds that the issuance of this Amended Consent Order is necessary or
7 appropriate in the public interest or for the protection of investors, and is consistent with the purposes of the
8 Securities Act of Washington, Chapter 21.20 RCW.

9 **AMENDED CONSENT ORDER**

10 NOW THEREFORE, based upon the foregoing and finding it in the public interest, the Washington
11 State Securities Administrator hereby amends the Consent Order by removing the current language set forth
12 in Paragraph 10, Subparagraphs (a) and (b) of Section III, and replacing Paragraph 10, Subparagraphs (a) and
13 (b) in their entirety with the following revised language:

14 10. IT IS AGREED THAT Bankers Life shall comply with the following practices:

- 15 (a) An insurance producer who is not licensed to give advice concerning securities products (an
16 "Insurance Producer") may gather all financial information necessary to complete a Bankers
17 Factfinder or similar document or tool required to determine insurance product suitability and
18 may provide the consumer with a business card of, and pre-addressed stamped envelope to, a
19 person properly licensed/registered to provide advice concerning securities products. With the
20 consent of the consumer, the Insurance Producer may obtain a copy of the consumer's
21 statement(s) for securities products or discuss any other aspect of the securities products as
22 part of the insurance suitability fact-finding process and to the extent that the information is
23 used to give the Insurance Producer reasonable grounds to believe the recommendation is

1 suitable for the consumer. The Insurance Producer cannot arrange for the consumer to meet
2 with a person properly registered to provide advice concerning securities products. The
3 Insurance Producer shall explain that the Insurance Producer is not licensed to discuss
4 securities products and shall not use any term or title that tends to indicate to the consumer that
5 the Insurance Producer is licensed to provide investment advice or sell securities. The
6 Insurance Producer may attend a meeting also attended by a securities licensed individual so
7 long as the meeting is scheduled, at least in part, to discuss insurance products and so long as
8 the Insurance Producer does not engage in any prohibited activities for insurance-only
9 individuals.

10 (b) While gathering information for the Bankers' Factfinder or similar document or tool, an
11 Insurance Producer shall not inquire into a consumer's satisfaction with the consumer's current
12 investments in securities or with the consumer's current broker-dealer, investment adviser,
13 registered representative, or investment adviser representative or make comparisons between
14 securities and non-securities products. Insurance Producers may not make recommendations
15 or provide advice concerning the consumer's securities products, compare the consumer's
16 securities or investment performance with other financial products (including annuities or life
17 insurance), or recommend securities be liquidated or used to fund an annuity or life insurance
18 product. As used in this subparagraph, "securities" refers both to specific securities products
19 and to securities in general.

20 IT IS AGREED that the Consent Order shall remain in full force and effect in all other respects.

21 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE**

22 SIGNED and ENTERED this 8th day of October
23 2021.

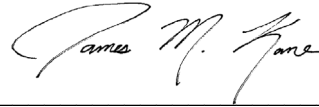
1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23



William M. Beatty
Securities Administrator

Approved by:

Presented by:



Suzanne Sarason
Chief of Enforcement

James M. Kane
Financial Legal Examiner

Reviewed by:

Holly Mack-Kretzler
Financial Legal Examiner Supervisor

1 **CONSENT TO ENTRY OF AMENDED CONSENT ORDER**

2 IT IS AGREED that Bankers states that no promise of any kind or nature whatsoever that is not
3 reflected in this Amended Consent Order was made to Bankers to induce Bankers to enter into this Amended
4 Consent Order and that Bankers has entered into this Amended Consent Order voluntarily and with a full
5 understanding of its terms and significance.

6 IT IS FURTHER AGREED that Bankers expressly acknowledges that other than the removal and
7 replacement of Paragraph 10, Subparagraphs (a) and (b) of Section III, the Consent Order shall remain in full
8 force and effect.

9 IT IS FURTHER AGREED that in consideration of the foregoing, Bankers waives their right to a
10 hearing and to judicial review of this matter pursuant to RCW 21.20.440 and Chapter 34.05 RCW.

11 Christopher B. Rigsbee represents that he or she has been authorized to enter into this
12 Consent order on behalf of Bankers.

13
14 Bankers Life and Casualty Company

15
16 By: /s/

17
18 Title: VP and Deputy General Counsel

19
20 Date: 9/23/2021

EXHIBIT A

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