

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF DELAWARE**

IN THE MATTER OF:)	
)	
PRINCIPAL LIFE INSURANCE COMPANY)	
)	DOCKET NO. 3815-2018
NAIC #61271)	
)	
711 High Street)	
Des Moines, IA 50392-0220)	

STIPULATION AND CONSENT ORDER

THIS STIPULATION AND CONSENT ORDER is entered into as of August 24th, 2018, by and between Principal Life Insurance Company (the “Respondent”) and the State of Delaware Department of Insurance (“Department”). The Respondent and the Department are collectively referred to herein as the “Parties.”

WHEREAS, Respondent is a life and annuity insurance company incorporated under Iowa law and authorized to conduct the business of insurance in the State of Delaware; and

WHEREAS, the Department, through its examiners, conducted a target market conduct examination (“Examination”) of Respondent’s affairs and practices as of December 31, 2016; and

WHEREAS, the Department, through its examiners, prepared and provided to Respondent for review and comment draft versions of the Examination report; and

WHEREAS, Respondent has reviewed and commented on such draft versions of the Examination report; and

WHEREAS, after considering Respondent's comments, the Department, through its examiners, has prepared a final report of the Examination, dated as of June 1, 2018 ("Final Examination Report"); and

WHEREAS, among other findings contained in the Final Examination Report, the Department concluded that the Respondent's practices and procedures did not comply with;

18 Del. Admin. C. §1201 - 9.1 Examination of Agents and Other Persons.

9.1 No agent shall be eligible to sell or offer for sale in this State any variable contract unless prior to making any solicitation or sale of such a contract, he also be licensed by this Department as a variable contract agent per the authority and subject to the provisions of 18 Del. C. §1714(d) and these regulations.

18 Del. Admin. C. §1204 - 5.1.1- 5.1.2 Duties of Agents and Brokers.

Each agent or broker who initiates the application shall, on the request of the prospective purchaser, furnish the Buyers Guide as described by Regulation 29 and shall submit to the insurer to which an application for life insurance or annuity is presented, with or as a part of each application:

5.1.1 Statement signed by the applicant as to whether ...

5.1.2 A signed statement ...

18 Del. Admin. C. §1204 - 5.2.1 Duties of Agents and Brokers.

Where replacement is involved, the agent or broker shall:

5.2.1 Present to the applicant, not later than at the time of taking the application, a "Notice Regarding Replacement" (Delaware Insurance Form R, attached as Exhibit A), or other substantially similar form approved by the Commissioner. The notice shall be signed by both the applicant and the agent or broker and a copy left with the applicant. Failure to provide the proof that the replacement notice was presented to the applicant no later than at the time of taking the application.

18 Del. Admin. C. §1204 - 6.1.2 Duties of All Insurers.

Each Agent shall:

6.1.2 Require with or as a part of each completed application for life insurance or annuity a statement signed by the applicant as to whether such proposed insurance or annuity will replace existing life insurance or annuity.

18 Del. Admin. C. §1204 - 7.1.1 Duties of Insurers That Use Agents or Brokers

Each insurer that uses an agent of broker in a life insurance or annuity sale shall:

7.1.1 Require with or as a part of each completed application for life insurance or annuity, a statement signed by the agent or broker as to whether he or she knows replacement is or may be involved in the transaction.

18 Del. Admin. C. §1204 - 7.1.2.2 Duties of Insurers That Use Agents or Brokers.

Each insurer that uses an agent of broker in a life insurance or annuity sale shall:

7.1.2 Where a replacement is involved:

7.1.2.2 Send to each existing insurer a written communication advising of the replacement or proposed replacement of the policy. The communication should include the information obtained pursuant to section 7.1.2.1 above and a Summary or Ledger Statement describing the proposed new policy. This written communication shall be made within 7 working days of the date the application is received in the replacing insurer's home office, or the date the proposed life insurance policy or annuity Policy is issued, whichever is sooner.

18 Del. Admin. C. §1204 - 7.3 Duties of Insurers That Use Agents or Brokers.

The replacing insurer shall maintain evidence of the "Notice Regarding Replacement," the Policy Summary, and any Ledger Statements used, and a replacement register, cross indexed, by replacing agent and existing insurer to be replaced. The existing insurer shall maintain evidence of Policy Summaries or Ledger Statements used in any conservation. Evidence that all requirements were met shall be maintained for at least three years or until the conclusion of the next succeeding regular examination by the Insurance Department of its state of domicile, whichever is earlier.

18 Del. Admin. C. 1204 §7.4 Duties of Insurers That Use Agents or Brokers

The replacing insurer shall provide in its policy or in a separate written notice which is delivered with the policy that the applicant has a right to an unconditional refund of all premiums paid, which right may be exercised within a period of twenty days commencing from the date of delivery of the policy.

18 Del. Admin. C. § 1205 - 11.0 Qualification of Agents for the Sale of Variable Life Insurance.

11.1 Qualification to Sell Variable Life Insurance

11.1.1 No person may sell or offer for sale in this state any variable life insurance policy unless such person holds a Delaware insurance license (either resident or nonresident),

18 Del. C. §1703 License required.

A person shall not sell, solicit or negotiate insurance in this State for any class or classes of insurance unless the person is licensed for that line of authority in accordance with this chapter.

18 Del. C. §1715 Appointments.

(a) An insurance producer shall not act as an agent of an insurer unless the insurance producer becomes an appointed agent of that insurer. An insurance producer who is not acting as an agent of an insurer is not required to become appointed.

18 Del. C. §2709 Alteration of application, life and health insurance.

No alteration of any written application for any life or health insurance policy shall be made by any person other than the applicant without his/her written consent, except that

insertions may be made by the insurer, for administrative purposes only, in such manner as to indicate clearly that such insertions are not to be ascribed to the applicant. Failure to ensure that the alteration on the application was initialed by the applicant.

WHEREAS, after communications with the Department, Respondent desires to resolve this matter without recourse to any administrative hearing or court action (such as an appeal).

NOW, THEREFORE, IT IS AGREED, by and between Respondent and the Department as follows:

1. Respondent accepts the Final Examination Report, waives any right to a hearing thereon, and agrees that the Department may file the Final Examination Report without any further modifications.

2. Upon execution of this Stipulation and Consent Order, Respondent shall pay to the Department an administrative penalty for the Notice Violations in the amount of Two Hundred Thousand Dollars (\$ 200,000.00). Respondent shall make its check for the administrative penalty payable to the "State of Delaware."

3. Respondent waives any right to challenge in an administrative or court proceeding any of the terms and conditions of this Stipulation and Consent Order.

4. This Stipulation and Consent Order is the free and voluntary act of the Respondent, and its terms are binding upon the Respondent and may be admitted into evidence in any judicial or administrative proceeding against the Respondent to enforce such terms. Respondent acknowledges that it has had a full opportunity to seek and receive advice of counsel on all matters related to this Stipulation and Consent Order.

5. This Stipulation and Consent Order contains all of the terms and conditions agreed to by the parties and constitutes the final agreement between the Respondent and the Department.

6. No change, amendment, or modification hereto shall be effective or binding unless it is in writing, dated, and signed by the parties.

7. If the Department fails to act on any one or more defaults by the Respondent, such failure to act shall not be a waiver of any rights hereunder on the part of the Department to declare the Respondent in default and to take such action as may be permitted by this Stipulation and Consent Order or by law.

8. This Stipulation and Consent Order may be signed in duplicate, and both documents shall be considered originals. The person executing this Stipulation and Consent Order on behalf of Respondent shall acknowledge his or her signature before a Notary Public and, by executing this Stipulation and Consent Order, certifies that he or she is duly authorized to execute this Stipulation and Consent Order on behalf of Respondent. Respondent agrees that an uncertified copy of this Stipulation and Consent Order shall be valid as evidence in any proceeding for purposes of enforcement.

9. This Stipulation and Consent Order shall survive the Respondent and be enforceable against its successors, transferors, or assigns.

[Signature Page Follows]

**Principal Life
INSURANCE COMPANY:**

DELAWARE INSURANCE DEPARTMENT

Matthew C. Ahmann

Print Name: Matthew C. Ahmann
Title: Assistant Vice President,
Government Relations
Date: 8/24/18

Trinidad Navarro

TRINIDAD NAVARRO
Insurance Commissioner
Date: 8-27-18

Witness to Respondent's Signature

Name: Blyth Lagina
Title: Sr. Administrative Assistant -
Government Relations
Date: 8/24/18

STATE OF Iowa)
) SS.
COUNTY OF Polk)

The foregoing instrument was acknowledged before me this 24 day of August 2018,
by _____, who is personally known to me or who has produced
_____ as identification, and who certified that he or she is duly authorized to
execute this document on behalf of Respondent.

GIVEN under my Hand and Seal of office, the day and year aforesaid.

Steffini L. Eisenbeis
NOTARY PUBLIC

Steffini L. Eisenbeis
PRINT NAME

01/19/2019
MY COMMISSION EXPIRES



RECEIVED

AUG 27 2018

DELAWARE INSURANCE DEPT
FRONT DESK