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BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of the Licenses and Licensing
Rights of:

MIDLAND NATIONAL LIFE
INSURANCE COMPANY, OF
AMERICA

Respondent.

File No: DISP-2008-00060-AP

ORDER

WHEREAS, MIDLAND NATIONAL LIFE INSURANCE COMPANY OF AMERICA
(Respondent) executed the Stipulation and Waiver attached hereto which is hereby incorporated
by reference and made a part hereof; and

WHEREAS, Respondent denies the allegations contained in the Order to Show Cause and
Statement of Charges/Accusation in this matter, but acknowledges that if the allegations
contained therein were proven to be true, they would constitute grounds for the Commissioner to
obtain the relief sought in the Order to Show Cause/Accusation; and

WHEREAS, Respondent waives its rights to a hearing and stipulates to entry of this
Order;

NOW, THEREFORE, IT IS ORDERED as follows:

1. The terms of the Stipulation and Waiver are adopted by the Commissioner and such
Stipulation and Waiver shall be binding on Respondent;
2. For California consumers, Respondent shall only sell discretionary group annuities that
are issued in California. All future policies sold by Respondent shall provide written notice to its
appointed agents and California consumers that the certificates to discretionary group annuities
sold in California are group annuities and any required disclosures concerning same.
3. Pursuant to the Stipulation and Waiver, Respondent, within 30 days of receipt of an

1 invoice from the Department of Insurance, shall pay a monetary penalty to the Department of
2 Insurance in the amount of \$900,000.00 and attorneys' fees and other costs of \$400,000.00. Said
3 payment shall be mailed to the following address:

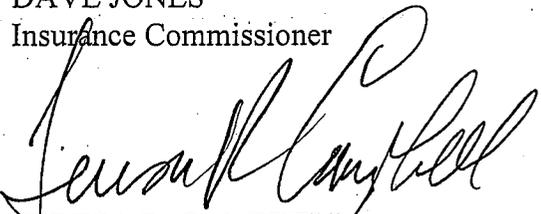
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5 California Department of Insurance
6 Division of Accounting
7 300 Capitol Mall, 13th Floor
8 Sacramento, California 95814.

9 IN WITNESS WHEREOF, I have set my hand and affixed my official seal this 6th day of
10 January, 2015.

11 This Order shall be effective immediately.

12 DAVE JONES
13 Insurance Commissioner

14
15 By


16 TERESA R. CAMPBELL
17 Assistant Chief Counsel
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1 CALIFORNIA DEPARTMENT OF INSURANCE
2 LEGAL DIVISION
3 Compliance Bureau - San Francisco
4 Jodi S. Lerner, Bar No. 122923
5 Michael Tancredi, Bar No. 101425
6 45 Fremont Street, 21st Floor
7 San Francisco, CA 94105
8 Telephone: 415-538-4122
9 Facsimile: 415-904-5490

10 Attorneys for CALIFORNIA DEPARTMENT OF
11 INSURANCE

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

14 In the Matter of the Licenses and Licensing
15 Rights of:

16 MIDLAND NATIONAL LIFE
17 INSURANCE COMPANY OF AMERICA,
18 Respondent.

19 File No.: DISP-2008-00060-AP
20 STIPULATION AND WAIVER

21 TO: THE INSURANCE COMMISSIONER OF THE STATE OF CALIFORNIA
22 Respondent MIDLAND NATIONAL LIFE INSURANCE COMPANY OF AMERICA,
23 ("Respondent") hereby enters into this Stipulation and Waiver and stipulates as follows.

24 WHEREAS, the Insurance Commissioner of the State of California ("Commissioner")
25 issued his Third Amended Order to Show Cause and Accusation dated September 12, 2014; and

26 WHEREAS, Respondent denies the allegations in the Third Amended Order to Show
27 Cause and Accusation, but acknowledges that if the allegations were proven to be true, they
28 would constitute grounds for the Commissioner to obtain the relief sought in the Third Amended
Order to Show Cause and Accusation; and

WHEREAS, the Department and Respondent believe that it is in the public interest to
resolve at this time the matters raised in the Third Amended Order to Show Cause and
Accusation, without the need for a formal hearing;

1 NOW, THEREFORE, Respondent stipulates as follows:

2 1. Waiver of Hearing. Respondent waives its right to a hearing in this matter and waives
3 any and all other rights that may be accorded pursuant to Chapter 5, Part 1, Division 3, Title 2 of
4 the Government Code.

5 2. Sales of Out of State Discretionary Group Annuities in California. For California
6 consumers, Respondent will only sell discretionary group annuities that are issued in California.
7 All future policies sold by Respondent shall provide written notice to its appointed agents and
8 California consumers that the certificates to discretionary group annuities sold in California are
9 group annuities and any required disclosures concerning same.

10 4. Monetary Penalty and Cost Reimbursement. Within 30 days of receipt of an invoice
11 from the CDI, Respondent will pay a penalty to the CDI in the amount of \$900,000.00 (nine
12 hundred thousand dollars) and \$400,000.00 (four hundred thousand dollars) in reimbursement of
13 attorney's fees and other costs. The payment shall be mailed to the California Department of
14 Insurance, Division of Accounting, 300 Capitol Mall, 13th Floor, Sacramento, California 95814.

15 5. Resolution of Matters. This Stipulation and Waiver, upon acceptance by the
16 Commissioner, constitutes a complete resolution of the matters set forth in the Accusation and
17 reports of the Market Conduct Examination adopted on April 8, 2010.

18 6. Respondent freely and voluntarily executes this Stipulation and Waiver, with full
19 realization of the legal rights set forth in the Statement to Respondent.

20 7. This Stipulation and Waiver shall be interpreted and construed in accordance with
21 California law, without regard to choice of law considerations.

22 8. Respondent acknowledges that this Stipulation and Waiver is a public record under
23 Government Code §11517(d) and that it and any order issued pursuant thereto is accessible to the
24 public pursuant to the California Public Records Act, Government Code §§6250 *et seq.* Pursuant
25 to Insurance Code §12968, this Stipulation and Waiver will be posted on the Department's
26 internet website.

27 9. Respondent acknowledges that Insurance Code §12921 requires the Commissioner's
28 approval of the final settlement of this matter. Both the settlement terms and conditions

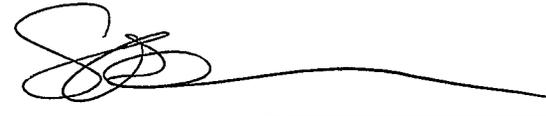
1 contained herein and the acceptance of those terms and conditions are contingent upon the
2 Commissioner's approval.

3
4 Date: November 20, 2014

MIDLAND NATIONAL LIFE INSURANCE
COMPANY OF AMERICA

5
6 By 
7 (Name)

8 SENIOR V.P., GEN. CSL & SECY.
9 (Title)

10
11 By 
12 (Name)

13
14 Attorney for MIDLAND NATIONAL LIFE
INSURANCE COMPANY OF AMERICA

15
16 CALIFORNIA DEPARTMENT OF INSURANCE

17 By 
18 Teresa R. Campbell
19 Assistant Chief Counsel

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