

## Regulatory Settlement Agreement

This Regulatory Settlement Agreement (“**Agreement**”) is entered into by and between Alliance-One Services, Inc. (the “**Company**”) and the Iowa Insurance Division (the “**Division**”) (the Division and the Company are collectively referred to herein as the “**Parties**”) as of this 3 day of January, 2018 (“**Effective Date**”).

### RECITALS

**WHEREAS**, the Company, a wholly-owned subsidiary of DXC Technology, is a registered third-party administrator with the state of Iowa;

**WHEREAS**, the Division has regulatory jurisdiction over the business of insurance transacted in Iowa including the authority to conduct market conduct examinations, and the Division is the entity within state government empowered to regulate the matters and conduct that are within the Scope of this Agreement;

**WHEREAS**, the Division issued an examination warrant for the Company on August 4, 2016 and has undertaken a market conduct examination of the Company relating to the conduct of the Company’s conversion of life insurance and annuity policies starting on or about March 27, 2015 and related matters (the “**Examination**”) for the insurers identified in the Examination (each an “**Insurer**” and collectively, the “**Insurers**”);

**WHEREAS**, the Division has reviewed numerous documents and information relating to the Examination;

**WHEREAS**, the Division in the Examination and related actions has identified concerns regarding whether the Company’s policies and procedures ensure that certain life insurance and annuity policies are properly converted and being appropriately administered according to the policy contract, insurance laws and insurance regulations, as summarized in Exhibit A (the “**Division’s Concerns**”);

**WHEREAS**, the Company has cooperated with the Division in the course of the Examination by making its books and records available for examination and its personnel and agents available to assist as requested by the Division; and

**WHEREAS**, the Parties find it to be in the public interest to enter into this Agreement, which shall be considered the final administrative decision in this action, to settle all matters encompassed by the Examination and otherwise within the Scope of this Agreement, as more fully set forth herein.

**NOW, THEREFORE**, in consideration of the mutual promises set forth herein, and

other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

**Section 1. Reporting and Further Regulatory Action Related to the Examination.**

- a. Starting two weeks from the Effective Date and until June 30, 2018, or sooner if agreed to by the Division, the Company shall provide reports to the Division every month (“**Monthly Reports**”) in a format and manner acceptable to the Division regarding the subject matter of the Examination and limited to the items set forth below (the “**Listed Items**”). For avoidance of doubt, the Monthly Reports will be limited to information with respect to policies issued to Iowa residents by one or more of the Insurers. The Listed Items are:
  1. A list of Iowa policies still requiring remediation;
  2. A list of Iowa policies that have not received an annual statement or, to the knowledge of the Company, that have material errors in the annual statement;
  3. A list of Iowa policies that have become restricted or suspended since the prior Monthly Report; and
  4. A list of open and closed complaints of Iowa policyholders.
- b. The Division shall provide prompt written notice to the Company of any of the Division’s Concern’s that are continuing with respect to the Listed Items. The Company agrees to use commercially reasonable efforts to substantially resolve such concerns with respect to the Listed Items by June 30, 2108.
- c. The Monthly Reports and communications with respect thereto shall be treated as confidential examination materials pursuant to Iowa Code Chapter 507.

**Section 2. Administrative Penalty.**

- a. The Company agrees to pay an administrative penalty of \$75,000 (the “**Administrative Penalty**”).
- b. Payment of the Administrative Penalty shall be remitted to the Division within ten (10) business days of the Effective Date. Payment shall be made payable to the Iowa Insurance Division and delivered to:

Tracy Swalwell,  
Compliance Attorney  
Iowa Insurance Division  
Two Ruan Center  
601 Locust St., 4th Floor  
Des Moines, IA 50309
- c. The Administrative Penalty imposed on the Company for all matters related in any way to this Agreement, including, without limitation, the Examination, Examination work papers and related reports, the Division’s Concerns, any complaints of policyholders of any of the Insurers with respect to the subject matter of this Agreement (“**Complaints**”), Monthly Reports and Listed Items, and communications related thereto (all such matters collectively, the “**Scope of this Agreement**”) shall be the sole penalties, sanctions, restrictions and impairments imposed on the Company.
- d. For avoidance of doubt, nothing contained in this Section 2 shall relieve the Company from its obligation to provide the Monthly Reports and take other actions as contemplated

by Section 1 of this Agreement.

**Section 3. Other Provisions.**

- a. The Company has admitted the jurisdiction of the Commissioner of Insurance (“**Commissioner**”) and has knowingly, voluntarily, and unconditionally entered into this Agreement, which includes the Company’s agreement to comply with and to be subject to all terms, conditions and obligations expressly set forth in this Agreement. The Company knowingly, voluntarily and unconditionally waives, in each case with respect to the issuance of this Agreement: (1) any rights the Company may have to a hearing or appeal before the Commissioner or the Commissioner’s designee; (2) all other procedures otherwise available under Iowa law; (3) all rights to judicial review by any court by way of suit, appeal, or extraordinary remedy, and (4) compliance with the provisions of Iowa Administrative Code Chapter 3 regarding contested cases.
- b. This Agreement is an agreement solely between the named Parties as defined above, and no other person or entity shall be deemed to obtain or possess any enforceable rights against the Company or the Division as a third-party beneficiary or otherwise, as a result of this Agreement. The Parties agree that this Agreement is not intended to and shall not confer any rights upon any other person or entity (except current or former subsidiaries of the Company in connection with Section 3(f) of this Agreement) and shall not be used for any other purpose. Nothing in this Agreement shall be construed to provide for a private right of action to any person or entity not a Party to this Agreement. Nor shall the Agreement be deemed to create any intended or incidental third-party beneficiaries (except current or former subsidiaries of the Company in connection with Section 3(f) of this Agreement), and the matters addressed herein shall remain within the sole and exclusive jurisdiction of the Division.
- c. This Agreement does not impair, restrict, suspend, or disqualify the Company from engaging in any lawful business in any jurisdiction.
- d. This Agreement contains the entire agreement between the Parties relating to the subject matter hereof, including matters within the Scope of this Agreement, and supersedes any and all prior agreements and understandings related thereto, verbal or otherwise, and there are no other understandings or agreements, verbal or otherwise, between the Parties, except as set forth herein or within a written agreement executed by the Parties contemporaneously hereto. In entering into this Agreement, no Party has relied on a representation not set forth herein or within a written agreement executed by the Parties contemporaneously hereto.
- e. Neither this Agreement, nor any of the communications or negotiations leading up to this Agreement, nor any actions taken or documents executed in connection with this Agreement, including, without limitation, any matters within the Scope of this Agreement, is now or may be deemed in the future to be an admission or evidence of any liability or any wrongdoing by the Company with respect to the subject matter hereof, including matters within the Scope of this Agreement.
- f. Subject to payment of the Administrative Penalty:
  1. (i) the Division hereby releases the Company, and its current or former subsidiaries, from any and all claims, demands, interest, penalties, actions or

causes of action that the Division may have by reason of any matter, cause or thing whatsoever, regarding or relating to the Scope of this Agreement, except for the failure to provide the Monthly Reports as contemplated in Section 1 of this Agreement, from the beginning of time to and including December 31, 2017; (ii) the Examination shall be considered closed without further action, and (iii) all Examination work papers and related reports shall be held confidential pursuant to applicable law, including, without limitation, Iowa Code §§ 507.10 and 507.14.


2. On June 30, 2018: (i) the Division hereby releases the Company, and its current or former subsidiaries, from any and all claims, demands, interest, penalties, actions or causes of action that the Division may have by reason of any matter, cause or thing whatsoever, regarding or relating to the Scope of this Agreement, from December 31, 2017, to and including June 30, 2018; (ii) all matters within the Scope of this Agreement shall be closed without further action, and (iii) the Monthly Reports and all matters related thereto, including, without limitation, any review of the Monthly Reports and all matters related thereto by the Division, shall be held confidential pursuant to applicable law, including, without limitation, Iowa Code §§ 507.10 and 507.14.

- g. Nothing in this Agreement restricts the ability of the Division to review, investigate or respond to Complaints submitted to the Division; provided, however, that the Division shall not, in connection with the Complaints, take any actions or impose any penalties, sanctions, restrictions or impairments of any kind or character on or with respect to the Company or the matters being released pursuant to Section 3(f) of this Agreement.
- h. In the event that any portion of this Agreement is enjoined or held invalid under the laws of Iowa, such enjoined or invalid portion shall be deemed to be severed only for the duration of the injunction or invalidity, if applicable, and all remaining provisions of this Agreement shall be given full force and effect and shall not in any way be affected thereby.
- i. The Parties represent and warrant that the person executing this Agreement on behalf of each Party has the legal authority to bind the Party to the terms of this Agreement.
- j. This Agreement may be executed in one or more counterparts, which taken together shall constitute one and the same agreement.

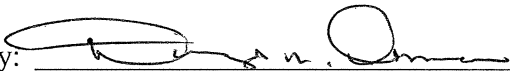
**Section 4. Enforcement.** The failure to comply with any provision of this Agreement shall constitute a breach of the Agreement and a violation of an order of the Division, and shall subject the Company to such administrative and enforcement actions and penalties as the Division deems appropriate and is entitled to impose pursuant to the laws of Iowa.

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED THIS AGREEMENT  
AS OF THE DATE SET FORTH ABOVE.

ALLIANCE-ONE SERVICES, INC.

By:   
Phillip Ratcliff, President

IOWA INSURANCE DIVISION

By:   
Douglas M. Ommen, Iowa Insurance Commissioner

## **Exhibit A**

### **Summary of Division's Concerns**

This Exhibit A sets forth a summary of the Division's Concerns. Capitalized terms used in this Exhibit shall have the meaning set forth in the Agreement.

The Division conducted the Examination, which related to the conversion of four blocks of business administered by the Company involving the Insurers. One or more of the conversions started on or about March 27, 2015. During one or more of the conversions, delays were reported. Some factors cited include the complexity of the products being converted and that portions of the blocks to be converted had previously converted creating issues in subsequent conversions. These issues required the Company staff to remain on one or more conversions for longer than anticipated, which impacted the completion of the conversions.

Generally, when a block of policies is converted, a portion of the policies will not be successfully converted because of various data issues that prevent automated processing on the new system. When this occurs, the policies are put into a restricted or suspended status until the policies can be automatically processed. While in a restricted or suspended status, policy processing must be done on a manual basis, which is complex and can lead to errors. During the Examination, converted policies were sampled and reviewed. This work analyzed the administration and maintenance of policies that included premium collection, processing of changes, providing annual statements, and responding to policyholder inquiries, and included certain policies in restricted or suspended status. The Division notes the Company has worked to fully automate policies and address related matters and this work is ongoing.

The Division had concerns about conversions, including that certain policies were placed on suspended or restricted status for longer than anticipated, that certain customer service requests and inquiries by policyholders, including beneficiary and address changes, took longer to process than anticipated, that certain issues arose in connection with annual statements, that in some cases collected premiums may not have been automatically applied and had to be collected and applied manually, and certain policies required manual processing. The Division was concerned that the conversions may affect the ability of the Company to fully comply with Iowa Code Chapters 510 and 507 and Iowa Administrative Code Chapter 191—58 (relating to third party administrators) and Iowa Code § 507B.3 (Iowa Insurance Trade Practices Act).