

New Website Addresses Midland National Life's Legal Problems

A new website reviews the legal problems of Midland National Life

June 8, 2010 (FPRC) -- Midland National Life Review* has published a website compiling the legal problems surrounding Midland National Life Insurance Company of Sioux Falls, South Dakota www.midland-national-life-review.com.

A class action lawsuit has been filed in Iowa against Midland National Life Insurance Company alleging violations of RICO (Racketeer Influenced and Corrupt Organizations Act), conspiracy and unjust enrichment in that they "knowingly used licensed agents that engaged in unfair, improper, and unlawful sales practices in connection with the solicitation, offering, and sale of deferred annuity products to senior citizens." *Bendzak v. Midland Nat'l Life Ins. Co.*, 240 F.R.D. 449, 450 (S.D. Iowa 2007).

RICO is a very serious charge because it implies intentional and ongoing criminal activity in the way Midland is doing business.

Midland National has a colorful history of civil and regulatory legal problems. The Minnesota Attorney General's Office filed suit against Midland National Life Insurance Company, Sioux Falls, South Dakota in November, 2007 alleging the company was making inappropriate long-term annuity sales to seniors. That action, involving Midland National's insurance sales practices, is similar to class action lawsuits filed against them in California and Hawaii. Allegations that these sales practices go back to the late 1980s have also been raised in a law suit filed in South Dakota by a former leading life insurance general agent for the company. *State of Minnesota, by its Attorney General, Lori Swanson v. Midland National Life Insurance Company* 27-cv-07-24362; *Migliaccio et al v. Midland National Life Insurance Company et al.*, 06cv1007 United States District for Central District of California; *Yokoyama v. Midland Nat'l Life Ins. Co.*, 243 F.R.D. 400 (D. Haw. 2007); *Castaneira v. Midland National Life Insurance, et al*; 10cv4039 United States District Court, Southern District of South Dakota.

Midland was sued on a class action basis in Wisconsin in 2009 for breach of contract involving their universal life insurance policies (Century Universal Life). The suit alleges that Midland charges more for the cost of insurance and policy expenses than the policy allowed. This could cause the policy to expire before the date promised. *Mai Nhia Thao v. Midland National Life*; 09cv01158, United States District Court, Eastern District of Wisconsin.

The Texas Department of Insurance (TDI) has an open enforcement case against Midland National Life Insurance Company based on their annuity sales and marketing, and TDI officials have confirmed this with The Associated Press.

An enforcement case is similar to other law enforcement investigations in that its focus is to determine whether Midland has committed any criminal or administrative violations of Texas law.

Midland has also been fined by Arizona twice in the last twenty years for their sales practices.

The Minnesota suit was settled in December, 2008; with Midland agreeing to policy holder refunds in

the millions of dollars.

It is unknown whether these legal issues involving their sales practices contributed to Standard & Poor's reduction in December, 2008 of their outlook on Midland to negative from stable. On April 16, 2009 A. M. Best (www3.ambest.com) also lowered Midland National Life's ratings outlook to NEGATIVE (BestWire - 04/16/2009 10:46 am). It was reported on January 20, 2010 that Fitch Ratings (www.fitchratings.com) had lowered Midland National Life's ratings outlook to NEGATIVE, too; in part because of Fitch's analysis of Midland's assets and investments.

Midland National is part of the Sammons Financial Group and is affiliated with the North American Company for Life and Health and Midland Annuity.

Midland National Life Review has also posted a partial list of life insurance agents appointed with Midland National on its website www.midland-national-life-review.com/Agent_List.php. This list, combined with the information posted on the website, will allow consumers the opportunity to make an informed decision regarding a purchase of a Midland product or even whether they want to do business with an agent appointed with Midland.

Agents currently appointed with Midland can contact Midland National Life Review to learn how they can be removed from the list.

*Midland National Life Review is not affiliated with Midland National Life Insurance Company.

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