

FILED

2014 SEP 26 A 10:04

STATE OF WASHINGTON
BEFORE THE OFFICE OF THE INSURANCE COMMISSIONER

IN THE MATTER OF
RENT-A-CENTER, INC.,
RENT-A-CENTER WEST, INC.,

Unlicensed Entities,

and

BENEFIT MARKETING SOLUTIONS, LLC;
BENEFIT SERVICES ASSOCIATION,

Unregistered and Unauthorized Entities.

ORDER NO. 14-0082

OFFICE OF THE INSURANCE
COMMISSIONER'S MOTION
FOR PARTIAL SUMMARY
JUDGMENT

On May 7, 2014, the Office of the Insurance Commissioner ("OIC") issued an Amended Notice of Request for Hearing for Imposition of Fines. The OIC requested a hearing to impose a fine of \$100,000, liability for which would be joint and several among the named Respondents. The Respondents are deemed by the OIC to have engaged in the business of insurance without proper licensure or other authorization by the Commissioner. The OIC requests a finding that it is entitled to judgment, and that the sole issue at hearing will be the amount of any fine to be imposed upon Respondents.

Summary judgment is appropriate where there are no genuine issues of material fact and the moving party is entitled to judgment as a matter of law. CR 56. Summary judgment is designed to do away with unnecessary trials when there is no genuine issue of material fact. *LaPlante v. State*, 85 Wn.2d 154, 158, 531 P.2d 299 (1975). "A material fact is one upon which the outcome of the litigation depends." *Jacobsen v. State*, 89 Wn.2d 104, 108, 569 P.2d 1152 (1977).

The burden is on the moving party to demonstrate there is no genuine issue of material fact and, as a matter of law, summary judgment is proper. *Jacobsen*, 89 Wn.2d at 108. If the moving party satisfies its burden, then the non-moving party must present

1 evidence demonstrating material facts are in dispute. *Atherton Condo Ass'n v. Blume Dev.*
2 *Co.*, 115 Wn.2d 506, 516, 799 P.2d 250 (1990). The non-moving party must “set forth
3 specific facts showing there is a genuine issue for trial.” *LaPlante*, 85 Wn.2d at 158. A non-
4 moving party may not oppose a motion of summary judgment by nakedly asserting there are
5 unresolved factual questions. *Bates v. Grace United Meth. Church*, 12 Wn. App. 111, 115,
6 529 P.2d 466 (1974).

7 **Undisputed Facts**

8 The administrative record in this matter reveals that there are no genuine issues of
9 material fact requiring resolution. What remain are questions of law.

10 Respondents Rent-a-Center, Inc. and Rent-A-Center West, Inc. (“RAC”) are
11 Delaware Corporations. RAC provides consumer goods on a rent-to-own basis in retail
12 outlets in Washington State. Benefit Marketing Solutions, LLC and Benefit Services
13 Association (“BMS/BSA”) are Oklahoma-based marketers who provide businesses with
14 customer benefits packages providing discounts and other benefits (Exhibit 1). BSA is an
15 association formed by BMS that consumers can join in order to get benefits when they rent-
16 to-own at RAC. RAC began selling memberships in what it calls Benefits Plus to its rent-to-
17 own customers in 2004 (Exhibit 2). Enrolling in Benefits Plus is enrollment in Benefit
18 Services Association per the membership form provided by RAC (Exhibit 3). Benefits Plus
19 began including accidental death and dismemberment (“AD&D”) coverage in the
20 membership package provided by BMS/BSA in November 2011. In 2012 and 2013, RAC
21 sold 13,018 memberships including the AD&D coverage on behalf of Benefit Marketing
22 Solutions, LLC and Benefit Services Association (“BMS/BSA”) to customers at RAC retail
23 locations in Washington. Membership benefits included a certificate of coverage for
24 accidental death and dismemberment coverage underwritten by Life of the South Insurance
25 Company (Exhibit 4). This is a group AD&D product with the named insured being Benefit
26 Services Association (“BSA”). BSA paid monthly premiums to Life of the South Insurance
Company of \$.225 per member for the group policy. The policy and certificate were not
approved in the state of Washington. The AD&D program was discontinued by Life of the
South Insurance Company in Washington State in December 2013 as it was unable to get

1 OIC approval (Exhibit 5). RAC acknowledged that it should not have offered the AD&D
2 insurance because it was not approved for sale in Washington State (Exhibit 6, pgs. 3-4).

3 Membership also includes a product called "Paid-Out Account Product Service
4 Protection." This provides product service on a member's paid out merchandise, meaning
5 items now owned outright by the member, for up to one year of ownership, so long as the
6 member continues making monthly membership payments. The protection provides
7 coverage for all mechanical or electrical failures unless such failure is caused by accidents,
8 lightning, or other outside influences including insect infestation or the introduction of
9 foreign substances to the product. Both the AD&D and paid-out protection benefits are
10 and/or were available so long as the member continues to pay membership fees (See Exhibit
11 2, pgs. 3 and 5).

12 Neither of the RAC Respondents is licensed as an insurance producer in this state.
13 Neither of the RAC Respondents has submitted to the OIC any appropriate certificate,
14 license, or other document issued by another agency of this state, any subdivision thereof, or
15 the federal government permitting or qualifying the Respondents to solicit insurance
16 coverage in this state (Exhibit 7).

17 Neither of the BMS/BSA Respondents has applied for or been granted registration as
18 a service contract provider or a Certificate of Authority to act as an insurer in Washington
19 (Exhibit 8). Respondents have not submitted to OIC any appropriate certificate, license, or
20 other document issued by another agency of this state, any subdivision thereof, or the federal
21 government, permitting or qualifying Respondents to provide service contracts in this state.

22 Analysis

23 The Insurance Code has a broad definition of "insurance." Per RCW 48.01.040,
24 "Insurance is a contract whereby one undertakes to indemnify another or pay a specified
25 amount upon determinable contingencies." Further, RCW 48.05.030 states that no person
26 shall act as an insurer and no insurer shall transact insurance in this state other than as
authorized by a certificate of authority issued to it by the commissioner and then in force;
except, as to such transactions as are expressly otherwise provided for in this code.

One such transaction provided for under the code that does *not* require a certificate of
authority, but still constitutes "insurance," is a service contract regulated under RCW 48.110.

1 A "service contract" is defined in RCW 48.110.020(18)(a) as "a contract or agreement
2 entered into at any time for consideration over and above the lease or purchase price of the
3 property for any specific duration to perform the repair, replacement, or maintenance of
4 property or the indemnification for repair, replacement, or maintenance for operational or
5 structural failure due to a defect in materials or workmanship or normal wear and tear.
6 Service contracts may provide for the repair, replacement, or maintenance of property for
7 damage resulting from power surges and accidental damage from handling, with or without
8 additional provision for incidental payment of indemnity under limited circumstances,
9 including towing, rental, emergency road services, or other expenses relating to the failure of
10 the product or of a component part thereof." A provider of a service contract can avoid the
11 need for a certificate of authority by getting registered as a service contract provider under
12 RCW 48.110.030.

13 BMS/BSA's Paid-Out Account Product Service Protection is a service contract. It is
14 for a specific duration, one year, after any rental property has been fully purchased by the
15 member. The membership fee is in addition to the cost of the rental. Although it can be
16 canceled by the member if he or she fails to maintain a membership, it is a one year service
17 contract with certain limitations on its coverage as permitted under the statute. And, as a
18 contract between the member and BSA, it provides certain repairs to the property of the
19 member, and so constitutes "insurance," as well. RCW 48.15.020 provides that an insurer
20 that is not authorized by the Commissioner may not solicit insurance business in this state or
21 transact insurance business in this state. Sanctions for so doing include the issuance of an
22 order to cease and desist and assessment of a civil fine of not more than twenty-five thousand
23 dollars for each violation, per RCW 48.15.023.

24 RAC sold BSA memberships to its customers that included AD&D insurance
25 coverage. RCW 48.17.060 states that a person shall not sell, solicit, or negotiate insurance in
26 this state for any line or lines of insurance unless the person is licensed for that line of
authority in accordance with this chapter. RAC is not licensed to sell life and disability
insurance in Washington State, and so was in violation of this law for several years before
the AD&D benefit was discontinued by BSA. And because BMS/BSA has neither a
certificate of authority nor a registration as a service contract provider, RAC was
representing an unauthorized insurer when it sold Benefits Plus memberships, violating RCW

1 48.15.020(2)(a). Each membership RAC sold constituted a separate offense punishable by a
2 fine of not more than twenty-five thousand dollars under RCW 48.15.020(3).

3 **Argument**

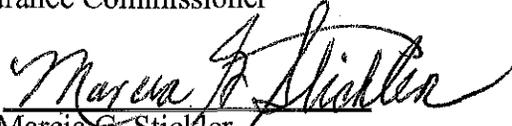
4 The only source for determining the law in regard to insurance is Title 48 RCW, the
5 insurance code. The scope of the insurance code, as stated in RCW 48.01.020, covers all
6 insurance and insurance transactions in this state, or affecting subjects located wholly or in
7 part or to be performed within this state, and all persons having to do therewith. The
8 definition of "insurance," as previously described, does not depend upon the nature of the
9 entities that make or enter a contract of insurance. If it insures, it is insurance. "Person," for
10 purposes of the insurance code, means any individual, company, insurer, association,
11 organization, reciprocal or interinsurance exchange, partnership, business trust, or
12 corporation. RCW 48.01.070. As noted, the prohibition against representing an
13 unauthorized insurer applies to "a person" under RCW 48.15.020(2)(a), which can be a
14 business, or an association, as well as an individual. Similarly, "a person" shall not sell,
15 solicit, or negotiate insurance in this state for any line or lines of insurance unless the person
16 is licensed under RCW 48.17.060. If a rent-to-own retailer and a marketing firm sell,
17 promote, or issue contracts for a fee that provide repairs on merchandise under certain
18 circumstances, they are transacting insurance.

19 RAC has asserted that it sells only memberships in BSA, not insurance. However,
20 RAC knew that the benefits provided in the membership included AD&D insurance.
21 Obviously, BMS/BSA knew what it was providing in its memberships, as well. Whether
22 directly or indirectly, both RAC and BMS/BSA violated the insurance code. Together, they
23 sold at least 13,018 memberships in BSA that includes a service contract component, which
24 also constitutes insurance, and AD&D insurance. Both engaged in the business of insurance
25 in Washington State without any authorization from the Commissioner. In order to sell or
26 solicit the AD&D coverage, which was clearly part of the BSA benefit package, RAC should
have held an insurance producer license. By proposing BSA memberships and benefits to its
customers, RAC represented an unauthorized insurer. BMS/BSA ought to have had either a
certificate of authority or a registration as a service contract provider in order to sell the paid-
out account product service protection to its customers. Based on the foregoing,

1 Respondents' administrative hearing should result in a judgment in favor of the Office of the
2 Insurance Commissioner.

3 DATED this 26th day of September, 2014.

4 MIKE KREIDER
5 Insurance Commissioner

6 By: 
7 Marcia G. Stickler
8 Insurance Enforcement Specialist
9 Legal Affairs Division

10
11 EXHIBITS

- 12 Exhibit 1: [Http://www.benefitmarketingsolutions.com/Pages/About-Us.aspx](http://www.benefitmarketingsolutions.com/Pages/About-Us.aspx) (2 pgs.)
13
14 Exhibit 2: [Http://www.racbenefitsplus.com/programs_wa.html](http://www.racbenefitsplus.com/programs_wa.html) (8 pgs.)
15
16 Exhibit 3: Letter from Dwight Dumler of RAC to Bobby Frye, OIC Investigator, dated
17 February 28, 2014 (3 pgs.)
18
19 Exhibit 4: Certificate of Insurance and Specimen Group AD&D policy from Life of the
20 South Insurance Company (7 pgs.)
21
22 Exhibit 5: Letter from Craig S. Hart of Fortegra Financial to Bobby Frye, OIC Investigator
23 dated April 23, 2014 (2 pgs.)
24
25 Exhibit 6: Letter from Ronald D. DeMoss of RAC to Bobby Frye, OIC Investigator dated
26 December 11, 2013 (4 pgs.)
27
28 Exhibit 7: Declarations of Gayle Pasero and Jeff Baughman of OIC in regard to RAC (2
29 pgs.)
30
31 Exhibit 8: [Http://www.insurance.wa.gov/consumertoolkit/search.aspx](http://www.insurance.wa.gov/consumertoolkit/search.aspx) search for company
32 certificate of authority (1 pg.)

1 CERTIFICATE OF MAILING

2 The undersigned certifies under the penalty of perjury under the laws of the state of
3 Washington that I am now and at all times herein mentioned, a citizen of the United States, a
4 resident of the state of Washington, over the age of eighteen years, not a party to or interested
5 in the above-entitled action, and competent to be a witness herein.

6 On the date given below I caused to be served the foregoing OFFICE OF THE
7 INSURANCE COMMISSIONER'S MOTION FOR PARTIAL SUMMARY JUDGMENT
8 on the following individuals in the manner indicated:

9
10 Hon. George Finkle, Chief Hearing Officer
11 P O Box 40255
12 Olympia, WA 98504-0255

13 (XXX) Via Hand Delivery

14 Dwight Dumler
15 Senior Vice President
16 Rent-A-Center, Inc.
17 Rent-A-Center West, Inc.
18 5501 Headquarters Drive
19 Plano, TX 75024

20 **Counsel for Benefit Marketing Solutions, LLC**

21 Gulliver Swenson
22 Jerry Kindinger
23 Ryan, Swanson & Cleveland, PLLC
24 1201 Third Avenue, Suite 3400
25 Seattle, WA 98101-3034

26 (XXX) Via U.S. Regular Mail

SIGNED this 26th day of September, 2014, at Tumwater, Washington.

23 
24 Renee Molnes



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About Benefit Marketing Solutions

Benefit Marketing Solutions was founded in 2002 as a provider of membership programs predominantly within the rent-to-own industry. In 2007 Benefit Marketing Solutions merged with Alliance Healthcard, Inc. (ALHC- OTC). In 2009 Alliance Healthcard merged with Access Plans, Inc. (APNC-OTC). The company that emerged offered its clients and their customers an expanded line of benefits and services.

In 2012 Aon Plc (AON-NYSE) acquired Access Plans allowing the ability to expand the market for our products. Our programs are sold to consumers primarily through retail, rent-to-own, financial, employers and consumer finance clients. It continues as the largest provider of customized programs in the rent-to-own industry.

About Aon Benefit Solutions

Aon Benefit Solutions is a service mark of Aon Corporation. Aon Benefit Solutions combines the specialized knowledge of affinity program management with the extensive resources of a global company to help clients achieve their goals. With an innovative approach to program strategy, from the design of products and services to the delivery of the marketing message, Aon Benefit Solutions offers full-service capabilities; technical expertise and industry knowledge to deliver value to clients.

About Aon

Aon plc (NYSE: AON) is a leading provider of innovative insurance and risk management solutions to individuals and corporations around the world.

- Aon has 66,000 colleagues working out of over 500 offices in 120 countries around the world.
- Aon has been named repeatedly as the world's best broker, best insurance intermediary, reinsurance intermediary, captives manager and best employee benefits consulting firm by multiple industry sources.
- Aon's clients include over half of the Fortune 500 and a third of the Fortune Global 500, including such companies as Pepsi, AT&T, Marriott International, JP Morgan Chase, Google, Panasonic, Nissan Motor Company, Honeywell and Toshiba.

Visit www.aon.com for more information on Aon and www.aon.com/manchesterunited to learn about Aon's global partnership with Manchester United.

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Our membership programs are designed to enhance your customers' experience by offering access to products and services that help save them money.

We collaborate with you to design a program customized to your needs. Our programs can offer different types of benefits such as:

Protection*

- Accidental Death & Dismemberment Insurance
- Extended Service Plans
- Involuntary Unemployment Waivers
- Lease Cancellation Waiver

Discount Medical Products*

- Physician
- Dental
- Vision Care & Eyewear
- Pharmacy, Retail & Mail Order
- Chiropractic and Alternative Care
- Hearing
- Vitamins & Nutritional Supplements
- Lab and Diagnostic

Wellness Services*, Legal & Financial Consultations

- Telemedicine
- Counseling
- 24-hour Nurse Helpline
- Patient Advocacy
- Discounted Legal Services
- Financial Coaching
- Tax preparation and consulting

Food & Entertainment Discount Programs

- Grocery Savings
- Restaurant, Retail and Service Savings Nationwide
- Theme Park Discounts Nationwide
- Movie Theater Discounts
- Savings at Choice Hotels
- Savings at 1800Flowers.com

Automotive Programs and Discounts

- Discounted Roadside Assistance*
- Discounts at Jiffy Lube
- Savings at Meineke
- Fleet Prices at Pep Boys
- Savings at AAMCO
- Discounts at MAACO
- Rental Car Savings
- Emergency Road Service Reimbursement*
- Emergency Travel Expense - up to \$300 (within 250 miles of home)*
- Traffic Court Defense*
- Legal Fee Reimbursement following auto accident*
- Legal Defense Fee for vehicular manslaughter defense*
- Auto Theft Reward*
- Ambulance Assistance*

We are continually adding to the list and can create benefits unique to your organization.



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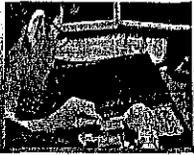
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Making YOUR Life Easier
 Your RAC Benefits Plus program can provide protection and help you save money in many ways.

Scroll using the arrow to the right to view more membership features. Some or all of the following may be available in your state.

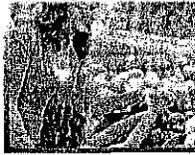




Product Protection



Dining & Shopping Discounts



Grocery Savings



Automotive Care Discount



Benefits

Washington

CLICK ON EACH CATEGORY FOR DETAILS.

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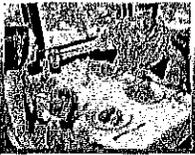
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Product Protection



Dining & Shopping Discounts



Grocery Savings



Automotive Care Discount



Benefits

Washington

CLICK ON EACH CATEGORY FOR DETAILS.

- [Product Protection](#)

Liability Waiver, Product Replacement Option

— This benefit allows members to have a replacement benefit should they suffer a loss under the Liability Damage Waiver (LDW) program. The member must have accepted the LDW protection on the merchandise rental and be a current member of the program. As a member of this program, if your rental merchandise is damaged beyond repair, stolen or destroyed by a covered event, a new agreement will be opened on a like kind replacement product at the same rental rate and remaining rental terms to ownership as the previous agreement provided.



NOT AVAILABLE IN ALL STATES.

Paid-Out Account Product Service Protection

Involuntary Unemployment Payment Waiver

Accidental Death & Dismemberment Insurance

Courtesy Waiver Benefit

- [Dining & Shopping Discounts](#)
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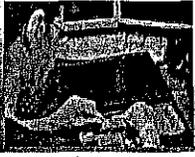


Making YOUR Life Easier

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Scrolling the arrow to the right to view more membership features. Some or all of the following may be available in your state.





Product Protection



Dining & Shopping Discounts



Grocery Savings



Automotive Care Discount



Benefits

Washington

CLICK ON EACH CATEGORY FOR DETAILS.

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Liability Waiver, Product Replacement Option

Paid-Out Account Product Service Protection

— Members of the program will receive product service on their paid out merchandise for up to one year after ownership as long as they continue to participate in the program by making monthly membership payments. Without this benefit, the member would be responsible for all repairs after they own the merchandise.



This benefit covers all mechanical or electrical failures unless such failure is caused by accidents, lightning or other outside influences including insect infestation or the introduction of foreign substances to the product. *Does not apply to all merchandise. See your store for exclusions.*
NOT AVAILABLE IN ALL STATES.

Involuntary Unemployment Payment Waiver

Accidental Death & Dismemberment Insurance

Courtesy Waiver Benefit

- [Dining & Shopping Discounts](#)
- [Grocery Savings](#)

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Product Protection



Dining & Shopping Discounts



Grocery Savings



Automotive Care Discount



Benefits

Washington

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Liability Waiver, Product Replacement Option

Paid-Out Account Product Service Protection

Involuntary Unemployment Payment Waiver

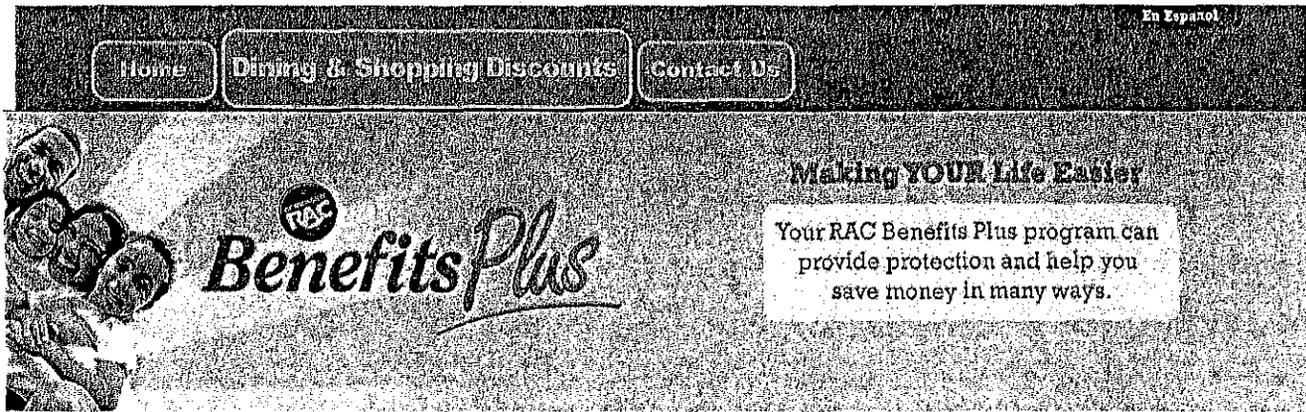
— Assists members with their rental payments in the event that they are laid off, fired or lose their job due to a company strike or labor dispute. If the member becomes unemployed and qualifies for a payment waiver, the member's rental payment(s) will be waived in the amount of, or up to, the limits listed below, or when the member returns to work. The maximum payment waiver amount is the member's monthly rental payment(s) up to a maximum of \$1,000 waiver of payments on all rental agreements combined or for four (4) consecutive months, whichever occurs first, per unemployment occurrence. Members must have been unemployed for a minimum of 31 days to be eligible for a payment waiver. The unemployment payment waiver plan applies to the first two (2) persons named on the rental agreement. The member's account can become re-eligible 4 months after all previous waivers have been applied for a period of unemployment.



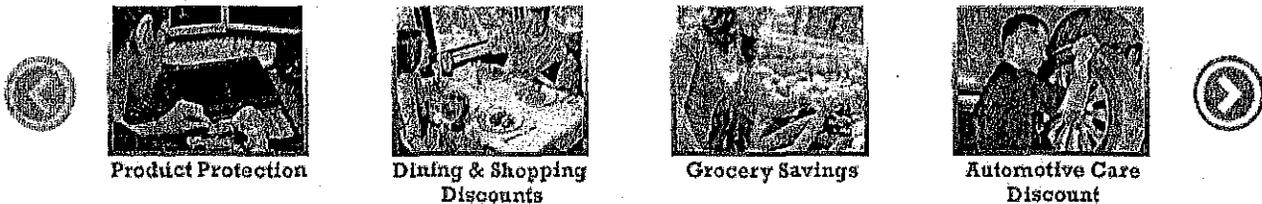
Accidental Death & Dismemberment Insurance

Courtesy Waiver Benefit

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Scroll using the arrow to the right to view more membership features. Some or all of the following may be available in your state.



Benefits

Washington

CLICK ON EACH CATEGORY FOR DETAILS.

• Product Protection

Liability Waiver, Product Replacement Option

Paid-Out Account Product Service Protection

Involuntary Unemployment Payment Waiver

Accidental Death & Dismemberment Insurance

— Members enjoy peace of mind knowing they have up to \$10,000 of Group Accidental Death & Dismemberment coverage 24 hours a day, on and off the job, no matter where they are. Members have this coverage as long as they are members of the program. Coverage divides by the number of persons on the rental agreement.
NOT AVAILABLE IN ALL STATES.

Courtesy Waiver Benefit

- Dining & Shopping Discounts
- Grocery Savings
- Automotive Care Discount
- Roadside Assistance Discount
- Rental Car Discount
- Hotel Discount
- Floral Discounts

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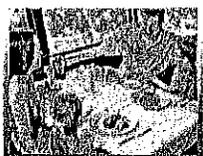


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 Your RAC Benefits Plus program can provide protection and help you save money in many ways.

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Product Protection



Dining & Shopping Discounts



Grocery Savings



Automotive Care Discount



Benefits

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— The remaining rental payment(s) on a member's rental agreement(s) will be waived in the event (and upon verification) of the death of any club member named on a rental agreement (covered by this benefit) that was in effect at the time of the member's passing.

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Product Information or Pricing

1-800-665-5510

Store Hours
 Monday-Friday: 10 a.m. – 7 p.m.
 Saturday: 9 a.m. – 6 p.m.
 Sunday: Closed

Contact Your Local Store

Enter Your Zip Code:

Customer Care

1-800-422-8186

Customer Care Hours
 Monday – Friday: 7:00 a.m. – 8:45 p.m. CT
 Saturday: 8:00 a.m. – 7:45 p.m. CT
 Sunday: Closed

[Contact Us Online](#) ▶

Contact Us By Mail

ATTN: Customer Care
 5501 Headquarters Drive
 Plano, TX 75024

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Rent-A-Center Communications

Email Communications

- [Subscribe](#)
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Phone or USPS Mail

If you would like to be added or removed from our phone or USPS mail list, please call:
1-800-422-8186

Stay connected with Rent-A-Center and keep up with our latest deals, tips and news!



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- ▶ [RAC Corporate Leasing](#)
- ▶ [RAC Canada](#)
- ▶ [RAC Mexlco](#)
- ▶ [RAC Benefits Plus Coverage](#)

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The advertised transaction is a rental-purchase agreement (or in NV, a lease agreement with an option to purchase; in IA, SC, ND and NE, a consumer rental-purchase agreement; in CT and NH, a rent-to-own agreement; in AK, DC, DE, HI, ID, KS, OR, SD, VA and WA, a lease-purchase agreement; in MA and RI, a lease; in VT, a consumer-lease agreement). Not available in MN or WI.

*Vizio 60" 1080p LED SMART TV (E6011-A3) at \$34.99 per week for 104 weeks. Total of All Payments: \$3,638.96; GAP/PA- Cost of Lease Services: \$1,455.58; CA- \$34.99 per week for 102 weeks. Total of All

EXHIBIT 2 PAGE 7

Payments: \$3,566.98; WW- \$34.99 per week for 100 weeks, Total of All Payments: \$3,499.00, Retail/Cash Price: \$1,459.00, Rent-to-Own Charge: \$2,040.00.
Whirlpool Cabrio Washer/Electric Dryer Pair (WTWWED5600XW) at \$21.99 per week for 132 weeks, Total of All Payments: \$2,902.68, GA/PA- Cost of Lease Services: \$1,156.57; CA- \$21.99 per week for 132 weeks, Total of All Payments: \$2,902.68; WW- \$21.99 per week for 132 weeks, Total of All Payments: \$2,902.68, Retail/Cash Price: \$1,209.46, Rent-to-Own Charge: \$1,693.23; ME- \$21.99 per week for 126 weeks, Total of All Payments: \$2,770.74. Advertised rates valid 9/23/13-10/26/13. Participating locations only.

Offer good while supplies last and cannot be combined with any other promotion. The "Total of All Payments" does not include applicable sales taxes or optional fees and other charges (such as late charges) that you may incur. Advertised rental rates and terms are for new merchandise. Prices not valid outside U.S. Advertised rates valid 9/23/13-10/26/13. Participating locations only.

Product availability and promotional pricing may vary by store. Free-rent offers will not reduce total rent or purchase-option amounts. You will not own the merchandise until the total amount necessary to acquire ownership is paid in full or you exercise your early purchase option. Ownership is optional. In VT, minimum 18-week rental period applies. MA and RI consumers, any time after the first 90 days, you may purchase the merchandise for 80% of the remaining Total Cost, plus sales tax, calculated at the time. See Store Manager for complete details. Consulta con el Gerente de la Tienda para los detalles completos.

**Pre-approved means no credit check and no credit needed. Agreement requires verification of residence, income and four personal references. Delivery and set-up are included, and RAC services and maintains the merchandise while on rent or in NJ, for duration stated on agreement; set-up does not include connection of gas appliances. For model upgrades, simply return the product you are currently renting and open a new agreement for another model. You can return your product and freeze your payments. To restart an agreement on a returned product, Rent-A-Center will retain your payment records for two years. Thereafter, simply bring in your last payment receipt for reinstatement. 90 days same as cash not available in VT.

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February 28, 2014

Bobby Frye, Senior Investigator
Legal Affairs Division
Office of Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

Re: OIC Case #1151373

Dear Mr. Frye,

Thank you for the additional time in which to respond to your February 5, 2014, request. Additionally, we appreciate your consideration in limiting its scope at this point.

We began selling Benefits Plus memberships to Washington residents in 2004. After conferring with our vendor, we believe that 13,018 Benefits Plus memberships containing AD&D were sold in 2012 and 2013 to Washington residents. We are double checking, however, for duplications. This number may go down.

As is set out in more detail below, we are unable to comply with the request for premiums collected – both for the AD&D benefit and the Paid-Out Account Product Service Protection – as such is inconsistent with the Washington Insurance Code and the nature of the relationship between RAC and its customers when RAC sells an Association membership.

As previously stated, RAC is not selling an AD&D policy; rather, RAC is selling an Association membership. The Association provides AD&D as a benefit to its members. But, as RCW 48.24.045 recognizes, the Association is the policyholder and, as such, is payor of policy premiums. Association members do not pay a premium under Washington law. The Association, however, pays monthly premiums of \$.225 per member for a group master policy, under which it is the named policy holder. The policy is filed and approved in the state of Oklahoma and purchased through a licensed agent in Oklahoma where the transaction occurs.

Rent-A-Center Public Affairs • 5501 Headquarters Drive • Plano, TX 75024
T | 972.801.1100 • F | 972.801.1979 • Nasdaq : RCII

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Also, no premiums were collected from Washington residents on the Paid-Out Account Product Service Protection benefit. In connection with this benefit, the Association pays for no insurance policy. Accordingly, there are no direct costs to the Association of providing the benefit. This benefit is just one of many benefits provided incidental to Association membership. No premiums are collected from Association members and no separately identifiable charges are paid by Association members.

Though no insurance policy provides a direct benefit to Washington consumers with respect to the Paid-Out Account Product Service Protection plan, the Association has in place a contractual liability insurance policy (CLIP) to insure/guarantee the solvency of the payor. The CLIP is designed to protect Washington consumers who are members of the Association from the risk of default and/or insolvency of the payor. The CLIP is filed and approved in the state of Oklahoma.

We seek clarification regarding the request for the contracts between RAC and Benefit Marketing Solutions. It seems apparent that the only issue related to the Washington Insurance Code is whether the Association that obtained the group AD&D policy met the technical requirements of RCW 48.24.045 and WAC 284-30-600. Accordingly, these requests appear unrelated to this investigation. I have, however, enclosed a copy of the RAC Benefits Plus Membership Form.

Best Regards,



Dwight Dumler
Senior Vice President
Assistant General Counsel



DISCOUNT PROGRAM
MEMBERSHIP FORM

EFFECTIVE DATE: _____ MoDayYr. ACCOUNT #: _____

1. _____ Store #
 _____ Address
 _____ City
 _____ State _____ Zip

2. Member's Names
 Name #1 _____
 Name #2 _____
 _____ Address
 _____ City
 _____ State _____ Zip

To receive Club Benefits, you agree to pay _____ per week, _____ per semi-month, _____ per month. Your membership will automatically terminate if you do not make a membership payment within thirty-one (31) days of its due date. Rent-A-Center may also terminate your membership by providing you at least 10 days written notice of the termination. In addition, you can terminate your optional RAC Benefits Plus membership at any time without charge, penalty, or obligation by requesting orally or in writing a termination of your membership. If you cancel your membership within 30 days of receiving your membership card and membership materials, you will be entitled to a full refund of the membership fees paid. Please notify the store where you purchased your membership to obtain any refund due. Rent-A-Center does not offer this RAC Benefits Plus program anywhere but the state of Washington. Accordingly, if you move outside of the state of Washington, your RAC Benefits Plus membership is not transferable and will automatically terminate.

A listing of RAC Benefits Plus benefits and the terms and conditions of membership are contained in the Benefits Plus Membership Booklet that RAC has given you, which is incorporated by reference herein. Administrator reserves the right at any time and in its sole discretion, to add, substitute, or discontinue club benefits as it may determine is in the best interests of the club's membership.

- I have read and understood this membership form and I wish to participate in this program.
- I decline membership in this program and I understand membership benefits do not apply to me.

RAC Benefits Plus membership is optional to me and purchasing or not purchasing the membership program does not affect my rights, obligations, or cost for the rental or purchase of goods under the rental-purchase agreement.

Notice: With my signature below, I hereby enroll as a member of Benefit Services Association. I appoint the Secretary of the Association in office at any particular time as my proxy to receive notice of and attend all meetings of the members and vote on my behalf and to otherwise act for me in the same manner and with the same effect as if I were personally present. This proxy shall be valid until revoked at any time prior to voting at any meeting by executing and delivering a written notice of revocation to the Secretary of the Association, by executing and delivering a subsequently dated proxy to the Secretary of the Association, or by voting in person.

Customer _____
signature

Coworker _____
signature

CERTIFICATE OF INSURANCE (C)
LIFE OF THE SOUTH INSURANCE COMPANY
Administrative Office: [10151 DEERWOOD PARK BLVD., BUILDING 100, SUITE 500
JACKSONVILLE, FL 32256 (800) 8882738]

The benefits of the policy providing your coverage are governed primarily by the law of a state other than Florida.

LICENSED AGENT NAME _____ LICENSED AGENT SIGNATURE _____ FLORIDA LICENSE NUMBER _____

POLICY HOLDER:

POLICY NUMBER:

SPONSOR:

This is to certify that we have issued a policy to the Policyholder. Our name, the Policyholder name, and the Policy Number are shown above. The Provisions of the policy which are important to you are summarized in this Certificate; consisting of this Certificate and any additional forms which have been made a part of this Certificate. This Certificate replaces all certificates which may have been given to you earlier under the policy. The policy alone is the only contract under which payment may be made. Any discrepancy between the policy and this Certificate shall be governed by the policy.

President

FRAUD WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

SCHEDULE I

BENEFITS AND AMOUNTS:

Accidental Death & Dismemberment Benefit.	Principal Sum*
Twenty-Four (24) Hour Coverage	[\$10,000]

ELIGIBLE PERSONS:

[All Members of the Club/Association.]

LIMITATIONS AND REDUCTIONS:

* 1) An Insured Person's Principal Sum for 24-hour coverage reduces 50% upon attainment of age 70. An Insured Person who is age 70 or more at the time of enrollment is only eligible for 50% of the Maximum Principal Sum. [2) Benefits provided by a joint membership will be divided equally by the number of names listed on the [rental] agreement. Joint membership is determined by the names listed and those corresponding signatures on the [rental] agreement.] 3) If any Insured Person is insured under two or more memberships, the combined amount of Principal Sum will not exceed [\$10,000.]

DEFINITIONS

The terms listed, when used in this Certificate, will have the following meanings:
The **Company** means the insurance company named above. Also referred to as we, us, our.
You, Your or Insured Person means an Eligible Person while he or she is covered under this Certificate.
Policyholder means the Association that has contracted with Life of the South Insurance Company to secure insurance coverage for their members.
Claimant means Insured Person or Beneficiary who has the right to claim benefits.
Injury means each Insured Person is covered for bodily injury resulting directly and independently of all other causes from accident which occurs while you are covered under this certificate.
In Illinois **Injury** means each Insured Person is covered for bodily injury resulting from an accident, independent of all other causes, which occurs while you are covered under this certificate.
Membership Agreement means application for membership of the Association.
[**Rental Agreement** means the agreement for rental of personal property.]
[**Twenty-four (24) hour coverage** means you are covered at any time, anywhere for loss resulting from injury covered under the Certificate.]
[**On**, when used with reference to any conveyance (land, water or air), means in or on, boarding or alighting from the conveyance.]
Civil or Public Aircraft means an aircraft which: (a) has a current and valid Airworthiness certificate; (b) is piloted by a person who has a valid and current certificate of competency of a rating which authorizes him or her to pilot the aircraft; and (c) is not operated by the militia or armed forces of any state, national government or international authority.
Airworthiness Certificate means: (a) the "Standard" Airworthiness Certificate issued by the United States Federal Aviation Agency; or (b) a foreign equivalent issued by the governmental authority with jurisdiction over civil aviation in the country of its registry.
Military Transport Aircraft means an aircraft that: (a) is used for transport; and (b) is operated: (1) by the Military Airlift Command (MAC) of the United States; or (2) by a MAC type service of a national government recognized by the United States.
Written Request means any form provided by you to the policy holder for the particular request.

INSURED PERSONS PERIOD OF COVERAGE

Effective Date: You will become an Insured Person on the later of: (a) the Policy Effective Date; or (b) the date the Membership Agreement is signed by the insured Person.
Termination: Your coverage as an Insured Member terminates on the earlier of: (a) the date this Certificate terminates; (b) the first day of the month next following the date of termination by you of membership in the Association, regardless of the cause of such termination; or (c) the date you are no longer a member; [(d) when there is no longer a [Rental] Agreement.]

EXCLUSIONS

This policy does not cover any loss resulting from: (a) intentionally self-inflicted injury, suicide or attempted suicide, whether sane or insane; (b) war or act of war, declared or undeclared, while serving in the military service or any auxiliary unit attached thereto; (c) active duty in the Armed Forces of any country; (d) injury sustained while riding on any aircraft as a pilot, crewmembers, student pilot, flight instructor or examiner, except a Civil or Public Aircraft, or Military Transport Aircraft; (e) participating in or attempting to commit a felony; (f) participating in a riot or civil insurrection; (g) being under the influence of drugs, alcohol, or other mind-altering substances; (h) sickness or disease, except a pus-forming infection which occurs through an accidental wound; or (i) medical or surgical treatment of a sickness or disease.

ACCIDENTAL DEATH & DISMEMBERMENT BENEFIT

If Your injury results in any of the following losses within 365 days after the date of accident we will pay the benefit specified as applicable thereto based upon the Principal Sum stated in the Certificate Schedule. We will not pay more than the Principal Sum for all losses due to the same accident. The amount of the Principal Sum is determined in the Schedule.

For Loss of Life.....The Principal Sum
Loss of Both Hands or Both Feet or Sight of Both Eyes.....The Principal Sum
Loss of One Hand and One Foot.....The Principal Sum
Loss of Speech and Hearing.....The Principal Sum
Loss of Either Hand or Foot and Sight of One Eye...The Principal Sum
Loss of Either Hand or Foot.....One-Half the Principal Sum
Loss of Sight of One Eye.....One-Half the Principal Sum
Loss of Speech or Hearing.....One-Half the Principal Sum

Loss of Thumb & Index Finger of Either Hand.....One Quarter the Principal Sum Loss means with regard to: (a) hand and feet, actual severance or amputation through or above the wrist or ankle joints; (b) sight, speech or hearing, and irrecoverable loss thereof; (c) thumb and index finger, actual severance through or above the metacarpophalangeal joints.

EXPOSURE

Exposure to the elements will be presumed to be injury if: (a) it results from the forced landing, stranding, sinking or wrecking of a conveyance in which the Insured Person was an occupant at the time of the accident; and (b) this Certificate would have covered injury resulting from the accident.

DISAPPEARANCE

An Insured Person will be presumed to have suffered loss of life if: (a) his or her body has not been found within one year after the disappearance of a conveyance in which he or she was an occupant at the time of its disappearance; (b) the disappearance of the conveyance was due to its accidental forced landing, stranding, sinking or wrecking; and (c) this policy would have covered injury resulting from the accident.

GENERAL PROVISIONS

Incontestability: The validity of the Policy will not be contested, except for nonpayment of premiums, after it has been in force for two years. The validity of any coverage on an Insured Member shall not be contested except for nonpayment of premium.

Premium: The rate charged for the insurance coverage will be set forth according to the Rate Schedule which is made a part of the Policy and stated in the Certificate Schedule. All payments due under the Policy are payable for the Policyholder to the Company at its Administrative Office in Jacksonville, Florida. The first premium is due with the enrollment form. Subsequent premiums are due on the first day of each calendar month thereafter that the Policy remains in effect. The payment of any premium shall keep the coverage under the Policy in force only to the next due date, except as otherwise provided herein. The frequency of premium payment may be changed on any premium due date on request by the Policyholder. Such change must be approved by the Company.

Notice of Claim: The person who has the right to claim benefits (the claimant or beneficiary) must give us written notice of a claim within 20 days after a coverage loss begins. If notice cannot be given within that time, it must be given as soon as reasonably possible. The notice should include the Insured Person's name and the policy number. Send notification to the Policy holder.

Claim Forms: When we receive the notice of claim, we will send forms to the claimant for giving us proof of loss. The forms will be sent within 15 days after we receive the notice of claim. If the forms are not received, the claimant will satisfy the proof of loss requirement if a written notice of the occurrence, character and nature of the loss is sent to us.

Proof of loss: Proof of loss must be sent to us in writing within 90 days after: (a) the end of a period of our liability for periodic payment of claims/or (b) the date of the loss for all other claims. If the claimant is not able to send it within that time, it may be sent as soon as reasonably possible without affecting the claim. The additional time allowed cannot exceed one year unless the claimant is legally incapacitated.

Time of Claim Payment: We will pay any benefit due after we receive the proof of loss, not to exceed 45 days after proper notice is received. An overdue payment shall bear simple interest at the rate of ten percent (10%) per year. We will pay any other benefit due immediately after we receive the proof of loss.

Payment of Claims: We will pay any benefit due for loss of an Insured's life: (a) according to the beneficiary designation in effect at the time of the Insured's death; otherwise (b) payment will be made to the Insured's estate. All other benefits due and not assigned will be paid to the Insured, if living. Otherwise, the benefits will be paid according to the preceding paragraph.

Physical Examinations and Autopsy: While a claim is pending we have the right at our expense to: (a) have the person who has a loss examined by a physician when and as often as we feel is necessary; and (b) to make an autopsy in case of death where it is not forbidden by law.

Legal Action cannot be taken against us: (a) before 60 days following the date of proof of loss is sent to us; (b) after 3 years following the date proof of loss is due.

Naming a Beneficiary: You may name a beneficiary or change a revocably named beneficiary by giving your Written Request to the Policyholder. Such request takes effect on the date you execute it, regardless of whether he or she is living when the Policyholder receives it. We will be relieved of further responsibility to the extent of any payment we made in good faith before the Policyholder received your request.

Assignment: We will recognize any assignment the Insured makes under this Certificate, provided: (a) it is duly executed; and (b) a copy is on file with us. We and the Policyholder assume no responsibility for the validity or effect of any assignment.

MASTER POLICY
LIFE OF THE SOUTH INSURANCE COMPANY

Administrative Office:
[10151 DEERWOOD PARK BLVD. · BUILDING 100 · SUITE 500
JACKSONVILLE, FL 32256 · (800) 888-2738]

Schedule

POLICYHOLDER: _____

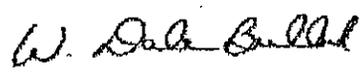
POLICY NUMBER: _____

EFFECTIVE DATE: _____ 12:01 Standard Time

ANNIVERSARY DATE: _____



SECRETARY



PRESIDENT

FRAUD WARNING: Any person who knowingly, and with intent to injure, defraud or deceive any insurer, makes any claim for the proceeds of an insurance policy containing any false, incomplete or misleading information is guilty of a felony.

ELIGIBLE PERSONS: All Members of the Club.

BENEFIT AND AMOUNTS: Accidental Death and Dismemberment

Benefit.....	Principal Sum*
Twenty-Four (24) Hour Coverage	[\$10,000]

LIMITATIONS AND REDUCTION:*

1. An Insured Person's Principal Sum for 24-hour coverage reduces 50% upon attainment of age 70. An Insured Person who is age 70 or more at the time of enrollment is only eligible for 50% of the Maximum Principal Sum.
2. Benefits provided by a joint membership will be divided equally by the number of names listed on the [rental] agreement. Joint membership is determined by the names listed and those corresponding signatures on the [rental] agreement.]
3. If an insured Person is insured under two or more memberships, the combined amount of Principal Sum will not exceed [\$10,000].

PREMIUM

This is Monthly Premium Term Insurance. The monthly charges are computed at a rate of \$0.70 per \$10,000 per month. All premiums, are payable by you direct to us.

DEFINITIONS

The terms listed, when used in this policy will have the following meanings:

The **Company** means the insurance company named above. Also referred to as we, us or our.

Policyholder means the Association that has contracted with Life of the South Insurance Company to service insurance coverage for their members. Also, referred to as you or your.

Insured Person means an Eligible Person while he or she is covered under this policy.

Claimant means Insured Person or Beneficiary who has the right to claim benefits.

Injury means each Insured Person is covered for bodily injury resulting directly and independently of all other causes from accident which occurs while the Insured Person is covered under a certificate issued under this Policy.

In Illinois **Injury** means each Insured Person is covered for bodily injury resulting from an accident, independent of all other causes, which occurs while you are covered under this certificate.

Membership Agreement means application for membership of the association.

[**Rental Agreement** means the agreement for rental of personal property.]

[**Twenty-four (24) hour coverage** means the Insured Person is covered at any time, anywhere for loss resulting from injury covered under this policy.]

[**On**, when used with reference to any conveyance (land, water or air), means in or on, boarding or alighting from the conveyance.]

Civil or Public Aircraft means an aircraft which:

- a) has a current and valid Airworthiness Certificate;
- b) is piloted by a person who has a valid and current certificate of competency of a rating which authorizes him or her to pilot the aircraft; and
- c) is not operated by the militia or armed forces of any state, national government or international authority.

Airworthiness Certificate means:

- a) the "Standard" Airworthiness Certificate issued by the United States Federal Aviation Agency, or
- b) a foreign equivalent issued by the governmental authority with jurisdiction over civil aviation in the country of its registry.

Military Transport Aircraft means an aircraft that:

- a) is used for transport; and
- b) is operated:
 - 1) by the Military Airlift Command (MAC) of the United States; or
 - 2) by a MAC type service of a national government recognized by the United States.

Written Request means any form provided by the Insured Person to you for the particular request.

INSURED PERSONS PERIOD OF COVERAGE

Effective Date: Persons will become insured on the later of:

- a) the Policy Effective Date; or
- b) the date the Membership Agreement is signed by the Insured Person.

Termination: Insured Person's coverage terminates on the earlier of:

- a) the date this Policy terminates;
- b) the first day of the month next following the date termination by the Insured Person of membership in the Association, regardless of the cause of such termination on;
- c) the date the Insured is no longer member; or
- d) when there is no longer a [Rental] Agreement].

EXCLUSIONS

This policy does not cover any loss resulting from:

- a) intentionally self-inflicted injuries, suicide or attempted suicide, whether sane or insane;
- b) war or act of war, whether declared or undeclared, while serving in the military service or any auxiliary unit attached thereto;
- c) active duty in the Armed Forces of any country;
- d) injury sustained while riding on any aircraft as a pilot crew member, student pilot, flight instructor or examiner, except a Civil or Public Aircraft, or Military Transport Aircraft;
- e) participating in or attempting to commit a felony;
- f) participating in a riot or civil insurrection;
- g) being under the influence of drugs, alcohol, or other mind-altering substances;
- h) sickness or disease, except a pus-forming infection which occurs through an accidental wound; or
- i) medical or surgical treatment of a sickness or disease.

Claim Forms: When we receive the notice of claim, we will send forms to the claimant for giving us proof of loss. The forms will be sent within 15 days after we receive the notice of claim. If the forms are not received, the claimant will satisfy the proof of loss requirement if a written notice of the occurrence, character and nature of the, loss is sent to us.

Proof of Loss: Proof of loss must be sent to us in writing within 90 days after:

- a) the end of a period of our liability for periodic payment claims; or
- b) the date of the loss for all other claims.

If the claimant is not able to send it within that time, it maybe sent as soon as reasonably possible without affecting the claim. The additional time allowed cannot exceed one year unless the claimant is legally incapacitated.

Time of Claim Payment: We will pay any benefit due after we receive the proof of loss, not to exceed 45 days after proper notice is received. An overdue payment shall bear simple interest at the rate of ten percent (10%) per year. We will pay any other benefit due immediately after we receive the proof of loss.

Payment of Claims: We will pay any benefit due for loss of an Insured Person's life:

- a) according to the beneficiary designation in effect at the time of the Insured's death; otherwise
- b) payment will be made to the Insured's estate.

All other benefits due and not assigned will be paid to the Insured, if living. Otherwise, the benefits will be paid according to the preceding paragraph.

Physical Examinations and Autopsy: While a claim is pending we have the right at our expense to:

- a) have the person who has a loss examined by a physician when and as often as we feel is necessary; and
- b) to make an autopsy in case of death where it is not forbidden by law.

Legal Action cannot be taken against us:

- a) before 60 days following the date proof of loss is sent to us;
- b) after 3 years following the date proof of loss is due.

Insured Member's Beneficiary: Loss, if any, as respects Accidental Death only shall be payable to the beneficiary as designated in writing, on file with the Policyholder. All other indemnities shall be paid to the Insured Person.

Naming a Beneficiary: The Insured Person may name a beneficiary or change a revocably named beneficiary by giving written request to the Policyholder. Such request takes effect on the date the Insured executed it, regardless of whether he or she is living when the Policyholder receives it. We will be relieved of further responsibility to the extent of any payment we made in good faith before the Policyholder received the Insured Person's request.

Policy Termination by the Policyholder or the Company: This policy may be terminated by the Policyholder on the first anniversary date, as shown in Policy Schedule, or at any time thereafter, by mailing or delivering to the Company at its Administrative Office, Jacksonville, FL, written notice of such termination, effective on receipt or on such later date as may be specified in such notice. This policy may be terminated by the Company at any time by mailing or delivering to the Policyholder, at the last address shown on the records of the Company written notice stating when, not less than 31 days thereafter, such termination shall be effective.

Conformity with State Statutes: Any provision of this policy which, on its effective date, is in conflict with the statutes of the state in which the Insured Member resides on such date is hereby amended to conform to the minimum requirements of such statutes.

Certificates of Insurance: The Company will issue to the Policyholder, for delivery to the persons insured hereunder, certificates of insurance containing the principal terms of the policy and the Policyholder shall maintain a complete record of such persons.

Examinations of Records: The Company shall be permitted to examine the Policyholders records relating to this policy at any reasonable time, and from time to time until two years after the expiration of this policy or until final adjustment and settlement of all claims hereunder, whichever is the later.

Assignments: We will recognize any assignment the Insured makes under his or her certificate, provided:

- a) it is duly executed; and
- b) a copy is on file with us.

We and the Policyholder assume no responsibility for the validity or effect of any assignment.

ACCIDENTAL DEATH & DISMEMBERMENT BENEFIT

If Your injury results in any of the following losses within 365 days after the date of accident we will pay the benefit specified as applicable thereto based upon the Principal Sum stated in the Certificate Schedule. We will not pay more than the Principal Sum for all losses due to the same accident. The amount of the Principal Sum is determined in the Schedule.

For Loss of Life.....The Principal Sum
Loss of Both Hands or Both Feet or Sight of Both Eyes.....The Principal Sum
Loss of One Hand and One Foot.....The Principal Sum
Loss of Speech and Hearing.....The Principal Sum
Loss of Either Hand or Foot and Sight of One Eye...The Principal Sum
Loss of Either Hand or Foot.....One-Half the Principal Sum
Loss of Sight of One Eye.....One-Half the Principal Sum
Loss of Speech or Hearing.....One-Half the Principal Sum

Loss of Thumb & Index Finger of Either Hand.....One Quarter the Principal Sum Loss means with regard to: (a) hand and feet, actual severance or amputation through or above the wrist or ankle joints; (b) sight, speech or hearing, and irrecoverable loss thereof; (c) thumb and index finger, actual severance through or above the metacarpophalangeal joints.

EXPOSURE

Exposure to the elements will be presumed to be injury if: (a) it results from the forced landing, stranding, sinking or wrecking of a conveyance in which the Insured Person was an occupant at the time of the accident; and (b) this Certificate would have covered injury resulting from the accident.

DISAPPEARANCE

An Insured Person will be presumed to have suffered loss of life if: (a) his or her body has not been found within one year after the disappearance of a conveyance in which he or she was an occupant at the time of its disappearance; (b) the disappearance of the conveyance was due to its accidental forced landing, stranding, sinking or wrecking; and (c) this policy would have covered injury resulting from the accident.

GENERAL PROVISIONS

Incontestability: The validity of the Policy will not be contested, except for nonpayment of premiums, after it has been in force for two years. The validity of any coverage on an Insured Member shall not be contested except for nonpayment of premium.

Premium: The rate charged for the insurance coverage will be set forth according to the Rate Schedule which is made a part of the Policy and stated in the Certificate Schedule. All payments due under the Policy are payable for the Policyholder to the Company at its Administrative Office in Jacksonville, Florida. The first premium is due with the enrollment form. Subsequent premiums are due on the first day of each calendar month thereafter that the Policy remains in effect. The payment of any premium shall keep the coverage under the Policy in force only to the next due date, except as otherwise provided herein. The frequency of premium payment may be changed on any premium due date on request by the Policyholder. Such change must be approved by the Company.

Notice of Claim: The person who has the right to claim benefits (the claimant or beneficiary) must give us written notice of a claim within 20 days after a coverage loss begins. If notice cannot be given within that time, it must be given as soon as reasonably possible. The notice should include the Insured Person's name and the policy number. Send notification to the Policy holder.

Claim Forms: When we receive the notice of claim, we will send forms to the claimant for giving us proof of loss. The forms will be sent within 15 days after we receive the notice of claim. If the forms are not received, the claimant will satisfy the proof of loss requirement if a written notice of the occurrence, character and nature of the loss is sent to us.

Proof of loss: Proof of loss must be sent to us in writing within 90 days after: (a) the end of a period of our liability for periodic payment of claims/or (b) the date of the loss for all other claims. If the claimant is not able to send it within that time, it may be sent as soon as reasonably possible without affecting the claim. The additional time allowed cannot exceed one year unless the claimant is legally incapacitated.

Time of Claim Payment: We will pay any benefit due after we receive the proof of loss, not to exceed 45 days after proper notice is received. An overdue payment shall bear simple interest at the rate of ten percent (10%) per year. We will pay any other benefit due immediately after we receive the proof of loss.

Payment of Claims: We will pay any benefit due for loss of an Insured's life: (a) according to the beneficiary designation in effect at the time of the Insured's death; otherwise (b) payment will be made to the Insured's estate. All other benefits due and not assigned will be paid to the Insured, if living. Otherwise, the benefits will be paid according to the preceding paragraph.

Physical Examinations and Autopsy: While a claim is pending we have the right at our expense to: (a) have the person who has a loss examined by a physician when and as often as we feel is necessary; and (b) to make an autopsy in case of death where it is not forbidden by law.

Legal Action cannot be taken against us: (a) before 60 days following the date of proof of loss is sent to us; (b) after 3 years following the date proof of loss is due.

Naming a Beneficiary: You may name a beneficiary or change a revocably named beneficiary by giving your Written Request to the Policyholder. Such request takes effect on the date you execute it, regardless of whether he or she is living when the Policyholder receives it. We will be relieved of further responsibility to the extent of any payment we made in good faith before the Policyholder received your request.

Assignment: We will recognize any assignment the Insured makes under this Certificate, provided: (a) it is duly executed; and (b) a copy is on file with us. We and the Policyholder assume no responsibility for the validity or effect of any assignment.

LIFE OF THE SOUTH INSURANCE COMPANY

Administrative Office: [10151 Deerwood Park Boulevard, Building 100, Suite 500, Jacksonville, Florida 32256]

ACCIDENTAL DEATH & DISMEMBERMENT CLUB MEMBER PROGRAM

RATE PAGE

\$0.70 per \$10,000 per Month

or

\$0.35 per \$5,000 per Month



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April 23, 2014

Bobby Frye
Senior Investigator
Legal Affairs Division
Office of the Insurance Commissioner
P. O. Box 40255
Olympia, WA 98504-0255

Re: OIC Case Number 1183962

Dear Mr. Frye,

Thank your courtesies for allowing additional time to respond to your inquiry of March 25, 2014. We provide the following information.

Life of the South Insurance Company (LOTS) issued an Oklahoma Group AD&D policy to, Benefit Services Association (the "Association"), effective November 16, 2011 with the understanding that the Association would be qualified in the states that it operated in, including Washington. In 2012 Benefit Marketing Solutions (BMS) was acquired and its new owner requested, through BMS, for LOTS to file a Discretionary Filing for Club Membership AD&D program in Washington and other states. The subsequent objection concerning the Association was forwarded to BMS. BMS was of the opinion they met the criteria to qualify as an Association in Washington. In December 2013, BMS was unable to resolve and obtain qualification and as such the AD&D program was discontinued.

The Group AD&D insurance coverage is one of several membership benefits provided by BMS. The member receives a Certificate of Insurance as evidence of coverage which is contained within the membership booklet provided by BMS.

We understand Rent-A-Center (RAC) reported they believe approximately 13,018 memberships were sold to Washington consumers. The memberships containing AD&D insurance is reported monthly on a summary basis by BMS to LOTS. Since the coverage was issued pursuant to an Oklahoma Group AD&D policy the business is booked as Oklahoma business.

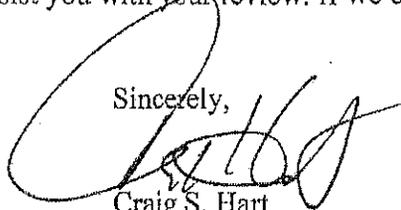
The summary information for 2012 did not summarize premiums by branch location. However, the summary information for 2013 reports on average approximately 6,400 Washington consumers maintained their monthly membership. The total premium received by LOTS in 2013 for Washington consumers is \$33,147.23.

While RAC reports approximately 13,018 were sold to Washington consumers, the persistency rate of consumers keeping the membership is much lower which is reflected in the number of consumers who maintained their memberships in 2013.

Additionally, we are pleased to report LOTS paid \$35,000 in Accidental Death & Dismemberment in 2012-2013 to Washington residents

We trust this information assist you with your review. If we can be of further assistance please advise.

Sincerely,



Craig S. Hart
Vice President
Legal Affairs



December 11, 2013

Bobby Frye, Senior Investigator
Legal Affairs Division
Office of Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

Re: OIC Case #1151373

Dear Mr. Frye,

We appreciate your courtesies in allowing us additional time to respond to your October 30, 2013 inquiry. We have communicated with and received input from our vendor Benefit Marketing Solutions ("BMS") in drafting this response. BMS administrates membership programs through a separate entity, Benefit Services Association (the "Association").

The Association is domiciled and operated under the laws of Oklahoma. Membership in the Association is open to the general public, but Rent-A-Center customers may join the Association by paying the membership and becoming a member of the RAC Benefits Plus program. The Rent-A-Center members typically join the Association contemporaneous with executing the lease-purchase agreement, but may also join (or quit) at any time thereafter. The membership is week to week and may be cancelled at any time by member without cost or any further obligation. Rent-A-Center has never offered insurance products to Washington residents; rather, it has sold memberships in the Association. The Association, as one of its many benefits, previously provided insurance benefits to Washington residents, in the form of a group Accidental Death and Dismemberment policy, but has ceased providing that product. We do not believe the other items identified in your letter constitute insurance under the facts specific to the Association program. Rent-A-Center is not required to obtain an insurance producer's license because it has never sold, solicited, or negotiated insurance.

A. The Involuntary Unemployment Payment Waiver and the Courtesy Waiver Benefit are not insurance.

As a threshold matter, waivers have never been determined to be insurance under Washington law. The waivers in this matter are simply an agreement by Rent-A-Center to abandon the remaining lease payments and allow the customer to retain the leased product if certain conditions are met.

Additionally, the Involuntary Unemployment Payment Waiver and the Courtesy Waiver Benefit do not qualify as limited line credit insurance under RCW 48.17.010(9) because the benefits are not offered in connection with the extension of credit. Limited line credit insurance is defined to include:

credit property ... involuntary unemployment ... and any other form of insurance offered in connection with an extension of credit that is limited to partially or wholly extinguishing the credit obligation[.]

A requirement of these products to qualify as limited line credit insurance is that the benefit be offered in connection with the extension of credit.¹ Rent-A-Center does not extend credit to its customers. Rent-A-Center is a lessor that provides lease-purchase agreements (as defined by RCW 63.19) to its customers. The customer executes a lease-purchase agreement under which it agrees to rent certain products for an initial period as short as a week and as long as a month. The lease-purchase agreement specifically states that Rent-A-Center retains title to the property at all times, so there is no product transferred that would necessitate a loan to the customer. The customer's only commitment is for the initial period. The customer can choose to renew the lease or return the product(s) and walk away. These two benefits provided by the Association do not qualify as insurance.

B. The Paid-Out Account Product Service Protection is not a service contract.

A service contract under RCW 48.110.020(7) requires (1) an agreement (2) for consideration above and beyond the lease or purchase price of the property (3) for a specific duration (4) to perform the repair, maintenance, or replacement of the property. The Paid-Out Account Product Service Protection must meet each of these requirements to qualify as a service contract. It does not for multiple reasons.

First, there is no additional consideration. Rent-A-Center customers may choose to pay membership fee to join the Association for which the Paid-Out Account Product

*no other way
down*

¹ An extension of credit is defined as "making a loan," "granting a line of credit," or "incurring a debt and deferring its payments." RCW 19.134.010(3); 12 CFR 215.3.

Service Protection is an incidental benefit. The benefit is not tied to any product, instead it is tied to the customer's membership. The membership fee is unaffected by either the specific leased product or the quantity of leased product. A Rent-A-Center customer could lease 50 products, but would only pay a single Association membership fee to receive the incidental Paid-Out Account Product Service Protection. There is not a minimum membership period required to receive any benefit and a member is not required to be a member throughout the lease period to receive the Paid-Out Account Product Service Protection. If the member joins one day prior to needing to use the Paid-Out Account Product Service Protection, they will receive the full benefit. Thus, there is no additional consideration paid for this benefit.

Second, there is no specific duration for the Paid-Out Account Product Service Protection. The benefit is available to the member for as long as they maintain their membership. There is no specific duration for the Paid-Out Account Product Service Protection benefit because the duration is tied directly to the Association membership and can be continued or terminated at any time at the member's discretion.

The Paid-Out Account Product Service Protection does not qualify as a service contract under RCW 48.110.020(7) because there is no additional consideration or specific duration.

C. Rent-A-Center has never provided AD&D and the Association has ceased providing AD&D to its Washington Association members.

Rent-A-Center has never offered insurance products in this state, rather it has sold memberships in the Association. At the time of your October 30, 2013 letter, the Association provided an AD&D insurance benefit to its members. This benefit was provided under a group policy that was filed in Oklahoma and issued to and delivered to the Association by Life of the South Insurance Company in Oklahoma. The AD&D policy was the only insurance product that the Association provided amongst its many benefits.

Based upon some investigation, it appears that there was some past confusion regarding Washington's requirements for the group policy sold to the Association. Life of the South, who was the underwriter for the AD&D group policy provided to the Association, sought to have the AD&D policy approved in Washington in February 2012. It is unclear to us as to whether this would be required for a group policy delivered to an out-of-state association in light of RCW 48.24.045 & WAC 284-30-600. Nonetheless, Life of the South did notify the Department and sought approval, but the application was disapproved in April. Life of the South indicated they were continuing to work on the issue into 2013.

Upon learning of the disapproval and that the issue had not been resolved, BMS notified Rent-A-Center that the AD&D would need to be removed as a benefit for Washington residents. The AD&D policy was removed and is no longer offered by the

Association as a benefit to Rent-A-Center's Washington customers. This removal process was commenced prior to your October 30, 2013 letter and has been fully implemented.

In retrospect, there should have been different steps taken related to the AD&D policy, but we have since attempted to comply with the Washington Insurance Code. If you think there are any additional steps that we need to take to become compliant, please let us know.

Should you have further questions, please contact the undersigned.

Kind Regards,



Ronald D. DeMoss
Executive Vice President and General Counsel

In Re the Matter of:

Rent-A-Center

OIC Case #: 1151373

DECLARATION OF:
GAYLE PASERO

I, Gayle Pasero, under penalty of perjury under the laws of the State of Washington, declare the following:

1. I am the Company Licensing Manager for the State of Washington's Office of the Insurance Commissioner.
2. As part of my official duties, I am able to search the official licensing records of the State of Washington's Office of the Insurance Commissioner, and certify if a business entity has been issued a Certificate of Authority (license) to act as an insurer and transact insurance business in the State of Washington.
3. I have conducted a diligent search of the State of Washington's Office of Insurance Commissioner's official licensing records and have found that:
Rent-A-Center,
is not presently licensed to solicit or transact business as a Service Contract Provider in Washington State.

I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF WASHINGTON STATE THAT THE FOREGOING IS TRUE AND CORRECT.

Dated this 6 day of March, 2014.

Gayle Pasero
Signature of Declarant

Gayle Pasero
Printed Name of Declarant

In Re the Matter of:

Rent-A-Center

OIC Case #: 1151373

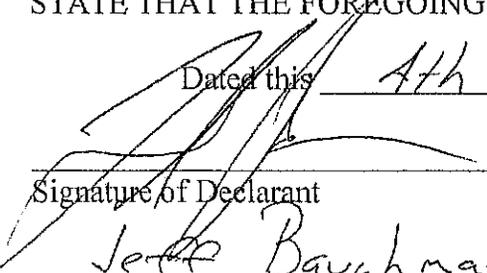
DECLARATION OF:
JEFF BAUGHMAN

I, Jeff Baughman, under penalty of perjury under the laws of the State of Washington, declare the following:

1. I am the Licensing and Education Manager for the State of Washington's Office of the Insurance Commissioner.
2. As part of my official duties, I am able to search the official licensing records of the State of Washington's Office of the Insurance Commissioner, and certify if an individual and/or business entity possesses a State of Washington issued license to transact insurance business in the State of Washington.
3. I have conducted a diligent search of the State of Washington's Office of Insurance Commissioner's official licensing records and have found no record of: Rent-A-Center,
possessing a license to transact insurance business in the State of Washington.

I DECLARE UNDER PENALTY OF PERJURY UNDER THE LAWS OF WASHINGTON STATE THAT THE FOREGOING IS TRUE AND CORRECT.

Dated this 4th day of March, 2014.


Signature of Declarant

Jeff Baughman
Printed Name of Declarant

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EXHIBIT 8 PAGE 1