

**IN THE DEPARTMENT OF INSURANCE, FINANCIAL  
INSTITUTIONS AND PROFESSIONAL REGISTRATION  
STATE OF MISSOURI**

<b>In Re:</b>	)	
	)	
<b>SHELTER MUTUAL INSURANCE COMPANY (NAIC #23388)</b>	)	<b>Market Conduct Investigation No. 281237</b>
	)	
<b>SHELTER GENERAL INSURANCE COMPANY (NAIC #23361)</b>	)	<b>Market Conduct Investigation No. 281235</b>
	)	
<b>HAULERS INSURANCE COMPANY INCORPORATED (NAIC #31550)</b>	)	<b>Market Conduct Investigation No. 281232</b>

**ORDER OF THE DIRECTOR**

NOW, on this 23<sup>RD</sup> day of November, 2016, Director, John M. Huff, after consideration and review of the Stipulation of Settlement (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division"), Shelter Mutual Insurance Company (NAIC #23388) (hereinafter "Shelter Mutual"), Shelter General Insurance Company (NAIC #23361) (hereinafter "Shelter General") and Haulers Insurance Company Incorporated (NAIC #31550) (hereinafter "Haulers Insurance"), relating to the market conduct investigations set out in the caption above, does hereby issue the following orders:

This order, issued pursuant to §374.046.15, RSMo (Cum. Supp. 2013) is in the public interest.

**IT IS THEREFORE ORDERED** that Shelter Mutual, Shelter General, Haulers Insurance and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

**IT IS FURTHER ORDERED** that Shelter Mutual, Shelter General and Haulers Insurance shall implement procedures to place the Companies in full compliance with the requirements in the Stipulation, shall maintain those remedial actions at all times, and shall fully comply with all terms of the Stipulation.

**IT IS SO ORDERED.**

**IN WITNESS WHEREOF**, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 23<sup>RD</sup> day of November, 2016.



  
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John M. Huff  
Director

IN THE DEPARTMENT OF INSURANCE,  
FINANCIAL INSTITUTIONS AND PROFESSIONAL  
REGISTRATION STATE OF MISSOURI

In Re:	)	
	)	
SHELTER MUTUAL	)	Market Conduct Investigation
INSURANCE COMPANY (NAIC# 23388)	)	#281237
	)	
SHELTER GENERAL	)	Market Conduct Investigation
INSURANCE COMPANY (NAIC# 23361)	)	#281235
	)	
HAULERS INSURANCE COMPANY	)	Market Conduct Investigation
INCORPORATED (NAIC# 31550)	)	#281232

**STIPULATION OF SETTLEMENT**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division"), Shelter Mutual Insurance Company (NAIC# 23388) (hereinafter "Shelter Mutual") and Shelter General Insurance Company (NAIC# 23361) (hereinafter "Shelter General") and Haulers Insurance Company Incorporated (NAIC# 31550) (hereinafter "Haulers Insurance") as follows.

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration, an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri.

WHEREAS, Shelter Mutual, Shelter General and Haulers Insurance have been granted certificates of authority to transact the business of insurance in the State of Missouri.

WHEREAS, the Division conducted Market Conduct Investigations or examinations of insurance companies licensed in Missouri that sold personal automobile insurance policies and commercial automobile insurance policies in Missouri;

WHEREAS, Shelter Mutual, Shelter General and Haulers Insurance conducted internal investigations to determine whether "applicable sales tax" was being paid on automobile total loss claims consistent with the Division's assertions regarding its policy provisions. Haulers Insurance's internal investigation occurred prior to the issuance of a warrant by the Division and Shelter Mutual and Shelter General commenced internal investigations although no warrant was issued by the Division to either company.

WHEREAS, upon request of the Division, Shelter Mutual, Shelter General and Haulers Insurance provided information to the Division that Shelter Mutual, Shelter General and Haulers Insurance made payments to first party automobile total loss claimants for sales tax not previously paid to such claimants.

WHEREAS, the Division acknowledges and appreciates the efforts made by Shelter Mutual, Shelter General and Haulers Insurance to remediate first party total loss claimants.

WHEREAS, the Division, Shelter Mutual, Shelter General and Haulers Insurance have agreed to resolve the Market Conduct Investigations as follows:

A. **Scope of Agreement.** This Stipulation of Settlement embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** Shelter Mutual, Shelter General and Haulers Insurance agree to take the following actions and agree to maintain those actions at all times.

1. Shelter Mutual and Shelter General agree that they will pay all automobile total loss claims, including payment for all applicable sales taxes relating to such claims, according to the terms of their policy provisions.

2. Haulers Insurance agrees to pay applicable sales tax on all automobile total loss claims until April 1, 2017 when the filed ISO endorsements will be in effect for all auto policies. Beginning on April 1, 2017, Haulers Insurance agrees that it will pay all automobile total loss claims, including payment for all applicable sales taxes relating to such claims, according to the terms of its policy provisions.

3. Shelter Mutual and Shelter General have represented to the Division that the companies have reviewed closed total loss claim files for claims ranging from January 1, 2010 to December 6, 2015. Haulers Insurance has represented to the Division that it has reviewed closed total loss claim files for claims ranging from January 1, 2011 to November 22, 2015. Shelter Mutual, Shelter General and Haulers assert that they have made payments to first party automobile total loss claimants, for claims falling within the time period set out above, in the amount of the applicable sales tax payable under the policy on the date of loss, including all applicable city, state, county and other taxes.

4. Shelter Mutual, Shelter General and Haulers Insurance agree to provide the Division with documentation of all payments made to first party automobile total loss claimants for sales tax

not previously paid to such claimants as set out in paragraph B (3). Such documentation will be provided within 90 days of the date of the Order approving this Stipulation. The Division shall review the documentation and may conduct reviews of the applicable claim files to ensure claimants were paid properly.

a) If upon completion of this review the Division and Shelter Mutual, Shelter General and Haulers Insurance agree that any additional payment for sales tax is owed under its policy to a total loss claimant for all applicable sales taxes paid by the claimant for the damaged vehicle, Shelter Mutual, Shelter General and Haulers Insurance shall make such payment to the claimant.

b) If upon completion of this review the Division believes that they need more documentation regarding a particular file or files, Shelter Mutual, Shelter General and Haulers Insurance shall have 30 days to provide supplemental documentation.

c) If upon completion of this review the parties disagree about whether any additional payment to a claimant for sales tax is owed under its policy to a total loss claimant for all applicable sales taxes paid by the claimant for the damaged vehicle, the Division may investigate or examine whether the total loss claims set out in paragraph C (3) have been fully and completely remediated by Shelter Mutual, Shelter General or Haulers Insurance, and may pursue all available administrative or legal remedies if the Division believes that such claims have not been fully and completely remediated, including, but not limited to, all remedies available pursuant to Section 374.046 and 374.048.

d) Shelter Mutual, Shelter General and Haulers Insurance expressly reserve the right to all due process and procedural rights relating to any investigation, examination or enforcement action brought by the Division pursuant to paragraph B (4) (c), including notice, an opportunity for a hearing, and review or appeal by any trial or appellate court.

**C. No Penalties.** The Division agrees that it will not seek penalties against Shelter Mutual, Shelter General and Haulers Insurance or in connection with any Market Conduct Investigations related to payment of applicable sales tax on automobile total loss claims.

**D. Waivers.** Shelter Mutual, Shelter General and Haulers Insurance, after being advised by legal counsel do hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to Market Conduct Investigations 281237, 281235, and 281232.

**E. Denial and Non-Admission.** Shelter Mutual, Shelter General and Haulers Insurance, specifically deny any allegations made or implied by the Division in connection with the

above referenced market conduct investigations and nothing in this Stipulation shall be construed as an admission by Shelter Mutual, Shelter General and Haulers Insurance as to either finding of fact or a conclusion of law. This Stipulation being part of a compromise settlement to resolve disputed facts and legal allegations arising out of the above referenced market conduct investigations.


F. **Changes.** No changes to this stipulation shall be effective unless made in writing and agreed to by all signatories to the stipulation.

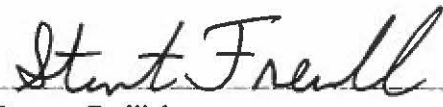
G. **Governing Law.** This Stipulation of Settlement and Voluntary Forfeiture shall be governed and construed in accordance with the laws of the State of Missouri.

H. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation of Settlement, on behalf of the Division, Shelter Mutual, Shelter General and Haulers Insurance respectively.

I. **Effect of Stipulation.** This Stipulation of Settlement shall become effective only upon entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

J. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation of Settlement and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

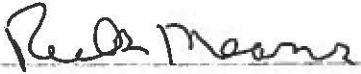
DATED: 11/21/2016   
Angela L. Nelson  
Director, Division of Insurance Market Regulation

DATED: 11/21/2016   
Stewart Freilich  
Senior Regulatory Affairs Counsel  
Division of Insurance Market Regulation

DATED: 11-18-2016   
Rick Means, President and CEO of Shelter Mutual  
Insurance Company

DATED: 11-18-2016   
Rick Means, President and CEO of Shelter General  
Insurance Company

DATED: 11-18-2016

  
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Rick Means, President and CEO of Haulers Insurance  
Company Incorporated