

DEPARTMENT OF COMMERCE & INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

In Re:

**AUTO CLUB FAMILY
INSURANCE COMPANY
(NAIC # 1318-27235)**

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Market Conduct Investigation No. 402973

ORDER OF THE DIRECTOR

NOW, on this 06th day of March, 2024, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), and Auto Club Family Insurance Company (NAIC #1318-27235) (hereinafter “ACFIC”), relating to the market conduct investigation no. 402973, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ and §374.280 is in the public interest.

IT IS THEREFORE ORDERED that ACFIC and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

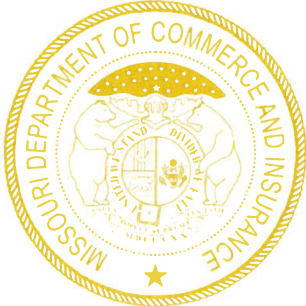
IT IS FURTHER ORDERED that ACFIC shall not engage in any of the violations of statutes and regulations set forth in the Stipulation, shall implement procedures to place it in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri, and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

IT IS FURTHER ORDERED that ACFIC shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$8,000.00, payable to the Missouri State School Fund.

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 06th day of March, 2024.



Chlora Lindley-Myers
Chlora Lindley-Myers
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
AUTO CLUB FAMILY)
INSURANCE COMPANY) **Market Conduct Investigation No. 402973**
(NAIC # 1318-27235))
)

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the "Division"), and Auto Club Family Insurance Company (hereinafter "ACFIC"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter the "Department"), 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 of Missouri;

WHEREAS, ACFIC has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct investigation of ACFIC, investigation no. 402973; and

WHEREAS, based on the market conduct investigation of ACFIC the Division alleges that:

1. For policy number XXXXXXXX6953, the multi-policy discount was incorrectly removed from the policy at renewal due to an incorrect client ID. For policies XXXXXXXX7157 and XXXXXXXX4091, the multi-policy and the AAA Membership discounts were incorrectly removed from the policies at multiple renewals due to incorrect client IDs. ACFIC does not have a process in place to identify these errors if the policy incepted prior to August 1, 2012 for the

multi-policy discount and November 15, 2010 for the AAA Membership discount. Errant removal of these discounts resulted in two like insureds being charged different premiums, in violation of § 379.318.4, RSMo.¹

2. Due to the incorrect removal of eligible discounts, policy numbers XXXXXXXXX6953, XXXXXXXXX7157, and XXXXXXXXX4091 were not charged ACFIC's filed rates, in violation of §§ 379.321.1 and 379.321.2, RSMo.

WHEREAS, ACFIC admits there was a programming error in its policy system that failed to correctly identify Client IDs. The error was unknown to ACFIC at the time of the programming's inception. ACFIC admits this programming error resulted in the unintentional removal of the discounts to some members. ACFIC admits this programming error violated §§ 379.321.1 and 379.321.2, RSMo. However, ACFIC denies this inadvertent programming error in anyway violated § 379.318 RSMo as it was unknown to ACFIC and was not intended to occur.

WHEREAS, the Division and ACFIC have agreed to resolve the issues raised in the market conduct investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement (hereinafter "Stipulation") 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.** ACFIC agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times. Such remedial actions shall include the following:

¹ All statutory references, unless otherwise noted, are to the 2016 Revised Statutes of Missouri.

1. ACFIC agrees to review their current book of business for active policies that were inceptioned prior to August 1, 2012 for the multi-policy discount, and November 15, 2010 for the AAA Membership discount to ensure the policies that are eligible for the multi-policy and AAA Membership discounts are receiving them. If any of these insureds had a policy term from January 1, 2018 to the date of the Order and did not receive a discount they were owed, ACFIC will recalculate the premium for those terms and provide a refund plus interest as set out in § 374.191. A letter will be included indicating that “as a result of a Missouri Market Conduct Investigation it was determined that an additional payment was due to the insured.”

2. ACFIC agrees to create and implement a process that checks for the incorrect removal of discounts, regardless of the policy’s inception date, to avoid future occurrences.

C. **Compliance.** ACFIC agrees to file documentation pursuant to § 374.190 with the Division, in a format acceptable to the Division, within 180 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation.

D. **Voluntary Forfeiture.** ACFIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$8,000.00, such sum payable to the Missouri State School Fund, in accordance with §§ 374.049.11 and 374.280.2.

E. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by ACFIC, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct investigation.

F. **Waivers.** ACFIC, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to 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 the market conduct investigation no. 402973.

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and ACFIC.

H. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

I. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and ACFIC, respectively.

J. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

K. **Effect of Stipulation.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter "Director") approving this Stipulation.

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

DATED: February 21, 2024



Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 2/21/2024



Angela L. Nelson
Vice President, Public and Government Affairs
Auto Club Family Insurance Company