

**DEPARTMENT OF COMMERCE & INSURANCE**

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

*In Re:* )  
 )  
CONTINENTAL INDEMNITY COMPANY ) **Market Conduct Investigation No. 315040**  
(NAIC #28258) )

**ORDER OF THE DIRECTOR**

NOW, on this 25<sup>th</sup> day of AUGUST, 2021, 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 Continental Indemnity Company (NAIC #28258) (hereinafter “CIC”), relating to the market conduct investigation no. 315040, does hereby issue the following orders:

This order, issued pursuant to §374.046.15<sup>1</sup> and §374.280 is in the public interest.

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

**IT IS FURTHER ORDERED** that CIC shall not engage in any of the violations of law 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.

---

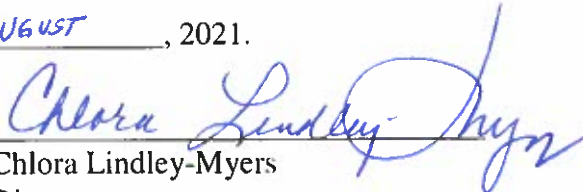
<sup>1</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2016, as amended, or to the Code of State Regulations, 2020, as amended.

**IT IS FURTHER ORDERED** that CIC shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$68,500.00, 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 25<sup>th</sup> day of AUGUST, 2021.



  
Chlora Lindley-Myers  
Director

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

*In Re:* )  
 )  
CONTINENTAL INDEMNITY COMPANY ) **Market Conduct Investigation**  
(NAIC #28258) ) **No. 315040**

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and Continental Indemnity Company (NAIC #28258) (hereinafter “CIC”), 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**, CIC 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 CIC, investigation #315040; and

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

1. CIC failed to file the Reinsurance Participation Agreement (“RPA”) form for workers’ compensation policies issued to Missouri risks in violation of §287.310<sup>1</sup> and 20 CSR 500-6.100(1).

---

<sup>1</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended or to the Code of State Regulations, 2020, as amended.

2. In 68 instances, CIC failed to submit individual risk filings for each policy when retrospectively rating policies issued to Missouri risks in violation of §287.947, §287.955.5 and §287.955.6(1).

3. CIC added classification codes to declarations on an “if any” basis for workers’ compensation policies issued to Missouri risks in violation of §287.955.1.

4. CIC failed to report accurate premium for determination of Missouri premium taxes and second injury fund surcharges for 68 retrospective rated workers’ compensation policies in violation of §287.690.1 and §287.715.1.

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

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (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.** CIC has represented that the EquityComp® program has not been marketed in Missouri since 2017. In the event, CIC plans to begin marketing the EquityComp program or any similar product in Missouri, it agrees that it will first obtain approval from the Department. CIC further agrees to take the following remedial actions bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times, to reasonably ensure that the errors noted in the market conduct investigation and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. CIC agrees to file all forms for workers' compensation policies, with the Department, for approval prior to use.

2. CIC agrees to file with the Director all rates and supplementary rate information for workers' compensation policies which is to be used in this state, including, but not limited to, any agreements which materially modify the terms of a guaranteed cost policy.

3. CIC agrees to submit future filings, to the Department, for individually rated risks when retrospectively rating workers' compensation policies in Missouri.

4. CIC agrees to implement underwriting processes pertaining to classifications listed on a policy that reflect actual business and exposure of a risk, according to Section 287.955.1 RSMo. and approved Rule 1F of the NCCI Basic Manual for Workers' Compensation and Employers' Liability Insurance.

C. **Compliance.** CIC agrees to file documentation with the Division, in a format acceptable to the Division, within 30 days of the entry of a final order of any remedial action taken pursuant to Paragraph B to implement compliance with the terms of this Stipulation. Such documentation is provided pursuant to §374.190.

D. **Ongoing Investigation.** CIC agrees to pay any reasonable investigation fees expended by the Division in conducting its review of the documentation provided by CIC pursuant to Paragraph C of this Stipulation.

E. **Cooperation.** CIC has cooperated with the Division's investigation.

F. **Voluntary Forfeiture.** CIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$68,500 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

G. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by

CIC, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above-referenced market conduct investigation. CIC has agreed to this Stipulation to avoid the time, expense and distraction of litigation. This Stipulation includes Findings of the Division which have not been the subject of an adjudicatory hearing or judicial process in which CIC has had an opportunity to present evidence and examine witnesses. The parties agree that this Stipulation does not create any private rights or remedies against CIC, create any liability for CIC, constitute evidence of wrongdoing by CIC for the purpose of any third-party proceeding, or waive any defenses of CIC against any person or entity not a party to this Stipulation.

H. **Waivers.** CIC, after being advised by legal counsel, does 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 the above-referenced market conduct investigation.

I. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and CIC.

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

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

L. **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 and delivery of this Stipulation by facsimile or by an electronically transmitted signature shall be fully and legally effective and binding.

M. **Effect of Stipulation.** This Stipulation shall become effective only upon entry of a Final Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

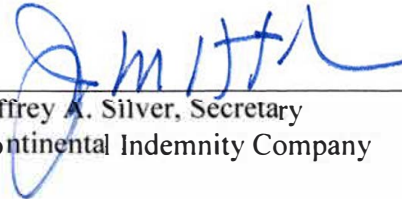
N. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 08/23/2021



Stewart Freilich  
Chief Market Conduct Examiner and  
Senior Counsel  
Division of Insurance Market Regulation

DATED: 8/20/2021



Jeffrey A. Silver, Secretary  
Continental Indemnity Company