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

In Re:	)	
	)	**Case No. 09-0430514C**
Universal Casualty Company	)	

CONSENT ORDER

NOW, THEREFORE, John M. Huff, Director of the Department of Insurance, Financial Institutions, and Professional Registration ("Department"), with the consent of Universal Casualty Company NAIC # 42862 issues the following stipulation and Consent Order.

STIPULATION

1. John Huff is the Director of the Department of Insurance, Financial Institutions, and Professional Registration ("Director"). The Director has the duty to administer the insurance laws of the state of Missouri, including Chapters 374 and 375, RSMo, which includes the supervision and regulation of insurers granted a certificate of authority to operate and conduct business in the state of Missouri.

2. The Department is 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.

3. The Consumer Affairs Division ("Division") of the Department protects the interests of Missouri's insurance buying consumers by ensuring companies are conducting business in compliance with applicable state statutes and regulations.

4. Universal Casualty Company ("UCC") is an insurance company organized

pursuant to the laws of the state of Illinois and transacting insurance business in the state of Missouri pursuant to a Certificate of Authority issued by the Director.

5. On June 11, 2009, the Director issued a Statement of Charges, Summary Cease and Desist Order & Order to Show Cause finding that UCC has willfully engaged in and at that time was willfully engaging in acts, practices, or omissions, or courses of business constituting a violation of the laws relating to insurance in Chapters 374 and 375, including §§374.144, 375.445, and 375.1005, RSMo, and that consumers are being aggrieved by the violations.

6. The Director is authorized to issue this Consent Order, which is in the public interest, pursuant to § 374.046.15, RSMo (Supp. 2008).

7. The parties have agreed to resolve this matter as set forth below.

8. Each signatory to this Consent Order certifies by signing that he or she is fully authorized, in his or her own capacity, or by the named party he or she represents, to accept the terms and provisions of this Consent Order in their entirety, and agrees, in his or her representational capacity, to be bound by the terms of this Consent Order.

9. UCC acknowledges that failure to comply with this Consent Order is grounds to suspend or revoke its Certificate of Authority, that the Director is authorized to enforce this Order, and that should UCC fail to comply with the agreement and orders set forth herein, the Director or his successors, without any limitation, may initiate any action and seek any relief as authorized by law.

ORDER

IT IS NOW, THEREFORE, ORDERED as follows:

UCC, without admitting the allegations in the Statement of Charges, Summary Cease and Desist Order & Order to Show Cause, agrees it will take remedial actions bringing it into compliance with the statues and regulations of Missouri and agrees to maintain those corrective actions at all times and including, but not limited to, taking the following actions:

1. UCC agrees not to write new business in the state of Missouri until the following conditions are met:

A. UCC's claims per adjuster ratio is maintained at or below 180 features per adjuster per month for a three-month period; and

B. Consumer complaints filed against UCC with the Department do not exceed an average of one per month for any consecutive three-month period, beginning November 1, 2009.

This prohibition against writing new business does not prohibit UCC from continuing to service and offer renewals of existing in force business in Missouri.

2. During the pendency of the period in which UCC agrees to write no new business as outlined in subparagraphs 1.A. and 1.B., above, or earlier, should the Director agree to allow UCC to write new business prior to the completion of the terms of this Consent Order, the Director will lift and remove the Summary Cease and Desist Order which is currently in place; provided, however, that by so doing, the parties agree that the Department does not waive or agree to waive its right or ability to reimpose said Summary Cease and Desist Order, or to impose any future orders or

regulatory actions against UCC. A material violation of the conditions set forth herein shall subject UCC to reimposition of the Summary Cease and Desist Order in addition to further administrative actions pursuant to §§ 374.046, 374.048 and 375.141, RSMo (Supp. 2008);

3. UCC agrees that during the period in which it agrees to write no new business as set forth above, UCC will not place business through any affiliated Kingsway company; however, the parties agree that there are affiliated Kingsway companies which have common agents appointed to the affiliated companies, and the placing of business by a Kingsway company by a UCC appointed agent or agency with a UCC affiliate would not constitute a violation of this Consent Order.

4. UCC shall acknowledge the receipt of notification of claims from first-party claimants within 10 working days of receipt unless payment is made within that period of time, as required by 20 CSR 100.1.030(1) and in compliance § 375.1007(2), RSMo.

5. UCC shall reply to all communications from any claimant within 10 working days which reasonably suggest a response is expected, as required by 20 CSR 100-030(2) and in compliance with § 375.1007(2), RSMo.

6. UCC shall attempt in good faith to effectuate prompt, fair, and equitable settlement of all claims submitted in which liability has become reasonably clear. UCC shall adopt and implement reasonable standards for the prompt investigation and settlement of all claims arising out of its policies, in compliance with § 375.1007(3), RSMo.

7. UCC shall not, when investigating claims, rely exclusively upon claimant-provided photographs or police reports without verifying the information contained therein. UCC shall not coerce or compel claimants to provide photographs of damaged vehicles.

8. UCC has the burden of proving its compliance with the terms of this Consent Order. UCC agrees to file documentation of all remedial actions taken by it to implement compliance with the terms of this Consent Order and to reasonably assure that the violations noted in Statement of Charges, Summary Cease and Desist Order, and Order to Show Cause do not recur, including an explanation of the steps taken by UCC and the results of such actions with the Director within 30 days of the date that this Order is entered by the Director.

9. UCC agrees to file documentation showing compliance with the conditions listed in subparagraphs 1.A. and 1.B., above, with the Director within 30 days of UCC meeting those conditions.

10. This Consent Order does not encompass a settlement of the Department Market Conduct Examination (DIFP #0903-13-TGT and NAIC #MO268-M117).

11. UCC shall pay $200,000.00 as a civil penalty for willfully violating the insurance laws of this state, pursuant to sections 374.046 and 374.049, RSMo. Such payment shall be made payable to the treasurer of the state of Missouri and will be distributed to the Missouri State School Fund in accordance with § 374.280, RSMo (Supp. 2008). Payment is due within 10 business days of the effective date of this Consent Order and payable by money order or cashier's check. If UCC fails to make the payment under the

terms of this provision, the Director may pursue additional legal remedies to enforce this Consent Order and collect the unpaid balance of this Consent Order. The civil penalty ordered above shall be delivered to the Department of Insurance, Financial Institutions and Professional Registration, Attention Tamara W. Kopp, Senior Enforcement Counsel, P.O. Box 690, Jefferson City, Missouri 65102. All correspondence and/or payments shall reference the above cited case number. One hundred thousand dollars ($100,000.00) of the civil penalty is suspended so long as UCC abides by the terms set forth in this Consent Order. UCC bears the burden of proving that it has complied with the terms of this Consent Order.

12. The parties further agree that UCC, despite entering into this Consent Order, preserves its right to a hearing regarding the allegations set forth in the Statement of Charges, Summary Cease and Desist Order & Order to Show Cause;

13. The parties also agree that UCC, should it satisfy the Director as to issues set forth in the Statement of Charges, Summary Cease and Desist Order & Order to Show Cause, and the Director may enter into further agreements to conclude the present litigation;

14. The parties agree that the Hearing currently set for March 2, 2010, at 10:00 a.m. is hereby ordered to be continued generally.

IN WITNESS WHEREOF, I have hereunto set my and affixed the seal of my office in Jefferson City, Missouri this 9th day of February, 2010.

John M. Huff, Director

Scott D. Wollney
President & C.E.O. of Universal Casualty Company
150 Northwest Point Boulevard
Elk Grove Village, IL 60007

2/1/10
Date

INGLISH & MONACO, P.C.

Mark G. R. Warren MO Bar #44618
Ann Monaco Warren MO Bar #43366
237 East High Street
Jefferson City, MO 65101
Telephone: 573-634-2522
Facsimile: 573-634-4526
ATTORNEYS FOR UNIVERSAL
CASUALTY COMPANY

2-4-10
Date

Tamara W. Kopp
Senior Enforcement Counsel
Missouri Bar #59020
Missouri Department of Insurance, Financial Institutions
and Professional Registration
301 West High Street, Room 530
Jefferson City, MO 65101

2-8-10
Date