

**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

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

TO: Office of the President
Standard Insurance Co.
1100 SW Sixth Ave.
Portland, OR 97204-0711

RE: Missouri Market Conduct Examination 0610-43-TGT
Standard Insurance Co. (NAIC #69019)

**STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by Douglas M. Ommen, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Standard Insurance Co., (hereafter referred to as "Standard"), as follows:

WHEREAS, Douglas M. Ommen is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "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 in Missouri; and

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

WHEREAS, the Department conducted a Market Conduct Examination of Standard and prepared report number 0610-43-TGT; and

WHEREAS, the report of the Market Conduct Examination has revealed that:

1. In some instances, Standard issued policy forms, certificates, and related forms that had not been previously approved by the Director as required by §376.405.1, RSMo, and 20 CSR 400-2.060(4)(B).

2. Standard failed to properly maintain a complaint register that includes all complaints, as defined by and required by §375.936(3), RSMo, and 20 CSR 300-2.200(3)(D).

3. In some instances, Standard failed to advise the claimant within 15 working days of receipt of all forms necessary to establish the nature and extent of the claim that more time was needed to determine if the claim would be accepted or denied and to send a claimant a letter every 45 days after the initial notification of its receipt of a claim that explained the reasons additional time was needed for the investigation of the claim, thereby violating 20 CSR 100-1.050(1)(C).

4. In some instances, Standard failed to accept or deny claims although it possessed sufficient information about the claims to make a determination on those claim, thereby violating §375.1007(1), RSMo.

5. In some instances, Standard failed to advise claimants of the acceptance or denial of claims within 15 working days of the receipt of all information necessary to make a decision on the claims, thereby violating 20 CSR 100-1.050(1)(A).

6. Standard failed to return calls from a claimant regarding a claim within 10 working days as required 20 CSR 100-1.030(2).

7. In some instances, Standard failed to maintain its books, records, documents, and other business records and to provide relevant materials, files, and documentation in such a way to allow the examiners to sufficiently ascertain the rating and underwriting and claims handling and payment, complaint handling, termination, and marketing practices of the Company, thereby violating 20 CSR 300-2.100 and 20 CSR 300-2.200 (3).

WHEREAS, Standard hereby agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those corrective actions at all times, including, but not limited to, taking the following actions:

1. Standard agrees to take corrective action to assure that the errors noted in the above-referenced market conduct examination reports do not recur;

2. The Company shall take all needed steps to ensure that it issues and uses the same certificates, policy forms, amendments, and related forms that conform with the same forms that it files with the Department, as required by §376.405.1, RSMo, and 20 CSR 400-2.060(4)(B).

3. The Company shall maintain a register of all complaints and grievances it receives and to retain the documentation of its handling of those complaints and grievances for at least three years, as defined in and required by §376.936(3), RSMo, and 20 CSR 300-2.200(3)(D).

4. The Company shall take action to ensure that it takes the appropriate and prompt action on all claims received, as required by §375.1007(1), RSMo, and 20 CSR 100-1.030(2), and 20 CSR 100-1.050(1)(A) and (C).

5. The Company shall ensure that its books, records, documents, and other business records are in an order such that the insurer's claims, rating, underwriting, and marketing practices can be readily ascertained by the Department, as required by 20 CSR 300-2.100 and 20 CSR 300-2.200; and

6. Standard agrees to file documentation of all remedial actions taken by it to implement compliance with the terms of this Stipulation and to assure that the errors noted in the examination report do not recur, including explaining the steps taken and the results of such actions, with the Director within 60 days of the entry of a final Order closing this examination.

WHEREAS, Standard neither admits nor denies the findings or violations set forth above and enumerated in the examination report; and

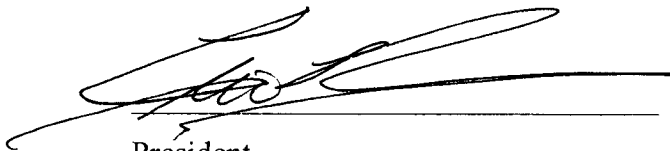
WHEREAS, Standard is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, Standard, 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, which may have otherwise applied to the above referenced Market Conduct Examination; and

WHEREAS, Standard hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0610-43-TGT further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$9,300.

NOW, THEREFORE, in lieu of the institution by the Director of any action for the SUSPENSION or REVOCATION of the Certificate(s) of Authority of Standard to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Standard does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of \$9,300, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 12/19/2007



President
Standard Insurance Company