

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

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

TO: Auto-Owners Insurance Group  
Office of the President  
P.O. Box 30660  
Lansing, MI 48909-8160

RE: Missouri Market Conduct Examination # 0503-08-PAC  
Auto-Owners Insurance Group (NAIC Grp. #280)  
Including: Auto-Owners Insurance Co. (NAIC #18988)  
Owners Insurance Co. (NAIC #32700)

**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 Auto-Owners Insurance Group, including its subsidiary companies, Auto-Owners Insurance Company and Owners Insurance Company Auto-Owners (hereinafter collectively referred to as "Auto-Owners"), as follows:

WHEREAS, Douglas M. Ommen is the Director of the 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; and

WHEREAS, Auto-Owners 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 Auto-Owners and prepared report number 0503-08-PAC; and

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

1. In some instances, Auto-Owners failed to sufficiently maintain relevant materials and documentation to allow the examiners to sufficiently ascertain the rating and underwriting and claims handling practices of the Company, thereby violating §374.205.2(2), RSMo, and 20 CSR 300-2.200(2) and (3).

2. In some instances, Auto-Owners failed to document that it provided a Missouri sales tax affidavit for certain claim files, in violation of §144.027, RSMo, and 20 CSR 300-2.200(3)(B).

3. In some instances, Auto-Owners failed to complete some of its claims' investigations of within 30 days after receiving the initial notification of those claims, thereby violating 20 CSR 100-1.040.

4. In some instances, Auto-Owners failed to send certain insureds a letter explaining why their claim files remained open 45 days after the Company received its initial notification of those claims, thereby violating 20 CSR 100-1.050(1)(C).

5. In some instances, Auto-Owners failed to send certain insureds a written denial letter with specific references to policy provisions, conditions and/or exclusions relative to the particular claims, thereby violating 20 CSR 100-1.050(1)(A).

6. In some instances, Auto-Owners failed to respond to all pertinent communications relative to certain claims which suggested that a response was required within 10 working days of the receipt of said communications, thereby violating 20 CSR 100-1.030(3).

7. In some instances, the examiners alleged that Auto-Owners failed to timely respond to the examiners' requests for information regarding a class action lawsuit and copies of board of director's meeting minutes, thereby violating §374.205, RSMo. Auto-Owners disagrees with these allegations.

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

1. The Company agrees to take corrective action to assure that the errors noted in the above-referenced market conduct examination report do not recur; and

2. The Company will take any needed steps to assure that the sales tax credit affidavit used by the Company and provided to its claimants indicate that the claimant has 180 days within which to replace his or her vehicle, as set forth and required by §144.027, RSMo.

WHEREAS, the Company 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

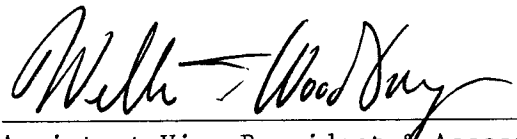
is merely to resolve the disputes and avoid litigation. Nothing herein contained, nor any of the action taken by any of the parties hereto in connection herewith, shall constitute, or be construed as, or be deemed to be, an admission of fault, liability, or wrongdoing of any kind whatsoever on the part of any party hereto; and

WHEREAS, Auto-Owners, 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, Auto-Owners hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0503-08-PAC further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$28,704.75.

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 Auto-Owners to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Auto-Owners 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 \$28,704.75, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 8-1-07



Assistant Vice President & Associate  
General Counsel  
Auto-Owners Insurance Group