

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

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

TO: St. Paul Travelers  
Office of the President  
One Tower Square  
Hartford, CT 06183

RE: Missouri Market Conduct Examination 0604-25-TGT  
Mendota Insurance Company (NAIC #33650)

**STIPULATION OF SETTLEMENT  
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by W. Dale Finke, Director of the Missouri Department of Insurance, Financial Institutions, and Professional Registration, hereinafter referred to as "the Director" and Mendota Insurance Company (hereinafter referred to as "Mendota"), as follows:

WHEREAS, W. Dale Finke is the Director of the Missouri Department of Insurance, Financial Institutions, and Professional Registration (hereafter, "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, Mendota 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 Mendota and prepared report number 0604-25-TGT; and

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

1. In some instances, Mendota failed to provide materials and documentation to allow

the examiners to sufficiently ascertain the claims handling practices, including the inception, handling, and disposition of its claims, thereby violating §374.205.2(2), RSMo, and Missouri Regulations 20 CSR 100-1.030(3), 20 CSR 100-1.050(2)(G), and 20 CSR 300-2.200(2) and (3).

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

3. In some instances, Mendota failed to accept or deny a claim within 15 working days after submission of all forms necessary to establish the nature and extent of the claim, thereby violating Missouri Regulation 20 CSR 100-1.050(1) (A).

4. In some instances, Mendota failed to provide all claim forms, instructions, and reasonable assistance to first party claimants within 10 working days, thereby violating 20 CSR 100-1.030(3).

5. In some instances, Mendota failed to disclose all pertinent benefits and coverages to first party claimants, as required by Missouri Regulation 20 CSR 100-1.020.

6. In some instances, Mendota used coverage sources assumed by others to reduce its Medical Payment benefits to first party claimants, thereby violating Missouri Regulation 20 CSR 100-1.050(1)(D).

7. In some instances, Mendota failed to complete its investigation of certain claims within 30 calendar days after receiving the initial notice of the claim, thereby violating §375.1007(3), RSMo, and Missouri Regulation 20 CSR 100-1.040.

8. In some instances, Mendota failed send its insureds a letter explaining why their claim files remained open 45 days after the Company received its initial notification of those claims and every 45 days thereafter that additional time was needed and the reason therefore, thereby violating §375.1007(2), RSMo, and Missouri Regulation 20 CSR 100-1.050(1)(C).

9. In some instances, Mendota failed to properly document and list a complaint on its complaint register, as required by §375.936(3), RSMo, and 20 CSR 300-2.200(3)(D).

WHEREAS, Mendota hereby agrees to take remedial action bringing Mendota into compliance with the statutes and regulations of the State of Missouri and agrees to maintain those corrective actions at all times to assure that the errors noted in the above-referenced market conduct examination report do not recur.

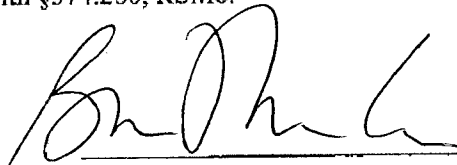
WHEREAS, Mendota is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, Mendota, 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, Mendota hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0604-25-TGT further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$5,520.25.

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 Mendota Insurance Company to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Mendota 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 \$5,520.25, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 11/14/06

  
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President  
Mendota Insurance Company