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

In Re:	)
	) **Market Conduct Investigation**
BERKSHIRE HATHAWAY HOMESTATE	) **Number 13078-20044-PC**
INSURANCE COMPANY (NAIC #20044)	)

ORDER OF THE DIRECTOR

NOW, on this 24 day of November, 2014, Director John M. Huff, after consideration and review of the market conduct investigation of Berkshire Hathaway Homestate Insurance Company (NAIC #20044) (hereafter referred to as "Berkshire Hathaway") investigation number 13078-20044-PC, conducted by the Division of Insurance Market Regulation pursuant to §374.190[1] and the Stipulation of Settlement ("Stipulation"), does hereby issue the following orders:

This order, issued pursuant to §374.046.15, RSMo (Cum. Supp. 2013) and §374.280 is in the public interest.

IT IS THEREFORE ORDERED that Berkshire Hathaway and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Berkshire Hathaway shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Berkshire Hathaway 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.

IT IS FURTHER ORDERED that Berkshire Hathaway shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept,

1 All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.

the Voluntary Forfeiture of $9,250.00, 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 24 day of November, 2014.

John M. Huff
Director

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DEPT. OF INSURANCE, FINANCIAL INSTITUTIONS & PROFESSIONAL REGISTRATION

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

In Re:	)	
	)	
BERKSHIRE HATHAWAY	)	**Market Conduct Investigation**
HOMESTATE INSURANCE COMPANY	)	**No. 13078-20044-PC**
(NAIC #20044)	)	
	)	

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") and Berkshire Hathaway Homestate Insurance Company (NAIC #20044) (hereinafter referred to as "Berkshire Hathaway"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (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 in Missouri; and

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

WHEREAS, the Division conducted a Market Conduct Investigation of Berkshire Hathaway; and

WHEREAS, the Market Conduct Investigation revealed that:

1. In nine (9) instances, an audit was completed and billed more than 120 days from the expiration date of the policy in violation of § 287.955.1[1] and 20 CSR 500-6.500(2)(A); and

2. In 1 instance, Berkshire Hathaway estimated premium at final audit due to an uncooperative insured in violation of §287.955;

WHEREAS, the Division and Berkshire Hathaway have agreed to resolve the issues raised in the Market Conduct Investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement embodies the entire agreement and understanding of the signatories with respect to the subject matter contained

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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.** Berkshire Hathaway agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times, to reasonably assure that the errors noted in the Market Conduct Investigation do not recur. Such remedial actions shall include, but not be limited to, the following:

1. Berkshire Hathaway agrees that audits on workers compensation insurance policies with Missouri premium or exposure will be completed, billed and premiums returned within 120 days of policy expiration or cancellation unless a) a delay is caused by the policyholder's failure to respond to reasonable audit requests provided that the requests are timely and adequately documented or b) a delay is by the mutual agreement of the policyholder and Berkshire Hathaway provided that the agreement is adequately documented.

2. Berkshire Hathaway agrees to ensure that its procedures for determining final premium comply with NCCI rule 02-MO-2013.

C. **Compliance.** Berkshire Hathaway agrees to file documentation with the Division within 90 days of the entry of a final order of all remedial action taken to implement compliance with the terms of this stipulation.

D. **Voluntary Forfeiture.** Berkshire Hathaway agrees, voluntarily and knowingly, to surrender and forfeit the sum of $9,250.00 with such sum payable to the Missouri State School Fund in accordance with § 374.280.

E. **Waivers.** Berkshire Hathaway, 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.

F. **Changes.** No changes to this stipulation shall be effective unless made in writing and agreed to by all signatories to the stipulation.

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

H. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation of Settlement.

I. **Effect of Stipulation.** This Stipulation of Settlement shall become effective only upon entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

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

DATED: 11/21/2014

Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 04-Nov-2014

President
Berkshire Hathaway Homestate
Insurance Company