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

In Re:	)	
	)	
CRUM & FORSTER INDEMNITY COMPANY (NAIC # 31348)	)	**Market Conduct Examination No. 1503-77-TGT**

ORDER OF THE DIRECTOR

NOW, on this 30th day of July, 2015, Director John M. Huff, after consideration and review of the market conduct examination of Crum & Forster Indemnity Company (NAIC #31348) (hereafter referred to as "Crum & Forster"), examination number 1503-77-TGT, and the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), does hereby issue the following orders:

This order, issued pursuant to §§ 374.046.15,[1] 374.205.2(5), and 374.280, is in the public interest.

IT IS THEREFORE ORDERED that Crum & Forster 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 Crum & Forster shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Crum & Forster 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 Crum & Forster shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of $2,000 payable to the Missouri State School Fund.

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

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 30th day of July, 2015.

John M. Huff
Director

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

In Re:	)	
	)	
CRUM & FORSTER INDEMNITY COMPANY (NAIC # 31348)	)	**Market Conduct Examination No. 1503-77-TGT**
	)	
	)	

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the "Division"), and Crum & Forster Indemnity Company (NAIC #31348) (hereinafter, "Crum & Forster"), 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, Crum & Forster has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division called a Market Conduct Examination of Crum & Forster based upon findings contained in a Market Conduct Investigation; and

WHEREAS, the Market Conduct Investigation revealed that:

1. Crum & Forster failed to include a payment for sales tax in two commercial automobile policy first party total loss settlements even though Crum & Forster's policy provided for payment of the sales tax in violation of §§ 375.445,[1] 375.936(13), 375.1007(1), and 375.1007(4), RSMo, and 20 CSR 100-1.020(1)(A);

WHEREAS, the Division and Crum & Forster have agreed to resolve the issues raised in the Market Conduct Examination and Market Conduct Investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter, "Stipulation") embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no

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

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.** Crum & Forster agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times. Such remedial actions shall include, but are not limited to, the following:

1. Crum & Forster agrees that it will pay all automobile total loss claims, including payment for all sales taxes relating to such claims, according to the terms of its policy provisions;

2. Crum & Forster agrees that it will review all first party automobile total loss claims paid or processed at any time from July 1, 2010 to the date of the Final Order closing this Market Conduct Examination to determine if Crum & Forster paid all applicable sales tax to the claimant for the damaged vehicle using the contractual value payable under the terms of the policy at the time of loss.[2] If all applicable sales tax was not paid by Crum & Forster to the claimant, Crum & Forster shall pay restitution to the claimant in the amount of the sales tax payable under its policy on the date of loss, including all state, city, county and other taxes. Such restitution shall be paid with no reduction in the amount payable to the claimant if the owner of the total loss vehicle retains the vehicle as salvage, unless there is a clear and specific provision in the policy supporting the reduction. In the event that Crum & Forster can document that a claimant received a sales tax credit from the State of Missouri in an amount at least equal to the contractual value payable for sales tax under the terms of the policy at the time of loss, the payment of restitution as outlined in this paragraph, shall be made to the State of Missouri.

C. **Compliance.** Crum & Forster agrees to file documentation with the Division, in a format acceptable to the Division, within 90 days of the entry of a final order of any remedial action taken to implement compliance with the terms of this Stipulation and to document payment of restitution required under the terms of this Stipulation.

D. **Voluntary Forfeiture.** Crum & Forster agrees, voluntarily and knowingly, to surrender and forfeit the sum of $2,000 such sum payable to the Missouri State School Fund, in accordance with § 374.280.

E. **Other Penalties.** The Division agrees that it will not seek penalties against Crum & Forster, other than those agreed to in this Stipulation, in connection with Market Conduct

2 This could be Actual Cash Value, Stated Value or some other valuation method listed in the policy.

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F. **Waivers.** Crum & Forster, 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 Market Conduct Examination #1503-77-TGT.

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

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

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

J. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

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

DATED: 7/24/2015

Angela L. Nelson
Director
Division of Insurance Market Regulation

DATED: 7/24/2015

Kelly Hopper
Legal Counsel
Division of Insurance Market Regulation

DATED: 7/17/2015

Stephen M. Mulready
EVP and Chief Operating Officer
Crum & Forster Indemnity Company