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

***In Re*:**	)	
	)	
FOREMOST INSURANCE COMPANY	)	**Market Conduct Investigation No. 237199**
GRAND RAPIDS, MICHIGAN	)	
(NAIC #11185)	)	

ORDER OF THE DIRECTOR

NOW, on this 11th day of October, 2016, Director, John M. Huff, after consideration and review of the market conduct investigation of Foremost Insurance Company Grand Rapids, Michigan (NAIC #11185) (hereafter referred to as "Foremost") investigation number 237199, 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 (Cum. Supp. 2013) is in the public interest.

IT IS THEREFORE ORDERED that Foremost 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 Foremost shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Foremost 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 Foremost shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of $4,000, 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 11th day of October, 2016.

John M. Huff
Director

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

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STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") and Foremost Insurance Company Grand Rapids, Michigan (NAIC #11185) (hereinafter referred to as "Foremost"), 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, Foremost 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 Foremost; and

WHEREAS, based on the Market Conduct Investigation the Division alleged that:

1. Foremost, through its appointed agent, failed to identify an individual producer on an application in violation of 20 CSR 100-8.040.

2. In four instances, Foremost, through its appointed agent, accepted applications for the sale and solicitation of insurance by an unlicensed insurance producer in violation of §375.014 and §374.046.

3. Foremost, through its appointed agent, accepted applications, that included an

answer to the prohibited question regarding the applicant's prior coverage being declined, cancelled, or non-renewed in violation of §375.936(11)(f).

4. Foremost, through its appointed agent, failed to maintain the application in one policy file in violation of 20 CSR 100-8.040(3)(A).

WHEREAS, Foremost asserts that the applications referenced in the Division's allegation number 3 above, were applications which were not approved for use by Foremost.

WHEREAS, Foremost denies that it violated any Missouri statute or regulation and Foremost's position is that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment as outlined below is not to be construed as an admission of liability, but is a complete resolution of the disputes, and avoidance of litigation, related to the Market Conduct Investigation; and

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

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture 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 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.** Foremost 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. Foremost agrees to utilize only licensed insurance producers to sell, solicit or negotiate insurance in this state.

2. Foremost agrees to identify individual insurance producers on its insurance applications.

3. Foremost shall maintain documentation demonstrating that insurance producers are licensed in Missouri before authorizing the producer to sell, solicit or negotiate insurance on their behalf in this state.

4. Foremost agrees to review its practices and procedures to ensure Foremost is utilizing Missouri licensed insurance producers when soliciting business in Missouri.

5. Foremost agrees to review its practices and procedures to ensure Foremost only authorizes its agents to use Missouri specific applications that do not contain the prohibited question regarding the applicant's prior coverage being declined, cancelled, or non-renewed.

6. Foremost agrees to maintain a copy of the insurance application in its or its agents' policy files.

C. **Compliance.** Foremost 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.** Foremost agrees, voluntarily and knowingly, to surrender and forfeit the sum of $4,000, with such sum payable to the Missouri State School Fund in accordance with §374.280.

E. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Foremost, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct examination.

F. **Waivers.** Foremost, 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.

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 of Settlement and Voluntary Forfeiture.

J. **Effect of Stipulation.** This Stipulation 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.

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

DATED: 10-5-2016

Angela Nelson
Director, Division of Insurance
Market Regulation

DATED: 10-5-16

Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 9-15-16

Michael J. Cok
Vice President
Foremost Insurance Company
Grand Rapids, Michigan