



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

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

In re: )  
 ) Investigation No. 10114-26832-PC  
Great American Alliance Insurance Company )  
(NAIC #0084-26832) )

**ORDER OF THE DIRECTOR**

NOW, on this 4<sup>th</sup> day of FEBRUARY 2014, Director John M. Huff, after consideration and review of the market conduct investigation of Great American Alliance Insurance Company (NAIC #0084-26832), (hereafter referred to as "Great American Alliance") investigation number 10114-26832-PC, conducted by the Division of Insurance Market Regulation pursuant to §374.190 RSMo, and the Stipulation of Settlement ("Stipulation"), does hereby issue the following orders:

This order, issued pursuant to §374.046.15, RSMo (Cum. Supp. 2012) and §374.280 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that, Great American Alliance 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 Great American Alliance shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Great American Alliance 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 Great American Alliance shall pay, and the Department of

Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$33,000, 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 4<sup>th</sup> day of FEBRUARY, 2014.



  
John M. Huff  
Director



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

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

TO: Great American Alliance Insurance Company  
301 E. Fourth Street  
Cincinnati, OH 45202-4201

RECEIVED  
JAN 24 2014

RE: Great American Alliance Insurance Company (NAIC #0084-26832)  
Missouri Market Conduct Investigation #10114-26832-PC

DEPT OF INSURANCE,  
FINANCIAL INSTITUTIONS &  
PROFESSIONAL REGISTRATION

**STIPULATION OF SETTLEMENT  
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Great American Alliance Insurance Company (NAIC # 0084-26832), (hereafter referred to as "Great American" or the "Company") as follows:

WHEREAS, John M. Huff is the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereafter referred to as "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, Great American 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 Investigation of Great American and prepared report number 10114-26832-PC; and

WHEREAS, the report of the Market Conduct Investigation revealed that:

1. In forty-seven (47) instances, the Department alleges Great American failed to submit filings for individually rated large deductible workers compensation insurance policies which the

Department alleges violates §287.310<sup>1</sup> and §287.947;

2. The Department alleges the Company's schedule rating plan included "classification peculiarities" as a criteria for applying debits and credits, which the Department alleges violates §287.955.1;

3. In twenty-five (25) instances, the Department alleges the Company calculated the premium amount for the Waiver of Subrogation using rates ranging from two percent (2%) to five percent (5%) of the manual premium for standard policies, which the Department alleges require individual rate filings pursuant to §287.947 and 20 CSR 500-6.950.

WHEREAS, Great American hereby agrees to take remedial action bringing the Company into compliance with the statutes and regulations of Missouri and agrees to maintain those corrective actions at all times, to reasonably assure that the errors noted in the above-referenced market conduct investigation report do not recur. The remedial actions shall include, but are not limited to, the following:

1. Great American agrees, starting on the date this Stipulation is approved by the Director, to file individual rating plans for all individually rated large deductible workers compensation insurance policies using a form substantially similar to Exhibit A attached herein and containing the information currently required by section 287.947 and 20 CSR 500-6.950, including those policies with Missouri exposure but no Missouri payroll or premium, within 30 days of the effective date of the policies. If the statute or regulation changes, Great American agrees to comply with any new laws or regulations enacted that pertain to individually rated large deductible workers compensation insurance policies.

2. Great American agrees not to use "classification peculiarities" as a criterion for applying debits and credits in any schedule rating plan.

3. Great American agrees to not use rate ranges in its premium calculation that do not include specifically detailed characteristics which define "loss-related" behaviors warranting the debit or credit.

WHEREAS, the parties hereto agree that neither this instrument nor the agreements, settlement and compromise contemplated herein are to be deemed as an admission of any violation, fault, improper conduct or negligence on the part of Great American, and further, the Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of the forfeiture is merely to resolve disputes and avoid litigation without conceding that the agreements, settlements, and compromise contemplated herein settle any question of law by either party.

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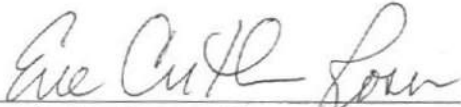
<sup>1</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.

WHEREAS, Great American, 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 Investigation; and

WHEREAS, Great American hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Investigation #10114-26832-PC further agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$33,000.

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 Great American to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Great American does hereby voluntarily and knowingly waive all rights to any hearing, consents to the ORDER of the Director, consents to take the remedial actions required by this stipulation, and consents to surrender and forfeit the sum of \$33,000, such sum payable to the Missouri State School Fund, in accordance with §374.280.

DATED: Jan. 21, 2014

  
Eve Cutler Rosen, General Counsel  
Great American Alliance Insurance Company