



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

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

TO: Missouri Employers Mutual Insurance Company  
101 N. Keene St.  
Columbia, MO 65201

RE: Missouri Market Conduct Examination 0603-13-PAC  
Missouri Employers Mutual Insurance Company (NAIC #10191)

**STIPULATION OF SETTLEMENT  
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by Douglas M. Ommen, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Missouri Employers Mutual Insurance Company, (hereafter referred to as "MEMIC"), as follows:

WHEREAS, Douglas M. Ommen 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, MEMIC 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 MEMIC and prepared report number 0603-13-PAC; and

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

1. In some of MEMIC's active new policy applications, the question whether the insured or proposed insured had ever been cancelled, non-renewed, or declined was asked and answered, in violation of §376.936(11)(f), RSMo, and MDI Bulletin 94-04.

2. In some instances, MEMIC cancelled, non-renewed, and/or terminated certain policies for reasons that were not clear and specific, thus violating §379.883.3, RSMo, and NCCI form WC 24 06 01 B.

3. In some instances, MEMIC miscalculated benefits and failed to adequately document some of its TTD/PPD/PTD/Fatality Disability claims' files to support the wage calculations shown in the files, thereby violating §§287.170 and 287.250, RSMo, and 20 CSR 300-2.200(3).

4. In some instances, MEMIC's complaint files were incomplete and did not contain documentation that MEMIC responded to DIFP in a timely manner, as required by §375.936(3), RSMo, and 20 CSR 100-4.100.

WHEREAS, MEMIC hereby agrees to take remedial action bringing MEMIC into compliance with the statutes and regulations of the State of Missouri and agrees to maintain those corrective actions at all times, including, but not limited to, taking the following actions:

1. The Company agrees to take corrective action to assure that the errors noted in the above-referenced market conduct examination report do not recur;

2. The Company agrees to review a randomly selected subset of its TTD/PPD/PTD/Fatality Disability claims files, dated July 1, 2005, to April 30, 2007, to determine whether any other claims underpaid, and, if so, to issue refunds of any such underpayments, bearing in mind that an additional payment of nine per cent (9%) interest is also required, as per §408.020, RSMo, on those late payments. A report is to be provided to the Department within 90 days from the date of a final Order in this matter, detailing the company's review process and amounts paid, plus interest; and

3. The Company agrees to take any needed steps to assure that it provides its insureds a sufficiently specific and clear reason for cancellation, termination, and non-renewal in order for the recipient to identify the basis for the insurer's decision without further inquiry, as required by §379.883.3, RSMo, and NCCI form WC 24 06 01 B.

WHEREAS, MEMIC, 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 Market Conduct Examination #0603-13-PAC;

WHEREAS, MEMIC neither admits nor denies the findings set forth above and enumerated in the examination report. Nothing herein contained, nor any of the action taken by any of the parties

hereto in connection herewith, shall constitute, or be construed as an admission of fault, liability, or wrongdoing of any kind on the part of any party hereto; and

WHEREAS, MEMIC hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0603-13-PAC further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$9,628.75.

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 MEMIC to transact the business of insurance in the State of Missouri or the imposition of other sanctions, MEMIC 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 \$9,628.75, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 7-24-07



President

Missouri Employers Mutual Insurance Co.