

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

In re:)
) Investigation No. 10137-23612-PC
Midwest Employers Casualty Co. (NAIC #0098-23612))

ORDER OF THE DIRECTOR

NOW, on this 19th day of SEPTEMBER, 2012, Director John M. Huff, after consideration and review of the market conduct investigation of Midwest Employers Casualty Company (NAIC #0098-23612), (hereafter referred to as "the Company") investigation number 10137-23612--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. 2011) and §374.280 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that, the Company 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 the Company shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place the Company 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 the Company shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary

Forfeiture of \$10,000, 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 19th day of SEPTEMBER, 2012.


John M. Huff
Director

STATE OF MISSOURI



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DEPT OF INSURANCE
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

TO: Midwest Employers Casualty Company
14755 North Outer Forty Drive, Suite 300
Chesterfield, MO 63017

RE: Midwest Employers Casualty Company (NAIC #0098-23612)
Missouri Market Conduct Investigation #10137-23612-PC

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 Midwest Employers Casualty Company (NAIC # 0098-23612), (hereafter referred to as "Midwest Employers Casualty") 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 of Missouri; and

WHEREAS, Midwest Employers Casualty 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 Midwest Employers Casualty, for the period January 1, 2006 through May 31, 2010, and prepared report number 10137-23612-PC; and

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

1. In nineteen (19) instances, Midwest Employers Casualty failed to submit filings for

individually rated large deductible workers compensation insurance policies in violation of §287.310¹ and §287.947;

2. The Department was unable to verify the correct calculation of premium or Administrative Surcharge based on the information submitted by the Company in violation of §287.350 and 20 CSR 100-8.040.

WHEREAS, Midwest Employers Casualty 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. Midwest Employers Casualty agrees to file all, in force, individually rated large deductible workers compensation insurance policies with the Director within 30 days of the date of the order closing this investigation, and agrees to file all individually rated large deductible workers compensation insurance policies within 30 days of the effective date of the policy;

2. Midwest Employers Casualty agrees to review all individually rated large deductible workers compensation insurance policies issued from January 1, 2006 to the date of the Order closing this investigation to determine if the insured is entitled to any refund of premium or if the Administrative Surcharge was incorrectly paid. If the policyholder is entitled to a refund of premium, the Company must issue any refund due to the insured, bearing in mind that an additional payment of nine per cent (9%) interest per annum is also required, pursuant to §408.020. A letter must be included with the payment, indicating that "as a result of a Missouri Market Conduct investigation," it was found that a refund was due to the insured. Additionally, if the insured is entitled to a refund of premium, evidence must be provided to the Department that such refunds to the insured have been made within 90 days after the date of the Order finalizing this investigation. If the Administrative Surcharge was underpaid, such payments that are owed, with any applicable interest and penalties, shall be paid to the Department of Revenue within 90 days of the date of the Order finalizing this investigation. In addition, if underpayments are discovered, the Company must file an amended return on its Administrative Surcharge calculation to the Premium Tax Section of the Department within 90 days of the date of the Order finalizing this investigation.

WHEREAS, Midwest Employers Casualty, after being advised by legal counsel, does hereby

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

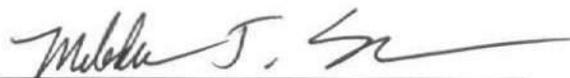
voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, which may have otherwise applied to the above referenced Market Conduct Investigation; and

WHEREAS, Midwest Employers Casualty hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Investigation #10137-23612-PC further agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$10,000.

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 Midwest Employers Casualty to transact the business of insurance in the State of Missouri or the imposition of other sanctions, and in full settlement of all issues raised in market conduct investigation 10137-23612-PC, Midwest Employers Casualty 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 \$10,000, such sum payable to the Missouri State School Fund, in accordance with §374.280.

DATED: _____

9/11/12



President
Midwest Employers Casualty Company