

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

In Re:)
)
SUSSEX INSURANCE COMPANY) **Market Conduct Investigation**
f/k/a COMPANION PROPERTY AND) **No. 13082-12157-PC**
CASUALTY INSURANCE COMPANY)
(NAIC #12157))

ORDER OF THE DIRECTOR

NOW, on this 8th day of September, 2016, Director, John M. Huff, after consideration and review of the market conduct investigation of Sussex Insurance Company f/k/a Companion Property and Casualty Insurance Company (NAIC #12157) (hereinafter referred to as "Sussex") investigation number 13082-12157-PC, conducted by the Division of Insurance Market Regulation pursuant to §374.190¹ and the Stipulation of Settlement and Voluntary Forfeiture ("Stipulation"), does hereby issue the following orders:

This order, issued pursuant to §374.046.15, RSMo (Cum. Supp. 2014) and §374.280 is in the public interest.

IT IS THEREFORE ORDERED that Sussex 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 Sussex shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place Sussex 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.

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

IT IS FURTHER ORDERED that Sussex shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$81,750, 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 8th day of September, 2016.




John M. Huff
Director

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In Re:)
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SUSSEX INSURANCE COMPANY) **Market Conduct Investigation**
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CASUALTY INSURANCE COMPANY)
(NAIC #12157))

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and Sussex Insurance Company f/k/a Companion Property and Casualty Insurance Company (NAIC #12157) (hereinafter referred to as “Sussex”), 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, Companion Property and Casualty Insurance Company (hereinafter “Companion”) was granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, in July 2015 Companion ceased operating in Missouri and Sussex was granted a certificate of authority as the successor entity to Companion; and

WHEREAS, prior to July 2015, the Division conducted a Market Conduct Investigation of Companion; and

WHEREAS, the Market Conduct Investigation revealed that:

1. In one hundred thirty two (132) instances, an audit was completed and billed more than 120 days from the expiration date of the policy in violation of § 287.955.1¹ and 20 CSR 500-6.500(2)(A); and

2. In sixty three (63) instances, Companion estimated premium at final audit due to an uncooperative insured in violation of §287.955;

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

3. Companion applied the administrative surcharge to total premium instead of to the deductible portion of the premium in violation of §287.716, §287.717 and §287.310.

WHEREAS, the Division and Sussex 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.** Sussex 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. Sussex agrees that audits on workers compensation insurance policies with Missouri premium or exposure will be completed, billed and premiums returned within 120 days of policy expiration or cancellation unless a) a delay is caused by the policyholder's failure to respond to reasonable audit requests provided that the requests are timely and adequately documented or b) a delay is caused by the mutual agreement of the policyholder and the Company, provided that the mutual agreement is adequately documented by the Company.

2. Sussex agrees to ensure that its procedures for determining final premium on workers compensation insurance policies with Missouri premium or exposure comply with NCCI Rule 02-MO-2013.

3. Sussex agrees that going forward on workers compensation insurance policies with Missouri premium or exposure; it will apply the administrative surcharge to the deductible portion of the premium rather than to total premium.

C. **Compliance.** Sussex 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.** Sussex agrees, voluntarily and knowingly, to surrender

and forfeit the sum of \$81,750, with such sum payable to the Missouri State School Fund in accordance with § 374.280.

E. **Waivers.** Sussex, 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.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Sussex, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of 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 of Settlement and Voluntary Forfeiture 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 of Settlement and Voluntary Forfeiture 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: 8-31-2016


Angela L. Nelson
Director, Division of Insurance
Market Regulation

DATED: 9-6-2016


Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 9/23/2016



Robert Redpath, Senior Vice President
Sussex Insurance Company