

## DEPARTMENT OF COMMERCE & INSURANCE

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

*In Re:* )  
 )  
SAFECO INSURANCE COMPANY ) Market Conduct Investigation No. 373618  
OF ILLINOIS (NAIC #39012) )

### ORDER OF THE DIRECTOR

NOW, on this 11<sup>th</sup> day of July, 2022, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division"), and Safeco Insurance Company of Illinois (NAIC #39012) (hereinafter "Safeco"), relating to the market conduct investigation no. 373618, does hereby issue the following orders:

This order, issued pursuant to §374.046.15<sup>1</sup> and §374.280 is in the public interest.

**IT IS THEREFORE ORDERED** that Safeco and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

**IT IS FURTHER ORDERED** that Safeco shall not engage in any of the violations of statutes and regulations set forth in the Stipulation, shall implement procedures to place it 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, and shall fully comply with all terms of the Stipulation.

**IT IS FURTHER ORDERED** that Safeco shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$3,000.00, payable to

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<sup>1</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

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 11<sup>th</sup> day of July, 2022.



*Chlora Lindley-Myers*

Chlora Lindley-Myers  
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE  
STATE OF MISSOURI**

***In Re:*** )  
 )  
**SAFECO INSURANCE COMPANY** ) **Market Conduct Investigation No. 373618**  
**OF ILLINOIS (NAIC #39012)** )

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and Safeco Insurance Company of Illinois (NAIC #39012) (hereinafter “Safeco”), as follows:

**WHEREAS**, the Division is a unit of the Missouri Department of Commerce and Insurance (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 of Missouri;

**WHEREAS**, the Department issued Safeco a certificate of authority to transact the business of insurance in the State of Missouri;

**WHEREAS**, the Division conducted a market conduct investigation of Safeco, investigation no. 373618; and

**WHEREAS**, based on the market conduct investigation of Safeco, the Division alleges that:

1. In five instances,<sup>1</sup> Safeco modified the insured’s automobile insurance premium charged for comprehensive and uninsured motorist coverages due to accidents and/or violations through scorecard factors used for tiering, accident free discount, violation free discount, and claims free renewal discount based on Safeco’s rate filings in violation of §379.470<sup>2</sup> and 20 CSR 500-

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<sup>1</sup> The examiner requested a list of Missouri auto policies with effective dates on and between April 1, 2019 and June 30, 2019. The Company provided a spreadsheet containing 30,450 policy records. After determining the policies that had a rate of other than 1.0 for the factors and scorecard factors in error as well as discounted factors for the accident free and violation free discounts for comprehensive and uninsured motorist coverages, five policy files remained, which were all requested and reviewed by the examiner.

<sup>2</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2016.

2.700(1).

**WHEREAS**, the Division and Safeco 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 (hereinafter "Stipulation") 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.** Safeco agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those remedial actions at all times, to reasonably ensure that the errors noted in the market conduct investigation and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. Safeco agrees to review its rating systems and underwriting guidelines, and if necessary, make adjustments to bring them in compliance with 20 CSR 500-2.700 by prohibiting modifications to an insured's automobile insurance premium charged for uninsured motorist coverage or comprehensive coverage based upon the insured's driving record for violations or accidents.

2. Safeco agrees to conduct a review of all private passenger automobile policies dating back to January 1, 2018 through the date of entry of an Order approving this Stipulation, to identify any policies where scorecard rate factors for accidents or violations were applied to comprehensive and uninsured motorist coverages beyond the scorecard rate factor of 1.0. For any scorecard rate factors where the rate was increased above 1.0 for comprehensive and uninsured motorist coverages due to an accident and/or violation, Safeco will issue a refund for the overcharged amount. Interest shall be included with the restitution payments in an amount as determined in accordance with

§374.191. Safeco shall include a letter with the payment stating that “as a result of a Missouri market conduct investigation, a refund was found to be payable.” In addition, for any policy identified above, Safeco agrees to re-tier and recalculate premium using the 1.0 scorecard factor.

C. **Compliance.** Safeco agrees to file documentation with the Division pursuant to §374.190, in a format acceptable to the Division, within 90 days of the entry of an Order of any remedial action taken to implement compliance with the terms of this Stipulation or to document the payment of restitution required by this Stipulation.

D. **Voluntary Forfeiture.** Safeco agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$3,000, such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2.

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

F. **Waivers.** Safeco, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to 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 market conduct investigation no. 373618.

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and Safeco.

H. **Governing Law.** This Stipulation shall be governed by 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 on behalf of the Division and Safeco, respectively.

J. **Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which taken together shall constitute a single document. Execution by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

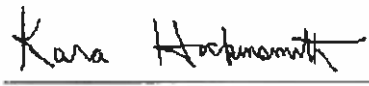
K. **Effective Date.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

L. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and order the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 7-6-2022

  
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Teresa Kroll  
Chief Market Conduct Examiner  
Division of Insurance Market Regulation

DATED: 06/15/2022

  
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Kara Hockensmith  
Director of State Operations  
Safeco Insurance Company of Illinois