

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

In Re:)
)
AMERICAN MODERN HOME) **Market Conduct Investigation No. 14016-23469-PC**
INSURANCE COMPANY)
(NAIC #23469))
)

ORDER OF THE DIRECTOR

NOW, on this 21st day of AUGUST, 2015, Director John M. Huff, after consideration and review of the market conduct investigation of American Modern Home Insurance Company (NAIC #23469) (hereafter referred to as “American Modern Home”) investigation number 14016-23469-PC, conducted by the Division of Insurance Market Regulation pursuant to §374.190¹ and the Stipulation of Settlement (“Stipulation”), does hereby issue the following orders:

This order, issued pursuant to §§374.046.15 and 374.280 RSMo (Cum. Supp. 2013) is in the public interest.

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

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

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 21st day of AUGUST, 2015.



John M. Huff
Director



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

In Re:)
)
AMERICAN MODERN HOME) Market Conduct Investigation No. 14016-23469-PC
INSURANCE COMPANY)
(NAIC #23469))
)

**STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and American Modern Home Insurance Company (NAIC #23469) (hereinafter referred to as “American Modern”), 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, American Modern has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Investigation of American Modern; and

WHEREAS, the Division alleged in the Investigation that:

1. In 11 instances, American Modern failed to use filed rates to calculate premiums for policyholders in violation of §379.321¹ and 20 CSR 500-4.100 (6);
2. In 1 instance, American Modern applied an individual risk premium modification (IRPM) greater than 25% in violation of §379.321 and 20 CSR 500-4.100 (7);
3. In 1 instance, American Modern applied an individual risk premium modification

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

factor outside the range of factors for each individual characteristic on file with the Department in violation of §379.321 and 20 CSR 500-4.100 (7).

WHEREAS, American Modern does not agree with certain findings in the Market Conduct Investigation and it is the position of American Modern that this Stipulation of Settlement is a compromise of disputed facts and legal allegations and that the signing of this Stipulation of Settlement and American Modern's consent to take the remedial actions required by it and to pay the voluntary forfeiture set forth in it does not constitute an admission of wrongdoing or liability on its part and is done to fully and completely resolve the Market Conduct Investigation.

WHEREAS, the Division and American Modern 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.** American Modern 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 assure that the errors alleged in the above-referenced market conduct investigation do not recur. Such remedial actions shall include, but not be limited to, the following:

1. American Modern agrees to review all dealer physical damage policies for recreational vehicles, mobile homes and travel trailers from March 1, 2013 until January 31, 2015 to determine if premium was calculated using filed rates. If American Modern failed to use filed rates in calculating premium, and the premium charged exceeded the premium that would have been charged using filed rates, American Modern will provide restitution to the policyholder for the difference between the premium actually charged and the premium that should have been charged

using filed rates.

2. American Modern agrees to review all dealer physical damages policies for recreational vehicles, mobile homes and travel trailers from June 1, 2008 to the date of the order approving this stipulation to determine if American Modern applied a correct individual risk premium modification. If American Modern failed to use a correct IRPM, and the premium charged exceeded the premium that would have been charged using a correct IRPM, American Modern will provide restitution to the policyholder for the difference between the premium actually charged and the premium that should have been charged using a correct IRPM factor.

C. **Compliance.** American Modern agrees to file documentation with the Division within 120 days of the entry of a final order of any remedial actions taken to implement compliance with the terms of this stipulation and to documentation payment of restitution required by this stipulation.

D. **Voluntary Forfeiture.** American Modern agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$10,000, such sum payable to the Missouri State School Fund, in accordance with §374.049 and §374.280 RSMo Supp. 2013.

E. **Other Penalties.** The Division agrees that it will not seek penalties from American Modern, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Investigation # 14016-23469-PC.

F. **Waivers.** American Modern, 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 Examination.

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 not become effective until 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: 8/19/2015 
Angela Nelson
Director, Division of Insurance
Market Regulation

DATED: 8/19/2015 
Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 8/6/15 
Steve Mackie
Vice President
American Modern Home Insurance Company

DATED: 8/6/15 
Kurt Kiessling
Vice President
American Modern Home Insurance Company