TO: Continental Western Insurance Company  
11201 Douglas Ave.  
P.O. Box 1594  
Des Moines, IA 50306-1594

RE: Continental Western Insurance Company (NAIC #10804)  
Missouri Market Conduct Examination 0609-36-PAC

STIPULATION OF 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 Continental Western Insurance Company, (hereafter referred to as "Continental Western"), 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, Continental Western 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 Continental Western and prepared report number 0609-36-PAC; and

WHEREAS, the report of the Market Conduct Examination has revealed that:
1. In some instances, 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, Continental Western failed to document that certain schedule rating mods applied to its policies and failed to document that it sent notice to its insureds of the adverse changes that applied at policy renewal, thereby violating §374.205.2(2), RSMo, 20 CSR 300-2.200, 20 CSR 500-4.100(7)(D), and DIFP Bulletin 99-02.

WHEREAS, Continental Western hereby agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those corrective actions at all times;

WHEREAS, Continental Western is of the position that this Stipulation of Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, Continental Western, 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 the above referenced Market Conduct Examination; and

WHEREAS, Continental Western hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0609-36-PAC further agrees, voluntarily and knowingly to surrender and forfeit the sum of $7,708.44.

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 Continental Western to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Continental Western 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 $7,708.44, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: August 2, 2007

[Signature]
President
Continental Western Insurance Company