

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

In re:)
) Investigation No. 10098-32271-PC
Dallas National Insurance Company (NAIC #1631-32271))

ORDER OF THE DIRECTOR

NOW, on this 7th day of JUNE, 2012, Director John M. Huff, after consideration and review of the market conduct investigation of Dallas National Insurance Company (NAIC #1631-32271), (hereafter referred to as "Dallas National") investigation number 10098-32271-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. 2010) and §374.280 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that, Dallas National and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

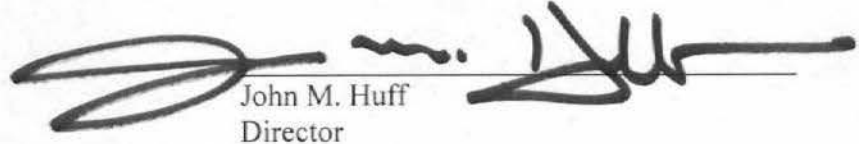
IT IS FURTHER ORDERED that Dallas National shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place the Company in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times.

IT IS FURTHER ORDERED that Dallas National shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary

Forfeiture of \$13,500, 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 7th day of JUNE, 2012.


John M. Huff
Director

STATE OF MISSOURI



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DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

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

TO: Dallas National Insurance Company
14160 Dallas Parkway
Suite 500
Dallas, Texas 75254

RE: Dallas National Insurance Company (NAIC #1631-32271)
Missouri Market Conduct Investigation #10098-32271-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 Dallas National Insurance Company (NAIC # 1631-32271), (hereafter referred to as "Dallas National") 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 in Missouri; and

WHEREAS, Dallas National 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 Dallas National and prepared report number 10098-32271-PC; and

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

1. In two (2) instances, Dallas National failed to submit filings for individually rated large

deductible workers compensation insurance policies in violation of §287.310¹;

2. Dallas National failed to file with the Director all rates supplementary rate information in violation of §287.947.1.

3. In four (4) instances, Dallas National failed to maintain information necessary for the reconstruction of the rating and underwriting of policies in violation of §287.350 and 20 CSR 300-2.200 [as replaced by 20 CSR 100-8.040];

4. The Department was unable to verify the correct calculation of premium, Second Injury Fund Surcharge, or Administrative Surcharge due to the Company's lack of documentation in violation of §287.310.

WHEREAS, Dallas National 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.

WHEREAS, Dallas National 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 large deductible, non-standard workers compensation insurance policies within 30 days of the effective date of the policy.

WHEREAS, Dallas National agrees to review all 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 Second Injury Fund is owed additional payments. If the insured 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 payments, indicating that "as a result of a Missouri Market Conduct examination," it was found that a refund was due to the insured. If the Second Injury Fund is owed additional payments, such payments shall be made to the fund with applicable interest. Additionally, evidence must be provided to the Department that such refunds to the insured and payments to the Second Injury Fund have been made within 90 days after the date of the Order finalizing this examination.

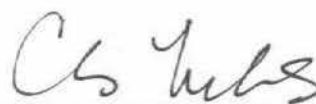
¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.

WHEREAS, Dallas National, 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 Investigation; and

WHEREAS, Dallas National hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Investigation #10098-32271-PC further agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$13,500.

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 Dallas National to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Dallas National does hereby voluntarily and knowingly waive all rights to any hearing, consents to the ORDER of the Director, consents to take the corrective actions required by this stipulation, and consents to surrender and forfeit the sum of \$13,500, such sum payable to the Missouri State School Fund, in accordance with §374.280.

DATED: May 22, 2012



President
Dallas National Insurance Company