ORDER OF THE DIRECTOR

NOW, on this 15th day of February, 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 Midlands Casualty Insurance Company (hereinafter "Midlands"), relating to the market conduct investigation no. 359084, does hereby issue the following orders:

This order, issued pursuant to §374.046.15 and §374.280 is in the public interest.

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

IT IS FURTHER ORDERED that Midlands shall not engage in any of the violations of law 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 Midlands shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of $57,500, payable to the

---

1 All references, unless otherwise noted, are to Revised Statutes of Missouri 2016, as amended.
Missouri State School Fund.

IT IS FURTHER ORDERED that payment of the Voluntary Forfeiture of $57,500 is suspended subject to the terms of the Stipulation.

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 15th day of February, 2022.

Chlora Lindley-Myers
Director
IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

In Re: )
 )
MIDLANDS CASUALTY INSURANCE ) Market Conduct Investigation
COMPANY (NAIC #15754) ) No. 359084

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and Midlands Casualty Insurance Company (NAIC #15754) (hereinafter “Midlands”), 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 Division conducted a market conduct investigation of Midlands, investigation #359084; and

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

1. Between 2015 and 2020, Midlands engaged in the business of insurance in the State of Missouri by issuing stop-loss policies without obtaining a certificate of authority in violation of §§375.310\(^1\) and 375 786.


\(^1\) All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.
WHEREAS, the Division and Midlands 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.** Midlands 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 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. Midlands agrees not to transact insurance business in the State of Missouri through new policy writings, policy renewal, solicitation of insurance, reinsurance assumption agreements or in any other manner without a valid certificate of authority issued by the Director of the Department (hereinafter the “Director”) that is neither in suspended or revoked status.

2. Midlands agrees to non-renew or transfer its stop-loss coverage to admitted carriers for any remaining inforce policies within 30 days of the date of the Order approving this Stipulation.

3. Midlands agrees that if it becomes licensed to offer stop-loss insurance in Missouri, it will file its stop-loss policies with the Department through the System for Electronic Rate and Form Filing (hereinafter “SERFF”) before issuing the coverage to Missouri insureds. The SERFF filing will include a statement indicating that “as a result of a Missouri market conduct investigation, the attached stop-loss policies are being filed with the Department.”
4. Midlands agrees that, if it becomes licensed to offer stop-loss insurance coverage in Missouri, it will continue to file any changes, revisions, amendments, or new stop loss policies it issues in Missouri in accordance with Missouri law.

5. If Midlands becomes licensed in the State of Missouri and offers stop-loss insurance coverage in Missouri, Midlands agrees that it will remit premium tax returns in a manner that correctly reflects stop-loss premiums in Missouri and agrees to timely remit premium tax due on stop-loss premiums collected in Missouri.

C. Compliance. Midlands agrees to file documentation with the Division, in a format acceptable to the Division, within 90 days of the entry of a final order of any remedial action taken pursuant to Paragraph B to implement compliance with the terms of this Stipulation. Such documentation is provided pursuant to §374.190.

D. Ongoing Investigation. Midlands agrees to pay any reasonable investigation fees expended by the Division in conducting its review of the documentation provided by Midlands pursuant to Paragraph C of this Stipulation.

E. Voluntary Forfeiture. Midlands agrees, voluntarily and knowingly, to surrender and forfeit the sum of $57,500 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2. Payment of such sum shall be suspended. Payment of such sum shall be due and payable in the event that Midlands seeks to obtain a license or certificate of authority, subject to the authority of the Director, to operate in the State of Missouri. Payment of such sum shall be a precondition to any license or certificate of authority being issued to Midlands by the Director or the Department.

F. Non-Admission. Nothing in this Stipulation shall be construed as an admission by Midlands, 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. **Waivers.** Midlands, 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.

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

I. **Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

J. **Authority.** The signatories below represent, acknowledge, and warrant that they are authorized to sign this Stipulation, on behalf of the Division and Midlands, respectively.

K. **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 and delivery of this Stipulation by facsimile or by an electronically transmitted signature shall be fully and legally effective and binding.

L. **Effect of Stipulation.** This Stipulation shall become effective only upon entry of a Final Order by the Director approving this Stipulation.

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