

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

In Re:)
)
MISSOURI EMPLOYERS MUTUAL) **Market Conduct Investigation**
INSURANCE COMPANY (NAIC #10191)) **No. 331258**

ORDER OF THE DIRECTOR

NOW, on this 11th day of April, 2019, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division") and Missouri Employers Mutual Insurance Company (NAIC #10191) (hereinafter "MEM"), relating to the market conduct investigation set out in the caption above, does hereby issue the following orders:

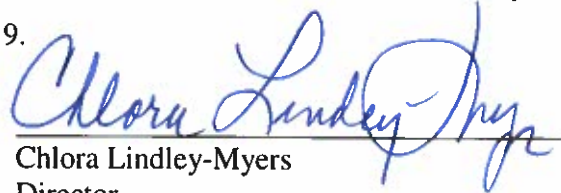
This order, issued pursuant to §374.046.15 RSMo 2016 is in the public interest.

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

IT IS FURTHER ORDERED that MEM 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 SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 11th day of April, 2019.


Chlora Lindley-Myers
Director



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

In Re:)
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MISSOURI EMPLOYERS MUTUAL) **Market Conduct Investigation**
INSURANCE COMPANY (NAIC #10191)) **No. 331258**

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and Missouri Employers Mutual Insurance Company (NAIC #10191) (hereinafter “MEM” or “Company”), 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, MEM has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division opened a Market Conduct Investigation of MEM to receive information regarding a self-report from the Company; and

WHEREAS, based on the self-report and the Investigation, the Division alleges that:

1. MEM submitted a filing to the Department that contained its 2018 Miscellaneous Values page. The TRIPRA rate was referenced as \$.005 per hundred dollars of payroll on the Miscellaneous Values page. The Company also referenced a \$.01 figure in another non-rate supporting document.

2. On February 23, 2018 the Department’s Filing Section requested confirmation of the

TRIPRA rate the Company intended to use and MEM confirmed in writing that the rate was \$.005.

3. The rate charged by MEM was \$.01 per hundred dollars for TRIPRA, which was not the \$.005 rate listed on its Miscellaneous Values page nor was it the rate confirmed in its filing correspondence with the Division

4. When the Company identified the discrepancy, they promptly reported the matter to the Division. The Company also indicated that it had always intended to charge the \$.01.

WHEREAS, the Division appreciates the cooperation shown by MEM in bringing this matter to the attention of the Division through a self-report.

WHEREAS, the Division will view the Company's notification to the Division as a self-report although the provisions of §374.049.9 do not apply to workers compensation insurance.

WHEREAS, based on the Company's self-report and willingness to provide remediation to affected policyholders, the Division is foregoing its right to seek a market conduct examination warrant, conduct a market conduct examination, issue a public examination report, and seek penalties against MEM for violations of Missouri law.

WHEREAS, the Division and MEM have agreed to resolve the issues raised in the Market Conduct Investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement (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.** MEM agrees to take the following remedial action to correct the error outlined previously in this Stipulation:

1. MEM agrees to issue a credit or refund¹ the difference in premium to affected policyholders that resulted from the use of the \$.01 per hundred dollars of payroll TRIPRA rate instead of the filed \$.005 per hundred dollars of payroll TRIPRA rate. MEM agrees to provide such credit or refund on premium charged after February 23, 2018 where the difference in premium that resulted from the use of the \$.01 rate is \$10.00 or greater. MEM represents that such credits or refunds will total at least \$309,308 based on estimated payroll.

C. **Compliance.** MEM agrees to file documentation with the Division, in a format acceptable to the Division, within 120 days of the entry of a final order documenting a credit or payment of refund provided for in Paragraph B. Such documentation is provided pursuant to §374.190.

F. **No Penalties.** The Division agrees that it will not seek penalties against MEM in connection with the conduct that is the subject of Market Conduct Investigation #331258.

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

H. **Waivers.** MEM, 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 Market Conduct Investigation #331258.

I. **Changes.** No changes to this Stipulation shall be effective unless made in writing

¹ If the amount of the credit owed to a policyholder who chooses not to renew their coverage with MEM exceeds any amount owed by the policyholder after premium is calculated at final audit, a refund will be issued to the policyholder for the difference.

and agreed to by representatives of the Division and MEM.

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

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

L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department (hereinafter 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.

DATED:

4-10-2019



Angela L. Nelson, Director
Division of Insurance Market Regulation

DATED:

4-11-2019



Stewart Freilich
Chief Market Conduct Examiner and Senior Counsel
Division of Insurance Market Regulation

DATED:

4/4/19



James C. Owen
President and CEO
Missouri Employers Mutual Insurance Company

DATED:

4-4-19



Richard Brownlee
Counsel for Missouri Employers Mutual
Insurance Company