



DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:)
)
MGA INSURANCE COMPANY) **Market Conduct Investigation No. 416458**
(NAIC #40150))

ORDER OF THE DIRECTOR

NOW, on this 6th day of March, 2025, Acting Director Angela L. Nelson, 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 MGA Insurance Company, Inc. (NAIC #40150) (hereinafter “MGA”), relating to the market conduct investigation no. 416458, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ and §374.280 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that the Director does hereby approve the Stipulation as agreed to by MGA and the Division.

IT IS FURTHER ORDERED that MGA shall not engage in any of the violations of statutes 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, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

IT IS FURTHER ORDERED that MGA shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$1,000.00, 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 6th day of March, 2025.





Angela L. Nelson
Acting Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
MGA INSURANCE COMPANY, INC.) **Market Conduct Investigation No. 416458**
(NAIC #40150))
)
)

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and MGA Insurance Company, Inc. (hereinafter “MGA”), 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, MGA has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct investigation of MGA, investigation no. 416458; and

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

1. In three instances, MGA did not implement reasonable standards for the prompt investigation and settlement of claims, implicating the provisions of §375.1007 (3) ¹.
2. In one instance, MGA did not effectuate a prompt settlement of a claim in which liability was reasonably clear, implicating the provisions of §375.1007 (4).
3. In one instance, MGA did not reference the appropriate statute of limitations in letters to its

¹ All statutory references, unless otherwise noted, are to the 2016 Revised Statutes of Missouri.

insured, implicating the provisions of §375.1007 (1).

4. MGA did not enter all claims related written complaints received by its claims department in its complaint log in violation of §375.936 (3), §375.934, and 20 CSR 100-8.040 (3) (D).

5. MGA did not include language in its policies concerning the limitations of coverage provided by the Missouri Property and Casualty Guaranty Association, in violation of §375.779.2.

6. MGA utilizes policy language that allows for a reduction in claim payments issued for uninsured motorist (“UM”) coverage due to a setoff with payments issued under medical payments (“MP”) coverage, in violation of §375.936 (6) (a), §375.934 and 20 CSR 500-2.100 (2) (G) 1.

7. In six instances, MGA did not adequately document in its claim files the weight applied to each vehicle in the calculation of the weighted average of comparable vehicles, in violation of §374.205.2 (2) and 20 CSR 100-8.040 (3) (B) 1.

8. In six instances, MGA did not itemize depreciation deductions applied to total loss vehicles, did not show the amount of the adjustment made to total loss vehicles by vehicle component, and did not maintain such information in its claim files, implicating the provisions of §375.1007 (3) and in violation of 20 CSR 100-1.050 (2) (E), and 20 CSR 100-8.040 (3) (B) 1.

9. MGA did not disclose the service for which the policy fee and SR-22 fee were being charged, in violation of 20 CSR 700-1.150 (4).

WHEREAS, the Division and MGA 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.** MGA 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. Such remedial actions shall include the following:

1. MGA agrees to include all Missouri consumer complaints in its written complaint log including complaints received by its claims department or relating to claims.

2. MGA agrees to review internal claim handling guidelines to ensure that the direction given to adjusters handling Missouri claims is in compliance with Missouri law. MGA further agrees to revise the "Missouri State Specific Considerations" claim guidelines to include the correct citation to 20 CSR 100-1.050 (1) (C) for first-party claimants.

3. MGA agrees to include the correct statute of limitations in its correspondence with Missouri insureds.

4. MGA agrees to file with the Department amended policy language that includes the limitations of coverage provided by the Missouri Property and Casualty Guaranty Association. Such filing shall be made within 30 days of the date of the Order approving this Stipulation and shall include a statement explaining that the filing is being made as a result of a Missouri Market Conduct Investigation.

5. MGA agrees to file with the Department amended policy language or an endorsement that eliminates its ability to reduce claim payments issued for UM coverage due to a setoff with payments issued under MP coverage. Such filing shall be made within 30 days of the date of the Order approving this Stipulation and shall include a statement explaining that the filing is being made as a result of a Missouri Market Conduct Investigation. MGA shall also revise the claim guideline of "PIP/Med Pay Considerations" to reflect this revised policy language and include that duplicate recovery is allowed where permitted under the policy.

6. MGA agrees to document its total loss claim files so as to clearly show, per 20 CSR 100-8.040 (3) (B), how the Company arrived at the amount of the condition adjustment by component on loss vehicles. Any adjustment in the value based on depreciation shall be itemized and appropriate in amount pursuant to 20 CSR 100-1.050(2)(E). MGA agrees to document any adjustment in the value based on depreciation with detail. The claim file shall clearly show the amount of adjustment to the value of the comparable vehicles, including but not limited to, condition from the beginning value to final values by vehicle component and the weight applied to each comparable vehicle for weighted average. Condition ratings applied to the loss vehicle shall be documented with the reason for the adjustment or non-adjustment and the amount. The basis for any adjustment in the settlement shall be maintained in writing in MGA's claim file.

7. For a period of one (1) year after the date of the Order approving this Stipulation, MGA agrees to conduct internal quarterly audits of total loss claims to review and determine whether the total loss valuations contain the details as outlined in remedial action 6 and 20 CSR 100-1.050(2)(E). During this one (1) year period, the MGA agrees to pull a random sample of at least 30 total loss claims received during the quarter and review for compliance with remedial action 6 and 20 CSR 100-1.050(2)(E). If the compliance with this remedial action and 20 CSR 100-1.050(2)(E) are not met, the Company agrees to address the errors with the claims team as appropriate and MGA agrees to remediate the loss with the claimant if such remediation is warranted. MGA further agrees to provide quarterly reports to the Division of all total loss claims reviewed within 60 days of the end of the quarter. The reports shall be provided in a manner acceptable to the Division.

8. MGA agrees to disclose, in writing, the service for all incidental fees charged by the Company, including, but not limited to, the service for which the policy fee and SR-22 fee are being charged.

C. **Compliance.** MGA agrees to file documentation pursuant to § 374.190 with the Division,

in a format acceptable to the Division, within 60 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation.

D. **Voluntary Forfeiture.** MGA agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$1,000 (one thousand dollars), such sum payable to the Missouri State School Fund, in accordance with §§374.049.11 and 374.280.2, within fifteen (15) days of the date the Director of the Department (hereinafter “Director”) signs the Order approving this Stipulation.

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

F. **Waivers.** MGA, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to 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 no. 416458.

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

H. **Governing Law.** This Stipulation 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, on behalf of the Division and MGA, respectively.

J. **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 by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

K. **Effect of Stipulation.** This Stipulation shall not become effective until entry of an Order

by the Director approving this Stipulation.

L. **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: March 3, 2025



Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 2-12-25



Name: Brian Doss
Title: SVP, Secretary
MGA Insurance Company, Inc.