

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

In Re:)
)
NATIONAL LIABILITY & FIRE) Market Conduct Investigation#12025-20052-
INSURANCE CO. (NAIC # 20052)) PC
)
and)
)
DANIELS HEAD INSURANCE) Market Conduct Investigation#12024-8016722-
AGENCY, INC. (NAIC #8016722)) PC

ORDER OF THE DIRECTOR

NOW, on this 9th day of DECEMBER, 2013, Director John M. Huff, after consideration and review of the market conduct Investigation of National Liability & Fire Insurance Company (NAIC #20052) (hereafter referred to as "National Liability") and Daniels Head Insurance Agency, Inc. (NAIC #8016722) (hereafter referred to as "Daniels Head"), Investigation numbers 12025-20052-PC and 12024-8016722-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:

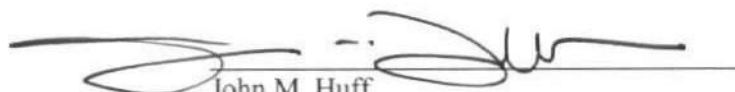
This order, issued pursuant to §374.046.15, RSMo (Cum. Supp. 2012) is in the public interest.

IT IS THEREFORE ORDERED that National Liability, Daniels Head, 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 National Liability and Daniels Head shall implement procedures to place the Companies 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 SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 9th day of DECEMBER, 2013.


John M. Huff
Director

IN THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
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MO. DEPT. OF INSURANCE,
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STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division"), National Liability & Fire Insurance Company (NAIC #20052) (hereinafter referred to as "National Liability"), and Daniels-Head Insurance Agency, Inc. (NAIC #8016722) (hereinafter referred to as "Daniels-Head) 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, National Liability has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, Daniels-Head has been granted a business entity producers license in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Investigation of National Liability and Daniels-Head and prepared report numbers 12025-20052-PC and 12024-8016722-PC; and

WHEREAS, in the reports of the Market Conduct Investigation the Division alleged that:

1. National Liability's Administrator collaborated with Daniels-Head on a marketing

piece that was maliciously critical or derogatory of the financial condition of another insurer in violation of §375.934 and §375.936.2;

2. National Liability, through its administrator, with the assistance of Daniels-Head caused to be made a circular that was misleading as to the financial condition of another insurer and which concealed material facts in violation of §375.934, §375.936.6 (d), and §375.144;

3. National Liability used misleading advertisements in violation of §375.934 and §375.936 (4).

WHEREAS, National Liability and Daniels Head deny the allegations and deny that they violated these statutes.

WHEREAS, the Division, National Liability and Daniels-Head have agreed to resolve the issues raised in the Market Conduct Examination Report as follows:

A. **Scope of Agreement.** This Stipulation of Settlement 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.** National Liability and Daniels-Head agree to take steps to reasonably assure that its advertisements, circulars and marketing materials, created or used by themselves or their administrators or agents, and published or distributed in the State of Missouri comply with §§375.144, 375.934, and 375.936.

C. **Charitable Contribution.** National Liability and Daniels-Head agree, voluntarily and knowingly, to each make a charitable donation in the amount of \$10,000 to a Missouri charitable or non-profit organization selected by National Liability and Daniels-Head and approved by the Department within 30 days from the date this Stipulation is approved by the Director.

D. **Not a Penalty.** Nothing in this Stipulation shall be construed or considered to be either the imposition of a fine or penalty on National Liability or Daniels-Head or a reportable administrative action.

E. **Waivers.** National Liability and Daniels-Head, after being advised by legal counsel, do 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 Investigations.

F. **Changes.** No changes to this stipulation shall be effective unless made in writing and agreed to by all signatories to the stipulation.

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

H. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation of Settlement. .

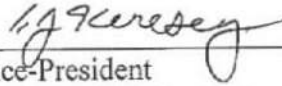
I. **Effect of Stipulation.** This Stipulation of Settlement shall not become effective until entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

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

DATED: 12/6/13


Stewart Freilich
Senior Regulatory Affairs Counsel

DATED: 11/18/13


Vice-President
National Liability & Fire Insurance Company

DATED: 11.27.13


President
Daniels-Head Insurance Agency, Inc.

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DATED: _____

Stewart Freilich
Senior Regulatory Affairs Counsel

DATED: 11/25/2013



Vice-President
National Liability & Fire Insurance Company

DATED: _____

President
Daniels-Head Insurance Agency, Inc.