STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by Douglas M. Ommen, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Old Reliable Casualty Co., (hereafter referred to as "Old Reliable"), as follows:

WHEREAS, Douglas M. Ommen 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, Old Reliable 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 Examination of Old Reliable and prepared report number 0603-08-TGT; and

WHEREAS, the report of the Market Conduct Examination has revealed that:

1. In some instances, Old Reliable failed to maintain its books, records, documents, and other business records and to provide relevant materials, files, and documentation in such a way to allow the examiners to sufficiently ascertain the rating, underwriting, and claims’ handling and payment, complaint handling, termination, and marketing practices of the Company as required by, thereby violating §374.205.2(2), RSMo, 20 CSR 300-1.100, and 20 CSR 300-2.200.
2. In some instances, Old Reliable failed to document in its files that a cancellation notice was sent to the insured within 60 days of the inception date of the policies, so that the examiners could determine if the policies were correctly cancelled with proper notice, thereby violating §§375.002.1 and .2, and 375.005, RSMo.

3. In some instances, Old Reliable cancelled policies more than 60 days after the inception of the policy for reasons other than those allowed by law, in violation of §375.002, RSMo.

4. In some instances, Old Reliable failed to complete the investigation of claims within 30 days after the initial receipt of the claim, thereby violating 20 CSR 100-1.040.

5. In some instances, the Company failed to document the file to indicate that a letter was sent to the insured explaining why the file remained open 45 days after the initial receipt of the claim, as required by 20 CSR 100-1.050(1)(C).

6. In some instances, Old Reliable failed to acknowledge with reasonable promptness pertinent communications with respect to claims arising under its’ policies and to respond to all pertinent communication which suggests a response is expected within 10 working days, in violation of 20 CSR 100.1.030(1) and (2).

7. In some instances, the Company failed to accept or deny claims within 15 working days after the submission of all forms necessary to establish the nature and extent of the claim and to send the insured a denial letter with specific reference to the policy provision, condition, or exclusion that it based its decision on, in violation of 20 CSR 100-1.050(1)(A).

8. In some instances, the Company misrepresented relevant facts or policy provisions relating to coverage at issue, failed to attempt in good faith to effectuate prompt, fair, and equitable settlement of claim in which liability had become reasonably clear, and also attempted to settle a claim for less than the amount to which a reasonable person would believe he or she was entitled. These actions violated §§375.1007(1), (4), and (8), and 408.020, RSMo.

9. In some instances, Old Reliable treated its insureds differently from others who had the same policy and type of coverage in its claim settlement practices, in violation of §375.936(6)(a), RSMo.

WHEREAS, Old Reliable hereby agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those corrective actions at all times, including, but not limited to, taking corrective action to assure that the errors noted in the above-referenced market conduct examination reports do not recur.

WHEREAS, Old Reliable neither admits nor denies the findings or violations set forth above and enumerated in the examination report; and
WHEREAS, Old Reliable is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, Old Reliable is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, Old Reliable, 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 Examination; and

WHEREAS, Old Reliable hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0603-08-TGT further agrees, voluntarily and knowingly to surrender and forfeit the sum of $37,123.25.

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 Old Reliable to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Old Reliable does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of $37,123.25, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: ____________

President
Old Reliable Casualty Company