

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

In Re:)
)
ONEBEACON AMERICA) **Market Conduct Investigation**
INSURANCE COMPANY) **No. 13102-20621-PC**
(NAIC #1129-20621))
)

ORDER OF THE DIRECTOR

NOW, on this 20th day of August, 2014, Director John M. Huff, after consideration and review of the market conduct investigation of OneBeacon America Insurance Company (NAIC #1129-20621) (hereafter referred to as "OneBeacon"), investigation number 13102-20621-PC, conducted by the Division of Insurance Market Regulation pursuant to § 374.190¹ and the Stipulation of Settlement ("Stipulation"), does hereby issue the following orders:

This order, issued pursuant to §§ 374.046.15 and 374.280 RSMo (Supp. 2013), is in the public interest.

IT IS THEREFORE ORDERED that OneBeacon 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 OneBeacon shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place OneBeacon 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 FURTHER ORDERED that OneBeacon shall pay, and the Department of Insurance,


¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2000 as amended.

Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$1,000 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 20th day of August, 2014.




John M. Huff
Director

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

In Re:)	
)	
ONEBEACON AMERICA)	Market Conduct Investigation
INSURANCE COMPANY)	No. 13102-20621-PC
(NAIC #1129-20621))	
)	

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") and OneBeacon America Insurance Company (NAIC #1129-20621) (hereinafter referred to as "OneBeacon"), 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, OneBeacon has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

WHEREAS, the Division conducted a Market Conduct Investigation of OneBeacon; and

WHEREAS, the Market Conduct Investigation revealed that:

1. In one (1) instance, an audit was completed and billed more than 120 days from the expiration date of the policy in violation of § 287.955.1¹ and 20 CSR 500-6.500(2)(A);
2. In one (1) instance, OneBeacon estimated premium at final audit due to an uncooperative insured in violation of § 287.955;
3. In three (3) instances, OneBeacon overcharged the policyholder for the Second Injury Fund surcharge in violation of § 287.715.1; and
4. In three (3) instances, OneBeacon overcharged the policyholder for the Administrative surcharge in violation of §§ 287.690 and 287.716.2.

WHEREAS, the Division and OneBeacon have agreed to resolve the issues raised in the

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.

Market Conduct Investigation 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.** OneBeacon 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 assure that the errors noted in the Market Conduct Investigation do not recur. Such remedial actions shall include, but not be limited to, the following:

1. OneBeacon agrees to provide remediation to the policyholder on Policy #406023289 (expiration date 09/25/2010) in the amount of \$544 plus interest at the rate of 9% per annum as provided by § 408.020;

2. OneBeacon agrees to review workers compensation insurance policies with Missouri premium or exposure where the audit resulted in additional premium from January 1, 2010 to the date of the Order closing this Investigation to determine if other audits were not completed within 120 days of policy expiration or cancellation. If the audit was not completed within 120 days and the delay was not caused by the policyholder's failure to respond to reasonable audit requests or by a mutual agreement between the policyholder and OneBeacon, then OneBeacon shall provide restitution to the policyholder, plus interest at the rate of 9% per annum as provided by § 408.020, for any additional premium charged as a result of the audit extending beyond 120 days from the date of policy expiration or cancellation;

3. OneBeacon agrees to ensure that its procedures for determining final premium comply with NCCI rule 02-MO-2013;

4. OneBeacon agrees to provide remediation for Second Injury Fund surcharge overcharges to the policyholders listed below in the amounts listed below plus interest at the rate of 9% per annum as provided by § 408.020:

Policy #	Expiration Date	SIF Surcharge Overcharge
406-03-01-45-0000	6/1/2010	\$989
406-03-01-45-0001	6/1/2011	\$550
406-01-88-71-0002	9/1/2010	\$38

5. OneBeacon agrees to provide remediation for Administrative surcharge overcharges to the policyholders listed below in the amounts listed below plus interest at the rate of 9% per annum as provided by § 408.020:

Policy #	Expiration Date	Admin. Surcharge Overcharge
406-03-01-45-0000	6/1/2010	\$330
406-03-01-45-0001	6/1/2011	\$183
406-01-88-71-0002	9/1/2010	\$13

6. OneBeacon agrees to review workers compensation insurance policies with Missouri premium or exposure and deductible credits from January 1, 2010 to the date of the Order closing this Investigation to determine if the Second Injury Fund surcharge or Administrative surcharge was incorrectly paid. If the policyholder is entitled to a refund, then OneBeacon shall provide restitution to the policyholder, plus interest at the rate of 9% per annum as provided by § 408.020, for any overcharge on the Second Injury Fund surcharge or Administrative surcharge. If the Second Injury Fund is owed additional payments, such payments shall be made to the fund with any applicable interest and penalties together with any amended filings required by the Division of Workers Compensation. Additionally, evidence must be provided to the Department that such refunds to the insured and payments to the Second Injury Fund have been made within 90 days after the date of the Order finalizing this Investigation. If the Administrative surcharge was underpaid, such payments that are owed, with any applicable interest and penalties, shall be paid to the Department of Revenue within 90 days of the date of the Order finalizing this Investigation. In addition, if underpayments are discovered, the Company must file an amended return on its Administrative surcharge calculation in a manner satisfactory to the Premium Tax Section of the Department within 90 days of the date of the Order finalizing this Investigation.

C. **Compliance.** OneBeacon agrees to file documentation with the Division within 90 days of the entry of a final order of all remedial action taken to implement compliance with the terms of this stipulation and to document payment of remediation required by this stipulation.

D. **Voluntary Forfeiture.** OneBeacon agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$1,000 such sum payable to the Missouri State School Fund, in accordance with § 374.280.

E. **Waivers.** OneBeacon, 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.

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 become effective only upon 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: 8/18/2014



Kelly Hopper
Legal Counsel
Division of Insurance Market Regulation

DATED: 8/5/14



President
OneBeacon America Insurance Company