IN THE DEPARTMENT OF COMMERCE AND INSURANCE  
STATE OF MISSOURI

In Re: 

STATE NATIONAL INSURANCE COMPANY, INC. (NAIC #12831) 

ORDER OF THE DIRECTOR

NOW, on this 13th day of March, 2020, Director, Chlora Lindley-Myers, 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 State National Insurance Company, Inc. (NAIC #12831) (hereinafter “State National”), relating to the market conduct investigation set out in the caption above, does hereby issue the following orders:

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

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

IT IS FURTHER ORDERED that State National 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 FURTHER ORDERED that State National 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 13th day of March, 2020.

Chlora Lindley-Myers  
Director

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.
IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

In Re: )

STATE NATIONAL INSURANCE COMPANY, INC. (NAIC #12831) ) Market Conduct Investigation No. 317705

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and State National Insurance Company, Inc. (NAIC #12831) (hereinafter “State National”), 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; and

WHEREAS, State National 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 State National, Investigation #317705; and

WHEREAS, based on the Market Conduct Investigation of State National, the Division alleges that:

1. State National did not file individually rated risks issued for private/personal casualty aircraft policies issued to Missouri risks in violation of §379.321.11 and 20 CSR 500-4.300 (2) (A).

WHEREAS, the Division and State National 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.** State National 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, to reasonably assure that the errors noted in the Market Conduct Investigation do not recur. Such remedial actions shall include the following:

1. State National agrees to file all individually rated Missouri risks currently in force for private/personal casualty aircraft policies with the Director within 60 days of the date of the Order approving this Stipulation. The SERFF filings will include the statement that “as a result of a Missouri Market Conduct Investigation, the attached individual risk ratings are being filed for approval by the director.”

2. State National agrees that from the date of the Order approving this Stipulation, it will timely file all individually rated risks issued for private/personal casualty aircraft policies sold or solicited to Missouri risks with the Director in conformity with the requirements in 20 CSR 500-4.300. The SERFF filings will include the statement that “as a result of a Missouri Market Conduct Investigation, the attached individual risk ratings are being filed for approval by the director.”

C. **Compliance.** State National agrees to file documentation with the Division, in a format acceptable to the Division, within 60 days of the entry of a final order of any remedial action taken pursuant to Paragraph B to implement compliance with the terms of this Stipulation. Such

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1 All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.
documentation is provided pursuant to §374.190.

D. **Voluntary Forfeiture.** State National 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 §374.049.11 and §374.280.2.

E. **Other Penalties.** The Division agrees that it will not seek penalties against State National, other than those agreed to in this Stipulation, in connection with the above reference market conduct investigation.

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

G. **Waivers.** State National, 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 #317705.

H. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division and State National.

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

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

K. **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 by fully and legally effective
and binding.

L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by 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: 3/12/2020

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

DATED: 3/4/2020

[Signature]
Kelly Brown, Vice President Compliance
State National Insurance Company, Inc.