

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

<b>In Re:</b>	)	
	)	
<b>SECURA INSURANCE A MUTUAL COMPANY (NAIC #22543)</b>	)	<b>Market Conduct Investigation No. 227910</b>
	)	
<b>SECURA INSURANCE A MUTUAL COMPANY (NAIC #22543)</b>	)	<b>Market Conduct Investigation No. 272283</b>
	)	
<b>SECURA SUPREME INSURANCE COMPANY (NAIC #10239)</b>	)	<b>Market Conduction Investigation No. 272283</b>

**ORDER OF THE DIRECTOR**

NOW, on this 2<sup>nd</sup> day of March, 2018, Director, Chlora Lindley-Myers, after consideration and review of the market conduct investigation of SECURA Insurance, A Mutual Company (NAIC #22543) (hereinafter "SECURA") investigation number 227910, review of the market conduct investigation of SECURA and SECURA Supreme Insurance Company (NAIC #10239) (hereinafter "SECURA Supreme") investigation number 272283, conducted by the Division of Insurance Market Regulation (hereinafter "Division") pursuant to §374.190<sup>1</sup> and the Stipulation of Settlement (hereinafter "Stipulation") entered into by the Division, SECURA, and SECURA Supreme, does hereby issue the following orders:

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

**IT IS THEREFORE ORDERED** that SECURA, SECURA Supreme, and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

**IT IS FURTHER ORDERED** that SECURA and SECURA Supreme shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place each 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

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<sup>1</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.

times, and shall fully comply with all terms of the Stipulation.

**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 02<sup>nd</sup> day of March, 2018.



*Chlora Lindley-Myers*  
Chlora Lindley-Myers  
Director

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<b>SECURA SUPREME INSURANCE COMPANY (NAIC #10239)</b>	)	<b>Market Conduction Investigation No. 272283</b>

**STIPULATION OF SETTLEMENT**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") SECURA Insurance A Mutual Company (NAIC #22543) (hereinafter referred to as "SECURA") and SECURA Supreme Insurance Company (NAIC #10239) (hereinafter referred to as "SECURA Supreme"), 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**, SECURA and SECURA Supreme have been granted certificates of authority to transact the business of insurance in the State of Missouri; and

**WHEREAS**, the Division conducted a Market Conduct Investigation of SECURA and SECURA Supreme; and

**WHEREAS**, based on the Market Conduct Investigation of SECURA, the Division alleges that:

1. In 14 instances, an audit was completed and billed more than 120 days from the

expiration date of the policy in violation of § 287.955.1<sup>1</sup> and 20 CSR 500-6.500(2)(A).

2. In 1,140 instances, SECURA offered both participating and non-participating plans to policyholders in violation of §287.932.1 and 20 CSR 500-6.100 (8).

3. During the investigation, SECURA self-reported a systematic error regarding outstanding dividend distributions owed to insureds and refunded such dividend payments with interest.

4. SECURA issued six policies with unapproved dividend plans in violation of §287.310.1 and 20 CSR 500-6.100(1).

5. SECURA failed to maintain records pursuant to the terms of its policy showing the basis for the selection of dividend plans in violation of §287.937.

6. For each year from 2011 to 2015, SECURA reported inaccurate personal property claims data on the homeowners section of the Market Conduct Annual Statement in violation of §374.210.1(2) RSMo.

**WHEREAS**, SECURA asserts that with respect to allegation No. 2 above, that SECURA mistakenly offered both participating and non-participating plans and that the plans were consistent with its dividend program filing then in effect.

**WHEREAS**, based on the Market Conduct Investigation of SECURA Supreme, the Division alleges that:

1. For each year from 2011 to 2015, SECURA Supreme reported inaccurate personal property claims data on the homeowners section of the Market Conduct Annual Statement in violation of §374.210.1(2) RSMo.

**WHEREAS**, the Division, SECURA and SECURA Supreme have agreed to resolve the

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

issues raised in the Market Conduct Investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement (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.** SECURA and SECURA Supreme agree to take remedial action bringing each into compliance with the statutes and regulations of Missouri and agree to maintain such remedial actions at all times. Such remedial actions shall include, but not be limited to, the following:

1. SECURA agrees that audits on workers compensation insurance policies with Missouri premium or exposure will be completed, billed and premiums returned within 120 days of policy expiration or cancellation unless a) a delay is caused by the policyholder's failure to respond to reasonable audit requests provided that the requests are timely and adequately documented or b) a delay is by the mutual agreement of the policyholder and SECURA provided that the agreement is adequately documented.

2. SECURA agrees to review all workers compensation policies written in Missouri with Missouri as the primary risk state with inception or renewal dates from January 1, 2009 through December 31, 2012 to determine whether the policy was placed in a dividend plan. For those policies which failed to be placed in a dividend plan during this time period, SECURA agrees to assign Plan 904 to those policies with a premium less than \$10,000, and Plan 903 to those policies with premium over \$10,000. SECURA agrees to provide restitution to policyholders who were not included in the Company's workers compensation dividend plans

from January 1, 2009 to December 31, 2012. The amount of each policyholder's restitution shall be based on the amount of the dividend the policyholder would have received pursuant to the dividend plan the Company assigns to the policyholder as stated above. For active and cancelled policies not in collection or pending collection, SECURA shall issue dividend/restitution checks to the policyholders. A letter will accompany the refund indicating that as a result of a Missouri Market Conduct Investigation, it was determined that the policyholder is entitled to a dividend payment. For those accounts which may be in collection or pending collection, SECURA shall apply the dividend/restitution payment to the balance owed and refund any difference. SECURA shall mail a letter to the policyholder indicating that as a result of a Missouri Market Conduct Investigation, it was determined that the policyholder is entitled to a dividend payment. The letter will show the policyholder's adjusted balance and include a check for any amount still owed to the policyholder. If any refunds are returned and unclaimed by the policyholder, then SECURA shall remit said refund to the Missouri Unclaimed Property Fund pursuant to Missouri's unclaimed property laws.

3. SECURA agrees that any dividend plans provided on workers compensation insurance policies written in Missouri with Missouri as the primary risk state will be offered and administered in a non-discriminatory manner.

4. SECURA agrees that it will not offer both participating and non-participating plans on policies written in Missouri with Missouri as the primary risk state.

5. SECURA shall provide documentation to the Division regarding the amounts paid to the policyholders that were affected by the systematic error.

6. SECURA agrees to maintain and provide to the Department, upon request all file documentation including underwriting materials relating to dividend plans in compliance with the terms of its policy and §287.937.

7. SECURA and SECURA Supreme agrees that within 120 days they will implement processes to separate personal property claims data from dwelling claims data in its Market Conduct Annual Statement filing submissions.

C. **Compliance.** SECURA and SECURA Supreme agree 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. Such documentation is provided pursuant to §374.190.

D. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by SECURA or SECURA Supreme, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced Market Conduct Investigation.

E. **Waivers.** SECURA and SECURA Supreme, 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 Investigation.

F. **Changes.** No changes to this Stipulation shall be effective unless made in writing and agreed to by representatives of the Division, SECURA, and SECURA Supreme.

G. **Governing Law.** This Stipulation 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, on behalf of the Division, SECURA, and SECURA Supreme respectively.

I. **Effect of Stipulation.** This Stipulation shall become effective only upon entry of a Final Order by the Director of the Department (hereinafter the "Director") approving this Stipulation.

J. **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: 2/27/2018



Angela Nelson  
Director, Division of Insurance  
Market Regulation

DATED: 2/27/2018



Stewart Freilich  
Senior Regulatory Affairs Counsel  
Division of Insurance Market Regulation

DATED: February 22, 2018



Daniel P. Ferris  
V.P., General Counsel & Corp. Sec.  
SECURA Insurance A Mutual Company

DATED: February 22, 2018



Daniel P. Ferris  
V.P., General Counsel & Corp. Sec.  
SECURA Supreme Insurance Company