

STATE OF MISSOURI



DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS AND PROFESSIONAL REGISTRATION

P.O. Box 690, Jefferson City, Mo. 65102-0690

In re:)
) Investigation No. 10162-11123-PC
Safety First Insurance Company)
(NAIC #0074-11123))

ORDER OF THE DIRECTOR

NOW, on this 15th day of APRIL, 2013, Director John M. Huff, after consideration and review of the market conduct investigation of Safety First Insurance Company (NAIC #0074-11123), (hereafter referred to as "the Company") investigation number 10162-11123--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) and §374.280 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that, the Company and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

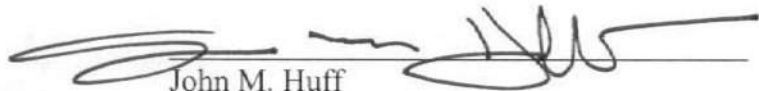
IT IS FURTHER ORDERED that the Company shall not engage in any of the violations of law and regulations set forth in the Stipulation and shall implement procedures to place the Company in full compliance with the requirements in the Stipulation and the statutes and regulations of the State of Missouri and to maintain those corrective actions at all times.

IT IS FURTHER ORDERED that the Company shall pay, and the Department of Insurance,

Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$12,250, 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 15th day of APRIL, 2013.



John M. Huff
Director





**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

P.O. Box 690, Jefferson City, Mo. 65102-0690

TO: Safety First Insurance Company
1832 Schuetz Road
St. Louis, MO 63146

RE: Safety First Insurance Company (NAIC #0074-11123)
Missouri Market Conduct Investigation #10162-11123-PC



**STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by John M. Huff, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Safety First Insurance Company (NAIC # 0074-11123), (hereafter referred to as "Safety First") as follows:

WHEREAS, John M. Huff 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, Safety First 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 Investigation of Safety First and prepared report number 10162-11123-PC; and

WHEREAS, the report of the Market Conduct Investigation revealed that:

1. In nineteen (19) instances, Safety First failed to submit filings for individually rated large deductible workers compensation insurance policies in violation of §287.310¹ and §287.947;
2. Losses were reported on a gross basis, without obtaining the written agreement of the

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

policyholder in violation of §§287.310.4, 287.350, and 20 CSR 100-8.040.

WHEREAS, Safety First hereby agrees to take remedial action bringing the Company into compliance with the statutes and regulations of Missouri and agrees to maintain such corrective actions at all times, to reasonably assure that the errors noted in the above-referenced market conduct investigation report do not recur. The remedial actions shall include, but are not limited to, the following:

1. Safety First agrees to file all individually rated large deductible workers compensation insurance policies with the Department within 30 days of the effective date of the policy;
2. Safety First agrees to report all large deductible workers compensation insurance policies on a net basis unless the employer exercises the right to purchase a gross reportable deductible plan.
3. Safety First agrees to review all individually rated large deductible workers compensation insurance policies issued from January 1, 2006 to the date of the Order closing this investigation to determine if losses were improperly reported on a gross basis. If losses were improperly reported on a gross basis, Safety First shall determine if the incorrect use of gross reporting negatively affected the e-mod. Since a negative impact on an e-mod can impact the employer for a period of three years, the company shall take reasonable steps to evaluate the impact on the employer for a period of three years after the employer's e-mod was negatively impacted and refund any amount of premium that was overpaid due to the negatively impacted e-mod. If any policyholder is entitled to a refund of premium as a result of incorrectly reporting losses on a gross basis, Safety First must issue any refund due to the insured, bearing in mind that an additional payment of nine per cent (9) interest per annum is also required pursuant to §408.020. A letter must be included with the payment indicating that "as a result of a Missouri Market Conduct Investigation," it was found that a refund was due to the insured. Additionally, evidence must be provided to the Department that such refunds to the insured have been made within 90 days after the date of the order finalizing this investigation.

WHEREAS, Safety First, 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 Investigation; and

WHEREAS, Safety First hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Investigation #10162-11123-PC further agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$12,250.

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 Safety First to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Safety First does hereby voluntarily and knowingly waive all rights to any hearing, consents to the ORDER of the Director, consents to take the remedial actions required by this stipulation, and consents to surrender and forfeit the sum of \$12,250, such sum payable to the Missouri State School Fund, in accordance with §374.280.

DATED: 4/3/13

Donald R. Acott
President
Safety First Insurance Company