ORDER OF THE DIRECTOR

NOW, on this 29th day of October, 2013, Director John M. Huff, after consideration and review of the market conduct investigation of Tokio Marine & Nichido Fire Insurance Co. Ltd. (U.S. Branch) (NAIC #3098-12904), (hereafter referred to as “the Company”) investigation number 10171-12904-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. 2011) 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 $29,750, 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 29th day of OCTOBER, 2013.

John M. Huff
Director
TO: Tokio Marine & Nichido Fire Insurance Company Ltd. (U.S. Branch)
230 Park Avenue
New York, NY 10169

RE: Tokio Marine & Nichido Fire Insurance Company Ltd. (U.S. Branch) (NAIC #3098-12904)
Missouri Market Conduct Investigation #10171-12904-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 Tokio Marine & Nichido Fire Insurance Company Ltd. (U.S. Branch) (NAIC #3098-12904), (hereafter referred to as "Tokio" or the "Company") 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, Tokio 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 Tokio and prepared report number 10171-12904-PC; and

WHEREAS, the report of the Market Conduct Investigation revealed that:
1. In fifty-three (53) instances, Tokio failed to submit filings for individually rated large deductible workers compensation insurance policies in violation of §287.310, §287.947 and 20 CSR 500-6.950;

2. The Company’s schedule rating plan included “classification peculiarities” as a criteria for applying debits and credits, which is not allowed in Missouri in violation of §287.955 (1);

3. The Department was unable to verify the correct calculation of the Administrative Surcharge, as the surcharge was not collected, in violation of §287.310.9;

WHEREAS, Tokio hereby agrees to take remedial action bringing the Company into compliance with the statutes and regulations of Missouri and agrees to maintain those 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. Tokio agrees to file individual rating plans for all active large deductible workers compensation policies with the Director within 60 days of the date of the order closing this investigation, and agrees to file individual rating plans for all large deductible, non-standard workers compensation policies with the Director not later than 30 days after the effective date of each policy;

2. Tokio agrees to recalculate the Administrative Surcharge for all individually rated large deductible workers compensation insurance policies issued from January 1, 2006 to the date of the Order closing this investigation, to the extent that it has not already done so. Administrative 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 to the Premium Tax Section of the Department within 90 days of the date of the Order finalizing this investigation.

3. Tokio agrees to not use “classification peculiarities” as a criteria for applying debits and credits;

WHEREAS, the parties hereto agree that neither this instrument nor the agreements, settlement and compromise contemplated herein are to be deemed as an admission of any violation, fault, improper conduct or negligence on the part of Tokio Marine & Nichido Fire Insurance Co., Ltd. (U.S. Branch), and further, the Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of the forfeiture is merely to resolve disputes and avoid litigation.

1 All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.
without conceding that the agreements, settlements, and compromise contemplated herein settle any question of law by either party.

WHEREAS, Tokio, 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, Tokio hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Investigation #10171-12904-PC further agrees, voluntarily and knowingly, to surrender and forfeit the sum of $29,750.

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 Tokio to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Tokio 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 $29,750, such sum payable to the Missouri State School Fund, in accordance with §374.280.

DATED: October 18, 2013

Josh Saiki