

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

In Re:)	
)	
UNITED STATES FIRE)	Market Conduct Investigation
INSURANCE COMPANY)	Number 10178-21113-PC
(NAIC #0158-21113))	
)	

ORDER OF THE DIRECTOR

NOW, on this 29th day of May, 2015, Director John M. Huff, after consideration and review of the market conduct investigation of United States Fire Insurance Company (NAIC #0158-21113) (hereafter referred to as “the Company”) investigation number 10178-21113-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, RSMo (Cum. Supp. 2013) and §374.280 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.

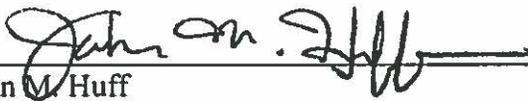
1. All references, unless otherwise noted, are to Missouri Revised Statutes 2000, as amended.

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 \$23,500, 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 May, 2015.





John M. Huff
Director

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

RECEIVED
MAY 11 2015

In Re:)
)
UNITED STATES FIRE) Market Conduct Investigation
INSURANCE COMPANY) No. 10178-21113-PC
(NAIC #0158-21113))
)
)

DEPT OF INSURANCE,
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION

STIPULATION OF SETTLEMENT

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 United States Fire Insurance Company (NAIC # 0158-21113), (hereafter referred to as "United" 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, United 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 United and prepared report number 10178-21113-PC; and

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

1. In forty-three (43) instances, United failed to submit filings for individually rated large deductible workers compensation insurance policies in violation of §287.310¹ and §287.947;

2. The Department was unable to verify the correct calculation of premium, Second Injury Fund Surcharge, or Administrative Surcharge due to discrepancies found during the investigation, in violation of §287.310.9;

3. The Company provided large deductible workers compensation policies on a gross reporting basis without obtaining the approval of the insured, in violation of §287.310.4 &

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

20 CSR 100-8.040;

WHEREAS, United 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. United agrees to file individual rating plans for all individually rated large deductible workers compensation insurance policies within 30 days of the effective date of the policy;

2. United 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 the insured is entitled to any refund of premium or if the Second Injury Fund or Administrative Surcharge was incorrectly paid. If the policyholder is entitled to a refund of premium, the Company 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. Such interest shall begin to accrue for a policy on the date that the premium audit was processed for that policy and the incorrect surcharge was calculated. 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. If the Second Injury Fund is owed additional payments, such payments shall be made to the fund with any applicable interest and penalties. 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 to the Premium Tax Section of the Department within 90 days of the date of the Order finalizing this investigation.

3. United 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. United also 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, United 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, the Company shall 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 shall 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 shall 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, United does not agree with certain findings in the Market Conduct Investigation and it is the position of United that this Stipulation of Settlement is a compromise of disputed facts and legal allegations and that the signing of this Stipulation of Settlement and United's consent to take the remedial actions required by it and to pay the voluntary forfeiture set forth in it does not constitute an admission of wrongdoing or liability on its part and is done to fully and completely resolve the Market Conduct Investigation.

WHEREAS, United, 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, United hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Investigation #10178-21113-PC further agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$23,500.

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 United to transact the business of insurance in the State of Missouri or the imposition of other sanctions, United 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 \$23,500, such sum payable to the Missouri State School Fund, in accordance with §374.280.

DATED: 5/5/2015



President
United States Fire Insurance Company

RECEIVED
MAY 11 2015
MO. DEPT. OF REVENUE
FINANCIAL INSTITUTIONS &
PROFESSIONAL REGISTRATION