DEPARTMENT OF COMMERCE & INSURANCE
P.O. Box 690, Jefferson City, Mo 65102-0690

In Re:  
XL SPECIALTY INSURANCE COMPANY (NAIC #37885)  
Market Conduct Investigation No. 317709

ORDER OF THE DIRECTOR

NOW, on this 19th day of April, 2021, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement (hereinafter “Stipulation”) entered into by the Division of Insurance Market Regulation (hereinafter “Division”), and XL Specialty Insurance Company (NAIC #37885) (hereinafter “XL”), relating to the market conduct investigation no. 317709, does hereby issue the following orders:

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

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

IT IS FURTHER ORDERED that XL 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.

1 All references, unless otherwise noted, are to Revised Statutes of Missouri 2016, as amended, or to the Code of State Regulations, 2020, as amended.
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 19th day of April, 2021.

Chlorinda Myers
Director
IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

In Re: )
) )
XL SPECIALTY INSURANCE ) Market Conduct Investigation
COMPANY (NAIC #37885) ) No. 317709

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and XL Specialty Insurance Company (NAIC #37885) (hereinafter “XL”), 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;

WHEREAS, XL has been granted a certificate of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a market conduct investigation of XL, investigation #317709; and

WHEREAS, based on the market conduct investigation of XL, the Division alleges that:

1. XL used unfiled rates for six private/personal casualty aircraft policies in violation of §379.321.1.¹

2. XL did not submit an Exhibit B consent to rate filing for six private/personal casualty aircraft policies in violation of §379.321.1 and 20 CSR 500-4.300 (2) (A).

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended or to the Code of State Regulations, 2020, as amended.
WHEREAS, the Division and XL have agreed to resolve the 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.** XL agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain such remedial actions at all times, to reasonably ensure that the errors noted in the market conduct investigation and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. XL agrees to utilize only filed rates and rate factors (which does not include rate ranges) for private/personal casualty aircraft policies with Missouri risks.

2. XL agrees to file with the Department an Exhibit B consent to rate form on a monthly basis for any private/personal casualty aircraft policies with Missouri risks where the rates deviate from the filed rates.

3. XL agrees that it will not utilize individual risk premium modification (“IRPM”) or scheduled rating factors that exceed + or – 25% on commercial casualty aircraft policies with Missouri risks.

C. **Compliance.** XL agrees to file documentation with the Division, in a format acceptable to the Division, within 30 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 documentation is provided pursuant to §374.190.
D. **Ongoing Investigation.** XL agrees to pay any reasonable investigation fees expended by the Division in conducting its review of the documentation provided by XL pursuant to Paragraph C of this Stipulation.

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

F. **Waivers.** XL, 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 above-referenced market conduct investigation.

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

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

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

J. **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 and delivery of this Stipulation by facsimile or by an electronically transmitted signature shall be fully and legally effective and binding.

K. **Effect of Stipulation.** This Stipulation shall become effective only upon entry of a Final Order by the Director approving this Stipulation.

L. **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: 4-13-2021

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

DATED: 4/1/21

Sarah B. Mims
XL Specialty Insurance Company
General Counsel
U.S. Insurance