TO: Universal Underwriters Insurance Co.
7045 College Blvd.
Overland Park, KS 66211

RE: Universal Underwriters Insurance Company (NAIC #41181)
Missouri Market Conduct Examination 0603-23-TGT

STIPULATION OF SETTLEMENT
AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by Douglas M. Ommen, Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration, hereinafter referred to as "Director," and Universal Underwriters Insurance Company, (hereafter referred to as “Universal Underwriters”), as follows:

WHEREAS, Douglas M. Ommen 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, Universal Underwriters 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 Examination of Universal Underwriters and prepared report number 0603-23-TGT; and

WHEREAS, the report of the Market Conduct Examination revealed that:
1. In some instances, Universal Underwriters improperly excluded drivers from coverage under its Active Unicover (Multi-Peril) policies, in violation of §379.116, RSMo, and 20 CSR 500-2.100(4).

2. In some instances, Universal Underwriters incorrectly calculated the premium on its Unicover (Multi-Peril) and Workers' Compensation policies, in violation of §§287.955, and 379.321, RSMo, and 20 CSR 500-4.100(3).

3. In some instances, Universal Underwriters' applications for its Active Unicover (Multi-Peril) policies contained the question relating to prior cancellations or non-renewals, in violation of §375.936(11)(f), RSMo, and MDI Bulletin 94-04.

4. In some instances, Universal Underwriters failed to file certain high deductible Workers' Compensation plan policy forms with the Department, as required by §§287.947 and 287.955, RSMo.

5. In some instances, Universal Underwriters did not issue correct sales tax affidavits to some of its Total Loss Automobile claimants as required by §144.027, RSMo.

6. In some instances, Universal Underwriters failed to contact Commercial Property claimants within 10 days of receipt of the claim, to notify them that their claim was accepted or denied within 15 working days of the receipt of the claim, and to otherwise properly investigate and adequately settle such claims as required by §375.1007(3), RSMo, 20 CSR 100-1.030(3), and 20 CSR 100-1.050(1)(A).

7. In some instances, Universal Underwriters miscalculated the claim amounts for its Workers' Compensation Indemnity claims, in violation of §§287.120.1, 287.140.1, 287.160.1 and .3 and 287.250.1(4), RSMo.

8. Universal Underwriters did not send a First Report of Injury to the Division of Workers' Compensation within 10 days of the receipt of loss being reported to it, as required by §287.380.1, RSMo.

9. In some instances, Universal Underwriters failed to maintain its books, records, documents, and other business records and to provide relevant materials, files, and documentation in such a way to allow the examiners to sufficiently ascertain the rating, underwriting, claims handling and payment practices of the Company, including, but not limited to, failing to maintain the prior years' Schedule Rating Worksheets in its Active Unicover policy files and the applicable sales tax affidavits and Salvage Titles in its Automobile Total Loss claim files, as well as documentation to show that claims were properly reported to the Missouri Division of Workers' Compensation. These documentation errors violated §§144.027, 287.380, 301.227, and 374.205.2(2), RSMo, and 20 CSR 300-2.100, 20 CSR 300-2.200(2) and (3), and 20 CSR 500-4.100(7)(D).
WHEREAS, Universal Underwriters hereby agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agrees to maintain those corrective actions at all times to assure that the errors noted in the above-referenced market conduct examination reports do not recur.

WHEREAS, Universal Underwriters neither admits nor denies the findings or violations set forth above and enumerated in the examination report; and

WHEREAS, Universal Underwriters is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, Universal Underwriters, 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 Examination; and

WHEREAS, Universal Underwriters hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0603-23-TGT further agrees, voluntarily and knowingly to surrender and forfeit the sum of $6,530.

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 Universal Underwriters to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Universal Underwriters does hereby voluntarily and knowingly waive all rights to any hearing, does consent to the ORDER of the Director and does surrender and forfeit the sum of $6,530, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 10/30/07

[Signature]
President Corporate Secretary
Universal Underwriters Insurance Company