DEPARTMENT OF COMMERCE AND INSURANCE

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

***In Re*:**	)	
	)	
FARMERS INSURANCE COMPANY, INC. (NAIC # 21628)	))	**Market Conduct Investigation No. 373756**

ORDER OF THE DIRECTOR

NOW, on this 13th day of March, 2026, Director Angela L. Nelson, after consideration and review of the Stipulation of Settlement (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division") and Farmers Insurance Company, Inc. (NAIC #21628) (hereinafter "Farmers"), relating to the market conduct investigation no. 373756, does hereby issue the following orders:

This order, issued pursuant to §374.046.15[1] and §374.280 RSMo, is in the public interest.

IT IS THEREFORE ORDERED that the Director does hereby approve the Stipulation as agreed to by Farmers and the Division.

IT IS FURTHER ORDERED that Farmers shall not engage in any of the violations of statutes 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, shall 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.

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 13th day of March, 2026.

Angela L. Nelson
Director

IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI

In Re:	)	
	)	
Farmers Insurance Company, Inc.	)	
(NAIC # 21628)	)	**Market Conduct Investigation No. 373756**
	)	

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the "Division"), and Farmers Insurance Company, Inc. (hereinafter "Farmers"), 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, Farmers 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 Farmers, investigation no. 373756;

WHEREAS, Farmers disagrees with the alleged findings and denies the alleged wrongdoing or activity violates any applicable laws or regulations. However, Farmers agrees to resolve all issues related to the market conduct investigation no. 373756 through this Stipulation. Farmers enters into this Stipulation solely for the purpose of reaching a compromise and settlement to fully resolve the issues raised in this market conduct investigation; and

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

1. Farmers applied the Adverse Vehicle History Factor to uninsured motorist and comprehensive coverages for vehicles damaged from prior accidents, which resulted in a surcharge, in violation of

§ 379.470(1), RSMo[1] and 20 CSR 500-2.700(1).

2. Farmers failed to disclose in its applications or policies that a branded title vehicle may be valued lower in the event of a total loss than a similar vehicle without a branded title, implicating the provisions of § 375.936(6)(a).

3. Farmers did not itemize all depreciation deductions applied to the loss vehicle in its claim files when determining the value of the vehicle. Some total loss valuations do not include the reason for the adjustment or non-adjustment in condition and do not show the adjustment amount from the beginning value to final values by vehicle component, implicating the provisions of § 375.1007(3) and in violation of 20 CSR 100-1.050(2)(E) and 20 CSR 100-8.040(3)(B).

4. Farmers did not adequately document in all total loss valuations the weight applied to each vehicle in the calculation of the weighted average of comparable vehicles, in violation of § 374.205.2(2) and 20 CSR 100-8.040(3)(B).

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.** Farmers agrees to take remedial action to ensure compliance with the statutes and regulations of Missouri, and agrees to maintain those remedial actions at all times. Such remedial actions shall include the following:

1. Farmers agrees it will not use any insured's accident history in the rating of uninsured motorist and comprehensive motorist coverages in accordance with § 379.470(1) and 20 CSR 500-2.700(1).

2. Farmers agrees to review its current rating plan and make filings to eliminate any factors that

[1] All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

modify premiums for comprehensive and uninsured motorist coverages due to any insured's accident history. If not already filed, Farmers shall make a filing with the Department that reflects these revisions to Farmer's current rating plan. The SERFF filing shall include a statement explaining that "the filing is being made as a result of a Missouri Market Conduct Investigation."

3. Farmers shall conduct a review of all automobile policies from January 1, 2022 to the date the Order approving this Stipulation is signed to determine if premiums for uninsured motorist and comprehensive coverages were modified as a result of damage caused by an accident or damage with an unknown cause. If premiums were increased as a result of any insured's accident history, Farmers agrees to make payment of overcharged amounts, together with interest, in accordance with § 374.191, to all insureds identified in this review. Farmers is not required to issue a premium refund if the amount of the refund, including interest, is less than $5.00. A letter advising that the refund is the result of a Missouri market conduct investigation shall accompany each payment.

4. Farmers shall document their total loss claim files to clearly show, per 20 CSR 100-8.040(3)(B), how Farmers arrived at the amount of the condition adjustment by component on loss vehicles. Farmers shall ensure that any adjustment in the value based on depreciation is itemized and appropriate in amount pursuant to 20 CSR 100-1.050(2)(E). Farmers agrees to document any adjustment in the value based on depreciation with detail. The claim file shall clearly show the amount of adjustment to the value of the comparable vehicles, including but not limited to condition from the beginning value to final values by vehicle component and the weight applied to each comparable vehicle for weighted average. Condition ratings applied to the loss vehicle shall be documented with the reason for the adjustment or non-adjustment and the amount. The basis for any adjustment in the settlement should be maintained in writing in Farmers' claim file.

5. Farmers agrees to revise its language in its application for insurance to disclose that vehicles with a branded title may be valued lower in the event of a total loss. The SERFF filing shall include a statement

explaining that "the filing is being made as a result of a Missouri Market Conduct Investigation."

6. For a period of one year after the date of the Order approving this Stipulation, Farmers agrees to conduct quarterly audits of at least 30 random total loss claim files closed during each audit period for compliance with Missouri law including but not limited to 20 CSR 100-1.050(2)(E), and 20 CSR 100-8.040(3)(B), as well as the requirements in remedial action 4. If compliance with these remedial actions and 20 CSR 100-1.050(2)(E), and 20 CSR 100-8.040(3)(B) was not met, Farmers agrees to address the errors with the claims team as appropriate and Farmers agrees to remediate the loss with the claimants if such remediation is warranted. The first audit period will begin on the date of the Order adopting this Stipulation and continue for three months. Subsequent audit periods will begin on the date of the Order adopting this Stipulation and continue for three months. Farmers shall report the results of each audit including remediated claims along with supporting evidence as requested by the examiners within 60 days of the end of the audit period.

C. **Compliance.** Farmers agrees to file documentation pursuant to § 374.190, RSMo 2024 with the Division, in a manner acceptable to the Division, of any remedial action taken to implement compliance with the terms of this Stipulation. Farmers agrees to provide such documentation within 180 days of the entry of the Order approving this Stipulation unless otherwise specified in Section B above. Farmers may request the Division provide an extension of time to comply with the provision upon a showing of good cause.

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

E. **Waivers.** Farmers, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to 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 market conduct investigation no. 373756.

F. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and Farmers.

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

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

I. **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 by facsimile or by electronically transmitted signature shall be fully and legally effective and binding.

J. **Effect of Stipulation.** This Stipulation shall not become effective until the entry of an Order by the Director approving this Stipulation.

K. **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: March 12, 2026

T Kroll
Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 3/10/2026

Signed by:
J. Nicole Pryor
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J. Nicole Pryor
Assistant Secretary
Farmers Insurance Company, Inc.