



DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:

AMERICAN FAMILY INSURANCE
COMPANY (NAIC #10386)

)
)
) **Market Conduct Investigation No. 401814**
)

ORDER OF THE DIRECTOR

NOW, on this 7th day of March, 2023, 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 American Family Insurance Company (NAIC # 10386) (hereinafter “AFIC”), relating to the market conduct investigation no. 401814, does hereby issue the following orders:

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

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

IT IS FURTHER ORDERED that AFIC 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, and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office

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

in Jefferson City, Missouri, this 7th day of March, 2023.



Chlora Lindley-Myers
Chlora Lindley-Myers
Director

**IN THE DEPARTMENT OF COMMERCE AND INSURANCE
STATE OF MISSOURI**

In Re:)
)
AMERICAN FAMILY INSURANCE) **Market Conduct Investigation No. 401814**
COMPANY (NAIC # 10386))

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and American Family Insurance Company (hereinafter “AFIC”), 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, AFIC 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 AFIC, Investigation No. 401814; and

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

1. In three instances, AFIC referenced incorrect timeframes for the statute of limitations in denial letters implicating the provisions of §375.1007 (1).¹

WHEREAS, the Division and AFIC have agreed to resolve the issues raised in the market conduct investigation as follows:

A. **Scope of Agreement.** This Stipulation of Settlement (hereinafter “Stipulation”)

¹ All statutory references, unless otherwise noted, are to the 2016 Revised Statutes of Missouri.

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. AFIC agrees to take remedial action bringing it into 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. AFIC represents the Missouri Statute of Limitations information in its state specific resources is accurate and current. AFIC agrees the accuracy of this information will be maintained, and will communicate to Missouri adjusters the appropriate use of state specific resources to ensure the correct Missouri Statute of Limitations is used.

2. The Company agrees to establish an auditing procedure to review Missouri claim files at least twice a year to test whether claims adjusters are using the appropriate Missouri Statute of Limitations in their correspondence with claimants.

3. If it has not already been completed, AFIC agrees to review all Missouri claim denials from January 1, 2020 to the date of the Order approving this Stipulation issued by the two adjusters referenced in AFIC's Response to the Investigation Findings, to determine if the correct statute of limitations was referenced in the denial letter, and, if an incorrect limitations period was referenced, to send corrective letters to the impacted insureds.

C. Compliance. AFIC agrees to file documentation pursuant to section 374.190 with the Division, in a format acceptable to the Division, within 45 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of this Stipulation.

D. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by AFIC, 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.** AFIC, 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. 401814.

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

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 AFIC, 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 entry of an Order by the Director of the Department (hereinafter "Director") approving this Stipulation.

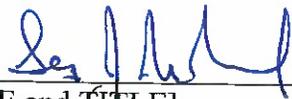
K. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: February 22, 2023



Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: 2/21/23



[NAME and TITLE]
American Family Insurance Company

Corporate Compliance +
Ethics Director