



DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:

AMERICAN FAMILY MUTUAL
INSURANCE COMPANY, S.I.
(NAIC #19275)

)
)
) **Market Conduct Investigation No. 375387**
)
)

ORDER OF THE DIRECTOR

NOW, on this 16th day of November, 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 American Family Mutual Insurance Company, S.I. (NAIC #19275) (hereinafter “American Family”), relating to the market conduct investigation no. 375387, does hereby issue the following orders:

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

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

IT IS FURTHER ORDERED that American Family 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 16th day of November, 2021.



Chlora Lindley-Myers
Chlora Lindley-Myers
Director

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

In Re:)
)
AMERICAN FAMILY MUTUAL) Market Conduct Investigation No. 375387
INSURANCE COMPANY, S.I.)
(NAIC # 19275))

STIPULATION OF SETTLEMENT

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and American Family Mutual Insurance Company, S.I. (NAIC # 19275) (hereinafter “American Family”), 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, American Family 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 American Family, investigation no. 375387; and

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

1. In five instances, American Family did not fully disclose, in the certification required to be maintained pursuant to 20 CSR 100-8.040(3)(B)3, all pertinent benefits to total loss claimants, in that the claimants were not advised that use of sales tax certifications were conditioned on the purchase of a replacement vehicle within 180 days of insurance company payment to the claimant in violation of 20 CSR 100-8.040(3)(B)3.

WHEREAS, the Division and American Family 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.** American Family 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, but are not limited to, the following:

1. American Family agrees to disclose to all Missouri personal auto total loss claimants, at the time they receive a certification authorized by §144.027, that the use of the certification is conditioned on the purchase of a replacement vehicle within 180 days of the date the claimant received payment from the insurance company, and agrees to maintain a copy of such certification in the claim file as required by 20 CSR 100-8.040(3)(B)3.

C. **Compliance.** American Family agrees to file documentation with the Division, in a format acceptable to the Division, within 20 days of the entry of a final order of any remedial action taken to implement compliance with the terms of this Stipulation.

E. **No Penalties.** The Division agrees that it will not seek penalties against American Family in connection with the above referenced market conduct investigation.

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

G. **Waivers.** American Family, 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 market conduct investigation no. 375387.

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

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

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

K. **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.

L. **Effect of Stipulation.** This Stipulation shall not become effective until entry of a Final Order by the Director of the Department (hereinafter the “Director”) approving this Stipulation.

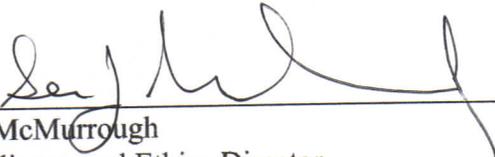
M. **Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 11-9-2021



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

DATED: November 8, 2021


Sean McMurrough
Compliance and Ethics Director
American Family Mutual Insurance Company, S.I.