



**DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION**

TO: Nationwide Insurance
Office of the President
One Nationwide Plaza (1-38-09)
Columbus, OH 43215

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

RE: Missouri Market Conduct Examination # 0505-13-PAC
Nationwide Insurance (NAIC Grp. #0140)
Including: Allied Property & Casualty Insurance Co. (NAIC #42579)
Amco Insurance Co. (NAIC #19100)
Depositors Insurance Co. (NAIC #42587)

STIPULATION OF SETTLEMENT
VOLUNTARY FORFEITURE AND ORDER OF DIRECTOR

It is hereby stipulated and agreed by W. Dale Finke, Director of the Missouri Department of Insurance, hereinafter referred to as "Director," and Nationwide Insurance, which included the examination of Allied Property & Casualty Insurance Co., Amco Insurance Co., and Depositors Insurance Co. (collectively referred to as "Allied" or "the Company"), as follows:

WHEREAS, W. Dale Finke is the Director of the Department of Insurance, 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, Allied 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 Allied and prepared report number 0505-13-PAC; and

WHEREAS, the report of the Market Conduct Examination has revealed that:

1. In some instances, Allied failed to notify the Department 90 days in advance of non-renewing certain classes of business, as required by §379.886, RSMo.

2. In some instances, Allied issued workers' compensation policies which were incorrectly rated, in that the Company was using rates not previously filed with the Department, thereby violating 20 CSR 500-6.950(3)(B)1., and (4)(D).

3. In some instances, Allied failed to provide relevant materials and documentation to the examiners to allow them to sufficiently ascertain the rating, underwriting and claims handling practices of the Company, as required by §374.205.2(2), RSMo, and 20 CSR 300-2.200(2) and (3).

4. In some instance, Allied issued automobile and commercial package policies whose premiums were based on incorrect rates.

5. In some instances, Allied failed to provide copies of applications that contained the signature of the issuing producer, as required by 20 CSR 300-2.200(3)(A)1.B.

6. In some of Allied's active commercial automobile and workers compensation policy applications, the question whether the insured or proposed insured had ever been cancelled, non-renewed, or declined was asked and answered, in violation of §376.936(11)(f), RSMo, and MDI Bulletin 94-04.

7. In some instances, Allied cancelled certain commercial automobile policies without the required 60 days' notice, as required by §379.883, RSMo.

8. In some instances, Allied terminated certain commercial automobile and commercial liability policies for reasons that were not clear and specific, thus violating §379.993.3, RSMo.

9. In some instances, Allied issued inaccurate Missouri sales tax affidavits, thereby violating §144.027, RSMo, and 20 CSR 300-2.200(3)(B).

10. In some instances, Allied failed to document that it provided a Missouri sales tax affidavit for certain claim files, in violation of §144.027, RSMo, and 20 CSR 300-2.200(3)(B).

WHEREAS, Allied hereby agrees to take remedial action bringing Allied into compliance with the statutes and regulations of the State of Missouri and agrees to maintain those corrective actions at all times, including, but not limited to, taking the following actions:

1. The Company agrees to take corrective action to assure that the errors noted in the above-referenced market conduct examination report do not recur;

2. The Company agrees to review all of its active commercial auto policies, dated January 1, 2006, to the present, to determine whether any other policies were incorrectly rated and issue refunds on rate adjustments, if any, at renewal. A report is to be provided to the MDI within 90 days from the date of any final Order in this matter, detailing the company's review process and implementation of the measures, and/or the policies reviewed and amounts paid, plus interest.

3. The Company agrees to take any needed steps to assure that it provides its insureds a sufficiently specific and clear reason for non-renewal in order for the recipient to identify the basis for the insurer's decision without further inquiry, as required by §379.883.3, RSMo.

4. The Company agrees to take any needed steps to assure that the sales tax credit affidavit used by the Company and provided to its claimants indicate that the claimant has 180 days within which to replace his or her vehicle, as set forth and required by §144.027, RSMo, and 20 CSR 300-2.200(3)(B)3.

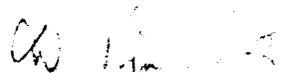
WHEREAS, the Company is of the position that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed factual and legal allegations, and that payment of a forfeiture is merely to resolve the disputes and avoid litigation; and

WHEREAS, Allied, 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, Allied hereby agrees to the imposition of the ORDER of the Director and as a result of Market Conduct Examination #0505-13-PAC further agrees, voluntarily and knowingly to surrender and forfeit the sum of \$65,000.

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 Allied to transact the business of insurance in the State of Missouri or the imposition of other sanctions, Allied 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 \$65,000, such sum payable to the Missouri State School Fund, in accordance with §374.280, RSMo.

DATED: 9-14-2006



Officer - Title W. Kim Austen, President
Allied Insurance