



DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:

GREAT AMERICAN INSURANCE
COMPANY (NAIC #16691)

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Market Conduct Investigation No. 317693

ORDER OF THE DIRECTOR

NOW, on this 19th day of October, 2021, Director, Chlora Lindley-Myers, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division"), and Great American Insurance Company (NAIC #16691) (hereinafter "GAIC"), relating to the market conduct investigation no. 317693, does hereby issue the following orders:

This order, issued pursuant to §374.046.15¹ and §374.280 is in the public interest.

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

IT IS FURTHER ORDERED that GAIC 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 FURTHER ORDERED that GAIC shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$500.00, payable to the Missouri State School Fund.

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 19th day of October, 2021.



Chlora Lindley Myers
Chlora Lindley-Myers
Director

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

In Re:)
)
GREAT AMERICAN INSURANCE) **Market Conduct Investigation**
COMPANY (NAIC #16691)) **No. 317693**

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “the Division”) and Great American Insurance Company (NAIC # 16691) (hereinafter GAIC”), 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, GAIC 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 GAIC, investigation #317693; and

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

1. GAIC used unfiled rates for 13 private/personal casualty aircraft policies in violation of §379.321.1¹
2. GAIC did not submit an Exhibit B consent to rate filing for 13 private/personal casualty aircraft policies in violation of §379.321.1 and 20 CSR 500-4.300 (2) (A).

¹ All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended or to the Code of State Regulations, 2020, as amended.

3. GAIC rated five commercial casualty aircraft policies applying base rate modification factors exceeding + or – 25% in violation of §379.318 (4), 379.321.6 (10) and 20 CSR 500-4.100 (7) (A).

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

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (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.** GAIC agrees to take remedial action to resolve the issues raised in the market conduct investigation and agrees to maintain such remedial actions at all times. Such remedial actions shall consist of the following:

1. If GAIC issues personal/private casualty and/or excess aviation insurance on Missouri risks, GAIC agrees to file with the Director of the Department (hereinafter “Director”) all rates and rules for such private/personal casualty and/or excess aircraft policies, and to only utilize filed rates and rate factors (which does not include rate ranges). GAIC shall make such filing through the System for Electronic Rate and Form Filing (“SERFF”) and include a statement indicating that as a result of a Missouri market conduct investigation this filing is being made.

2. If GAIC issues personal/private casualty aviation insurance on Missouri risks, GAIC agrees to file with the Department an Exhibit B consent to rate form on a monthly basis for any private/personal casualty aircraft policies where the rates deviate from the filed rates.

3. GAIC agrees to file with the Department an Exhibit B consent to rate form on a monthly basis for any commercial casualty and/or excess aircraft policies with Missouri risks

where the rates deviate from the filed rates.

4. GAIC agrees to amend its commercial casualty and/or excess aircraft rate filing to remove individual risk premium modifications (“IRPM”) and/or schedule rating factors that exceed + or – 25% within thirty (30) days of the date of the Order approving this Stipulation. The SERFF filing will include a statement indicating that as a result of a Missouri market conduct investigation an amended filing is being made.

5. GAIC agrees that it will not utilize IRPM or scheduled rating factors that exceed + or – 25% on commercial casualty and excess aircraft policies with Missouri risks.

6. GAIC agrees to provide a premium refund to any policyholder identified in the investigation where a base rate modification factor was applied that exceeded + 25%. Interest, in an amount determined by §374.191 must be included with the refund. In addition, a letter should be included with the refund payment indicating, “as a result of a Missouri market conduct investigation, it was found that a premium refund was owed.”

7. GAIC agrees to conduct a review of all Missouri commercial casualty and excess aircraft policies from January 1, 2019 to the date of the Order approving this Stipulation to determine if policies were rated using scheduled rating/base rate modifications exceeding +25%. If additional payments are owed, GAIC agrees it will make such premium refunds to these policyholders, and will include interest as determined under §374.191. A letter will be included with the payment indicating, “as a result of a Missouri market conduct investigation, it was found that a premium refund was owed.”

C. **Compliance.** GAIC agrees to file documentation with the Division, in a format acceptable to the Division, within 60 days of the entry of a final order of any remedial action taken pursuant to Paragraph B to implement compliance with the terms of this Stipulation, including providing an accounting of all refunds issued to policyholders as a result of this Stipulation. Such

documentation is provided pursuant to §374.190.

D. **Ongoing Investigation.** GAIC agrees to pay any reasonable investigation fees expended by the Division in conducting its review of the documentation provided by GAIC pursuant to Paragraph C of this Stipulation.

E. **Voluntary Forfeiture.** GAIC agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$500.00 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by GAIC, 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.** GAIC, 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 above-referenced market conduct investigation.

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

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 GAIC 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 and delivery of this Stipulation by facsimile or by an electronically

transmitted signature shall be fully and legally effective and binding.

L. **Effect of Stipulation.** This Stipulation shall become effective only upon entry of a Final Order by 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: 9/28/2021



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

DATED: 9/23/2021



Andrew White
Assistant General Counsel
Great American Insurance Company