

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

*In Re:* )  
 )  
HARCO NATIONAL INSURANCE ) **Market Conduct Investigation No. 317701**  
COMPANY (NAIC #26433) )

**ORDER OF THE DIRECTOR**

NOW, on this 15<sup>th</sup> day of January, 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 Harco National Insurance Company (NAIC #26433) (hereinafter “Harco”), relating to the market conduct investigation no. 317701, does hereby issue the following orders:

This order, issued pursuant to §374.046.15<sup>1</sup> and §374.280 is in the public interest.

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

**IT IS FURTHER ORDERED** that Harco 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.

**IT IS FURTHER ORDERED** that Harco shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$2,000.00, 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 15<sup>th</sup> day of January, 2021.



*Chlora Lindley-Myers*  
Chlora Lindley-Myers  
Director

<sup>1</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.

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STATE OF MISSOURI**

*In Re:* )  
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HARCO NATIONAL INSURANCE ) **Market Conduct Investigation**  
COMPANY (NAIC #26433) ) **No. 317701**

**STIPULATION OF SETTLEMENT**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and Harco National Insurance Company (NAIC #26433) (hereinafter “Harco”), 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; and

**WHEREAS**, Harco has been granted a certificate of authority to transact the business of insurance in the State of Missouri; and

**WHEREAS**, the Division conducted a market conduct investigation of Harco, investigation #317701; and

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

1. Harco rated nine private/personal casualty aircraft policies using Individual Risk Premium Modification (IRPM) rating and/or ranges of rates for all liability criteria in violation of 20 CSR 500-4.100(7)(A).
2. Harco failed to file Exhibit B for private/personal casualty aircraft policies rated on a consent to rate basis in violation of §379.321.1<sup>1</sup>, §379.321.3, and 20 CSR 500-4.300(2)(A)(3).
3. Harco utilized unfiled rates for private/personal casualty aircraft policies issued to

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<sup>1</sup> All references, unless otherwise noted, are to Missouri Revised Statutes 2016, as amended.

Missouri risks in violation of §379.321.1.

**WHEREAS**, the Division and Harco 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.** Harco agrees to take the following actions and agrees to maintain those actions at all times, to address the alleged deficiencies noted in this Stipulation and market conduct investigation. Such remedial actions shall include the following:

1. Harco agrees to file all forms, rates and rules for private/personal casualty aircraft policies sold or solicited to Missouri risks with the Director of the Department (hereinafter “Director”), including surcharges for medical liability coverage used for private/personal casualty aircraft policies. The filings shall be submitted through the System for Electronic Rate and Form Filing (hereinafter “SERFF”) and include the statement that “as a result of a Missouri market conduct investigation, the attached forms, rates and rules are being filed for approval by the director pursuant to a Stipulation entered into with the Division.”

2. Harco agrees to refile its personal lines rates with the Director within 60 days of the date of the Order approving this Stipulation where the filed rates included rate ranges. The filings shall be submitted through the SERFF and include the statement that “as a result of a Missouri market conduct investigation, the attached rates are being refiled pursuant to a Stipulation entered into with the Division.”

3. Harco agrees to file rate/rule revisions to the SERFF filing OCCD-131441022, with

the Department, in order to clarify that schedule rating and/or IRPM plans do not apply to private/personal casualty aircraft policies. The SERFF filing will include the statement that “as a result of a Missouri market conduct investigation, the attached revisions are being filed pursuant to a Stipulation entered into with the Division.”

4. Harco agrees to file an Exhibit B, to the Department, pursuant to 20 CSR 500-4.300(2)(A)(3) for all individually rated Missouri risks issued for private/personal casualty aircraft policies. The SERFF filings for the currently active policies will include the statement that “as a result of a Missouri market conduct investigation, the attached Exhibit B is being filed pursuant to a Stipulation entered into with the Division.” Harco further agrees to maintain Exhibits A and B, in its files/records, pursuant to the standards for use of consent to rate.

C. **Compliance.** Harco 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. Such documentation is provided pursuant to §374.190.

D. **Voluntary Forfeiture.** Harco agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$2,000 such sum payable to the Missouri State School Fund, in accordance with §374.049.11 and §374.280.2.

E. **Other Penalties.** The Division agrees that it will not seek penalties against Harco, other than those agreed to in this Stipulation, in connection with the above-referenced market conduct investigation.

F. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Harco, 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.** Harco, 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 #317701.

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

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 Harco 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 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: 12-01-2020



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

DATED: December 1, 2020



Michael D Blinson  
Corporate Secretary  
[NAME and TITLE]  
Harco National Insurance Company