



DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:)
)
 OLD REPUBLIC INSURANCE) Market Conduct Investigation No. 317697
 COMPANY (NAIC #24147))

ORDER OF THE DIRECTOR

NOW, on this 07th day of April, 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 Old Republic Insurance Company (NAIC #24147) (hereinafter "Old Republic"), relating to the market conduct investigation no. 317697, 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 Old Republic and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Old Republic 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 Old Republic shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$1,000.00, 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 07th day of April, 2021.



Chlora Lindley-Myers

Chlora Lindley-Myers
Director

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

In Re:)
)
 OLD REPUBLIC INSURANCE) **Market Conduct Investigation No. 317697**
 COMPANY (NAIC #24147))

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and Old Republic Insurance Company (NAIC #24147) (hereinafter “Old Republic”), 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, Old Republic 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 Old Republic, investigation no. 317697; and

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

1. Old Republic rated and issued 66 private/personal casualty aircraft policies using a scheduled rating plan that was not authorized for private/personal policies, resulting in the use of unfiled rates in violation of §379.321.1¹.

2. In 66 instances, Old Republic failed to submit Exhibit B to the Department for

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

private/personal casualty aircraft policies rated on a consent to rate basis in violation of §379.321.1 and .3 and 20 CSR 500-4.300 (2) (A) 3.

3. In 14 instances, Old Republic used schedule rating factors that exceeded +/- 25% in rating commercial casualty aircraft policies in violation of §379.318 (4) and 20 CSR 500-4.100 (7) (A).

WHEREAS, the Division and Old Republic 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.** Old Republic agrees to take remedial action to ensure full 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. Old Republic agrees that it will submit to the Department on a monthly basis an Exhibit B for Consent to Rate for the 66 policies identified in investigation no. 317697 as long as the rates for each policy deviate from the filed rates.

2. Old Republic agrees that in rating Missouri private/personal casualty aircraft policies it will either utilize the filed rate or will submit to the Department on a monthly basis an Exhibit B for Consent to Rate if it deviates from the use of the filed rate.

3. Old Republic agrees that in rating Missouri commercial casualty aircraft policies it will not utilize schedule rating factors exceeding +/- 25%.

4. Old Republic agrees that it will provide partial refunds to the three policyholders identified in investigation no. 317697 who were overcharged due to the use of scheduled rating factors exceeding +25%. Interest, calculated pursuant to §374.191, shall be included with the refund of the overcharge. In addition, a letter should be included with the payments stating that “it was determined that, as a result of a rating error, discovered during a Missouri market conduct investigation, a partial refund was due to the policyholder.”

5. Old Republic agrees that it will review all Missouri commercial casualty aircraft policies, with effective dates between January 1, 2019 and the date the Order is entered approving this Stipulation, that were not identified in investigation no. 317697 to determine if the policyholder was overcharged due to the use of scheduled rating factors exceeding +25%. If an overcharge is discovered, Old Republic will issue a refund in the amount of the overcharge to the policyholder. Interest, calculated pursuant to §374.191, shall be included with the refund of the overcharge. In addition, a letter should be included with the payments stating that “it was determined that, as a result of a rating error, discovered during a Missouri market conduct investigation, a partial refund was due to the policyholder.”

C. **Compliance.** Old Republic agrees to file documentation with the Division, in a format acceptable to the Division, within 90 days of the entry of a final order of any remedial action taken 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. All documentation submitted to the Division pursuant to this section shall receive the same confidential treatment under §374.071, as any other market conduct investigation materials.

D. **Voluntary Forfeiture.** Old Republic agrees, voluntarily and knowingly, to surrender the sum of \$1,000 as a forfeiture, 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 Old Republic, other than those agreed to in this Stipulation, in connection with the above referenced market conduct investigation.

F. **Non-Admission.** Nothing in this Stipulation nor any act performed by Old Republic pursuant to or in furtherance of this Stipulation shall be construed as an admission by Old Republic, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct investigation. Old Republic expressly denies that any of its actions or alleged actions were knowingly committed or represented a pattern and/or business practice that would violate insurance unfair trade practice laws or any other applicable statutes or regulations. For the avoidance of doubt, the Division shall have the right to use this Stipulation and any act performed by Old Republic pursuant to or in furtherance of this Stipulation to enforce the terms of this Stipulation.

G. **Waivers.** Old Republic, 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. 317697.

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

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 Old Republic 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: 3-18-2021



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

DATED: 3/17/21



[NAME and TITLE]
Old Republic Insurance Company