

**DEPARTMENT OF COMMERCE & INSURANCE**

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

*In Re:* )  
 )  
STATE AUTOMOBILE MUTUAL ) **Market Conduct Investigation No. 379352**  
INSURANCE COMPANY (NAIC #25135) )

**ORDER OF THE DIRECTOR**

**NOW**, on this 13<sup>th</sup> day of June, 2022, 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 State Automobile Mutual Insurance Company (NAIC #25135) (hereinafter “State Auto”), relating to the market conduct investigation no. 379352, 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 State Auto and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

**IT IS FURTHER ORDERED** that State Auto shall not engage in any of the violations of statutes 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 State Auto shall pay, and the Department of Commerce and Insurance, State of Missouri, shall accept, the Voluntary Forfeiture of \$1,000.00,

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

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 13<sup>th</sup> day of June, 2022.



*Chlora Lindley-Myers*

Chlora Lindley-Myers  
Director

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

*In Re:* )  
 )  
STATE AUTOMOBILE MUTUAL ) **Market Conduct Investigation No. 379352**  
INSURANCE COMPANY (NAIC #25135) )

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter “Division”), and State Automobile Mutual Insurance Company (NAIC #25135) (hereinafter “State Auto”), as follows:

**WHEREAS**, the Division is a unit of the Missouri Department of Commerce and Insurance (hereinafter “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**, the Department issued State Auto a certificate of authority to transact the business of insurance in the State of Missouri;

**WHEREAS**, the Division conducted a market conduct investigation of State Auto, investigation no. 379352;

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

1. State Auto rated and issued 585<sup>1</sup> personal farmowners policies using an Individual Risk Premium Modification (hereinafter “IRPM”) rating plan that was not authorized for personal policies, resulting in the use of unfiled rates in violation of §379.321.1<sup>2</sup>.

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<sup>1</sup> State Auto provided a list that included 621 personal farmowner policies written in both the Legacy and New Farm and Ranch Programs that were issued using IRPM rating factors between 8/1/2017 to 2021. IRPM rating factors were not applied to the dwelling in 36 out of the 621 policies.

<sup>2</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2016.

2. In 585 instances, State Auto failed to file Exhibit B with the Department for personal farmowners policies rated on a consent to rate basis in violation of §§379.321.1 and 379.321.3 and 20 CSR 500-4.300(2)(A)3.

**WHEREAS**, the Division and State Auto 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.** State Auto 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, to reasonably ensure that the errors noted in the market conduct investigation and in this Stipulation do not recur. Such remedial actions shall consist of the following:

1. State Auto agrees to file rate/rule revisions through the System for Electronic Rate and Form Filing (“SERFF”) for its legacy Farm and Ranch program, with the Department, in order to clarify that schedule rating and/or IRPM plans do not apply to personal farmowners policies including owner/occupied dwelling coverage. State Auto agrees to file rate/rule revisions through SERFF within 30 days from the date of the Order approving this Stipulation. State Auto agrees to include with the SERFF filing a 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.”

2. State Auto agrees to file an Exhibit B with the Department pursuant to 20 CSR 500-4.300(2)(A)(3) for all individually rated Missouri risks for premium developed using scheduled rating or IRPM for personal farmowners 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.” State Auto further agrees to maintain Exhibits A and B in its files/records as required by 20 CSR 500-4.300(2)(A).

3. State Auto agrees to submit future filings to the Department with Exhibit B for any personal farmowners policies individually rated and issued on a consent to rate (“a” rated) basis and complete and maintain Exhibit A within State Auto’s policy file records.

4. State Auto agrees to provide restitution for the 50 highlighted personal farmowners policies identified in the investigation findings that were rated and issued using IRPM debit factors that resulted in overcharged premium. State Auto agrees it will make such premium refunds to these policyholders, and will include interest as determined under §374.191. State Auto shall issue a letter with the payment indicating that “as a result of a Missouri market conduct investigation, it was found that a premium refund was owed.” State Auto further agrees to report the payment of said restitution and interest to the Department.

C. **Compliance.** State Auto agrees to file documentation with the Division pursuant to §374.190, in a format acceptable to the Division, within 90 days of the entry of an 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.

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

F. **Waivers.** State Auto, after being advised by legal counsel, does hereby voluntarily and knowingly waive any and all rights to 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. 379352.

G. **Amendments.** No amendments to this Stipulation shall be effective unless made in writing and agreed to by authorized representatives of the Division and State Auto.

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

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

J. **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.

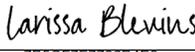
K. **Effective Date.** This Stipulation shall not become effective until entry of an Order by the Director of the Department (hereinafter “Director”) approving this Stipulation.

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

DATED: June 8, 2022 \_\_\_\_\_

  
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Teresa Kroll  
Chief Market Conduct Examiner  
Division of Insurance Market Regulation

DATED: June 7, 2022 \_\_\_\_\_

DocuSigned by:  
  
\_\_\_\_\_  
7B5CF7E7736B4E3  
[NAME and TITLE]  
State Automobile Mutual Insurance Company