

STATE OF MISSOURI



DEPARTMENT OF COMMERCE & INSURANCE

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

In Re:

ODEN

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Market Conduct Examination No. 382367

ORDER OF THE DIRECTOR

NOW, on this 06th day of April, 2023, Director, Chlora Lindley-Myers, after consideration and review of the market conduct examination report of Oden, (examination report number 382367) prepared and submitted by the Division of Insurance Market Regulation (“Division”) pursuant to §374.205.3 (3) (a)¹, does hereby adopt such report as filed. After consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (“Stipulation”), relating to market conduct examination number 382367, the examination report, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such report are deemed to be the Director’s findings and conclusions accompanying this order pursuant to §374.205.3 (4). The Director does hereby issue the following orders:

This order, issued pursuant to §374.205.3 (4), §374.280 and §374.046.15 is in the public interest.

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

IT IS FURTHER ORDERED that Oden 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

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

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 Oden 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 in connection with this examination.

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 06th day of April, 2023.



Chlora Lindley Myers

Chlora Lindley-Myers
Director

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

In Re:)
)
ODEN) **Market Conduct Examination No. 382367**
)

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter the “Division”), and Oden 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, Oden has been granted authority by the Department to act as an Advisory Organization in the State of Missouri;

WHEREAS, the Division conducted a market conduct examination of Oden, Examination No. 382367; and

WHEREAS, based on the market conduct examination of Oden the Division alleges that:

1. Oden’s policies and procedures on anti-trust/anti-competitive practices do not conform to NAIC Market Regulation Handbook Standards in that Oden has no requirement to read an anti-trust statement at the beginning of group meetings.

2. Oden did not promptly file its member lists for 2020 in violation of §379.328¹ and §379.455.2.

3. Oden’s disaster recovery plan does not conform to NAIC Market Regulation Handbook

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

Standards.

WHEREAS, the Division and Oden have agreed to resolve the issues raised in the market conduct examination 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.** Oden 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. Such remedial actions shall include the following:

1. Oden agrees to read an anti-trust statement conforming to NAIC Market Regulation Handbook Standards at the beginning of group meetings where insurance or insurance companies may be discussed.

2. Oden agrees to timely file membership lists as required by §379.328 and §379.455.2.

3. Oden agrees to adopt and implement a disaster recovery plan conforming to NAIC Market Regulation Handbook Standards by December 31, 2023.

C. **Compliance.** Oden agrees to file documentation pursuant to section 374.205 with the Division, in a format acceptable to the Division, within 60 days of the entry of an Order approving this Stipulation, of any remedial action taken to implement compliance with the terms of Section B1 and B2 of this Stipulation. Oden agrees to file documentation pursuant to section 374.205 with the Division, in a format acceptable to the Division, of any remedial action taken to implement compliance with Section B3 of this Stipulation by January 31, 2024.

D. **Voluntary Forfeiture.** Oden agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$500, 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 Oden, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct examination.

F. **Waivers.** Oden, 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 examination no.382367 .

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

H. **Governing Law.** This Stipulation shall be governed 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 Oden, 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. **Effect of Stipulation.** 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 ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: March 20, 2023

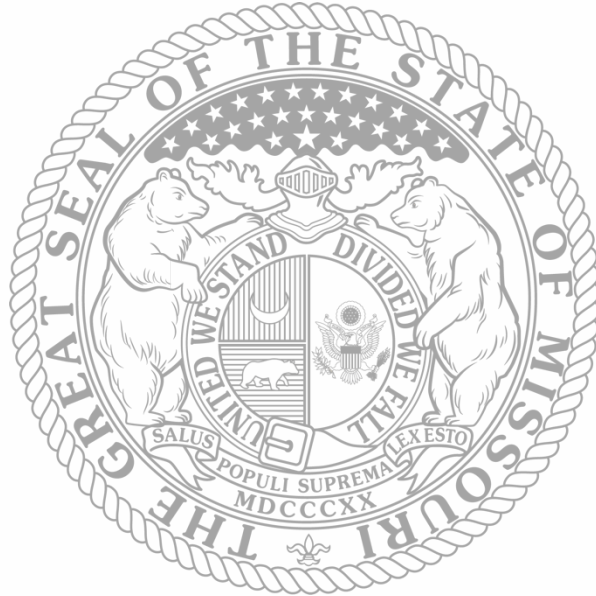


Teresa Kroll
Chief Market Conduct Examiner
Division of Insurance Market Regulation

DATED: February 24, 2023



Jon Olson
Associate General Counsel/Corporate Secretary
Oden



FINAL MARKET CONDUCT EXAMINATION REPORT

Oden

MISSOURI SBS EXAMINATION # 382367

Examination End Date, December 2, 2022

**Home Office
610 Opperman Dr.
Eagan MN 55123**

**STATE OF MISSOURI
DEPARTMENT OF COMMERCE & INSURANCE**

JEFFERSON CITY, MISSOURI

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December 2, 2022

Honorable Chlora Lindley-Myers, Director
Missouri Department of Commerce and Insurance
301 West High Street, Room 530
Jefferson City, Missouri 65101

Director Lindley-Myers:

In accordance with your market conduct examination warrant, a targeted market conduct examination has been conducted of the specified business practices of

Oden

hereinafter referred to as Oden or as the Company. This examination was conducted as a desk examination at the offices of the Missouri Department of Commerce and Insurance (DCI).

FOREWORD

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products or files does not constitute approval thereof by the DCI.

During this examination, the examiners cited errors considered potential violations made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- “Company” refers to Oden
- “CSR” refers to the Missouri Code of State Regulation
- “DCI” refers to the Missouri Department of Commerce and Insurance
- “Director” refers to the Director of the Missouri Department of Commerce and Insurance
- “NAIC” refers to the National Association of Insurance Commissioners
- “RSMo” refers to the Revised Statutes of Missouri

SCOPE OF EXAMINATION

The DCI has authority to conduct this examination pursuant to, but not limited to, §§ 374.110, 379.343, 379.475, 374.205, RSMo, and was conducted in accordance with §374.205.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DCI regulations. The primary period covered by this review is January 1, 2018 through December 31, 2020, unless otherwise noted. Errors found outside of this time period may also be included in the report.

The examination was a targeted examination involving the following business functions: Advisory Organizations Operations/Management/Governance; Statistical Plans; Data Collection and Handling; Correspondence with Insurers and States; Reports, Report Systems and Other Data Requests; Ratemaking Functions; Classification and Appeal Handling; Inspection Services; Form Development; Residual Market Functions—Plan Administration; and Residual Market Functions—Reinsurance Administration. Based on documentation attached to the warrant, this is a statutorily mandated examination pursuant to Section 379.343, RSMo.

The examination was conducted in accordance with the standards in the 2022 NAIC's *Market Regulation Handbook*. In performing this examination, examiners only reviewed a sample of the Company's practices, procedures, products and files. Therefore, some noncompliant practices, procedures, products and files may not have been found. As such, this report may not fully reflect all of the practices and procedures of the Company.

COMPANY PROFILE

The following company profile was provided to the examiners by the Company.

Oden is a research organization serving the insurance industry by providing regulatory products. Oden's State Rules and Regulations (SR&R) product summarizes state laws and regulations for the following lines of business: Property & Casualty, Individual Life & Annuities, Group Life & Annuities, Long Term Care Insurance, Healthcare, Financial Institutions and Banking. The Oden Policy Terminator product is available to property & casualty companies. These popular products reduce the time insurers spend on researching and updating for regulatory compliance matters. Oden continues the research and service to the insurance industry started by Oden Insurance Services, Inc. in 1988. Oden is now a division of West Publishing Corporation.

EXECUTIVE SUMMARY

The DCI conducted a targeted market conduct examination of Oden. The examiners found the following areas of concern:

ADVISORY ORGANIZATIONS OPERATIONS/MANAGEMENT/GOVERNANCE

- The Company does not have a practice or policy of reading an anti-trust statement at the beginning of its meetings. Reference: NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 1
- The Company failed to file its member lists in a prompt manner as required. Reference: §§ 379.328 and 379.455.2, RSMo.
- The Company's disaster recovery plan does not conform to NAIC best practices. Reference: NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 13

EXAMINATION FINDINGS

I. **ADVISORY ORGANIZATIONS OPERATIONS/MANAGEMENT/GOVERNANCE**

The operations/management/governance portion of the examination provides a review of how the Company manages its operations.

A. **NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 1: The advisory organization has implemented written policies and procedures to prevent anti-competitive practices in the insurance marketplace, as related to the advisory organization's services and communications to insurers.**

To test for this standard, examiners requested and reviewed the Company's service agreements with insurers, board of directors and other committee meeting minutes, employee training materials, and policies and procedures applicable to anti-competitive practices to determine if the Company provides guidance to its staff and has adopted practices to prevent anti-competitive activity.

Finding 1: The Company's policies and procedures on anti-trust/anti-competitive practices do not conform to NAIC Market Regulation Handbook standards.

Reference: NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 1

B. **NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 3: The advisory organization prepares, submits filings as necessary, adheres to applicable state filing and/or approval requirements and written procedures prior to distribution of prospective loss costs, policy forms, endorsements, factors, classifications or rating rule manuals.**

To test for this standard, examiners requested and reviewed the Company's policies and procedures related to filings, a list of filings by SERFF tracking number, communications and manuals provided to its members and subscribers, and policy forms.

Finding 1: The Company failed to file its member lists in a prompt manner as required.

Reference: §§ 379.328 and 379.455.2, RSMo.

C. **NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 8: The organization conducts ongoing research and review of state insurance laws and insurance related case law in order to be responsive to necessary changes in prospective loss costs, policy forms, endorsements, factors, classifications or manuals, as applicable.**

To test for this standard, examiners requested and reviewed the Company's processes and procedures for researching insurance laws and case law and filings made to the department.

No areas of concern were noted.

D. NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 10: When performing analysis and impact studies of proposed legislation, the advisory organization presents thorough and objective information.

To test for this standard, examiners requested the Company's reports submitted to the insurance department and the legislature in response to requests from those entities for legislative impact studies.

After an initial review of documents provided by the Company, it was determined that this review area is not applicable to the Company's business.

E. NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 11: The advisory organization has an up to date, valid internal or external audit program.

To test for this standard, examiners requested and reviewed the Company's audit plan, procedural manuals, and audit reports and results for the exam timeframe.

No areas of concern were noted.

F. NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 12: The advisory organization has appropriate controls, safeguards and procedures for protecting the integrity of computer information.

To test for this standard, examiners requested and reviewed the Company's electronic records, control and procedural manuals, and any outside contracts to determine if the Company has adequate physical security procedures related to the computer processing facilities and the network, and logical security and computer system and control procedures. Examiners also reviewed the segregation of duties between the application development, operations, and user departments to ensure information system projects are authorized, controlled and documented.

No areas of concern were noted.

G. NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 13: The advisory organization has a valid disaster recovery plan.

To test for this standard, examiners requested and reviewed the Company's disaster recovery plan, procedural manuals and controls, and outside contracts to ensure that critical business

applications, databases and files are regularly backed up and stored off-site, recovery procedures are current, detailed and repeatable.

Finding 1: The Company's disaster recovery plan does not conform to NAIC standards.

Reference: NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 13

H. NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 14: The advisory organization is adequately monitoring the activities of any entity that contractually assumes a business function or is acting on behalf of the advisory organization.

To test for this standard, examiners requested and reviewed the Company's contracts and audit reports.

No areas of concern were noted.

I. NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 15: Records are adequate, assessable, consistent and orderly and comply with state record retention requirements.

To test for this standard, examiners requested and reviewed the Company's record retention policy to determine if it complies with Missouri record retention requirements. Examiners also determined compliance with record retentions requirements based on the responses the Company provided through the examination process.

No areas of concern were noted.

J. NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 16: The advisory organization is appropriately licensed.

To test for this standard, examiners requested and reviewed the Company's license to determine if the Company is conducting business in Missouri in accordance with the authority granted by the DCI.

No areas of concern were noted.

K. NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 17: The advisory organization cooperates on a timely basis with examiners performing the examinations.

To test for this standard, examiners documented the Company's responsiveness to requests for information during the examination.

No areas of concern were noted.

L. NAIC Market Regulation Handbook Chapter 29 - Advisory Organizations Operations/Management/Governance Standard 18: The advisory organization has developed and implemented written policies, standards and procedures for the management of insurance information.

To test this standard, examiners requested and reviewed the Company's procedural and policy manuals regarding insurance information, and outside contracts to determine if the Company has set standards for handling, disclosing, storing and disposing of insurance information and whether it complies with state law.

No areas of concern were noted.

II. STATISTICAL PLANS

The purpose of this portion of the examination is to verify the statistical agent maintains adequate statistical plans in accordance with Missouri law, and that the data are reported in accordance with the statistical plans. It is also intended to measure a statistical agent's compliance with statistical plan filing requirements.

After an initial review of documents provided by the Company, it was determined that this review area is not applicable to the Company's business.

III. CORRESPONDENCE WITH INSURERS AND STATES

The purpose of this portion of the examination is to verify the statistical agent promptly notifies the insurer and state regulators when a problem with the data is found, and then follow-up, if the insurer does not respond timely.

After an initial review of documents provided by the Company, it was determined that this review area is not applicable to the Company's business.

IV. DATA COLLECTION AND HANDLING

The purpose of this portion of the examination is to verify that the statistical agent adequately tests reported data for validity, completeness and reasonableness.

After an initial review of documents provided by the Company, it was determined that this review area is not applicable to the Company's business.

V. REPORTS, REPORT SYSTEM AND OTHER DATA REQUESTS

The purpose of this portion of the examination is to review the statistical agent's reports and internal procedures for preparing reports and responding to data requests, including a review for timeliness and quality of the response.

After an initial review of documents provided by the Company, it was determined that this review area is not applicable to the Company's business.

VI. CLASSIFICATION AND APPEAL HANDLING

The purpose of this portion of the examination is to review the Company's classification and appeal processes.

After an initial review of documents provided by the Company, it was determined that this review area is not applicable to the Company's business.

VII. RATEMAKING FUNCTIONS

The purpose of this portion of the examination is to review the Company's ratemaking, reports and reporting systems, if any, as well as the Company's internal procedures for preparing related reports and responding to data requests, including the timeliness and quality of the response.

After an initial review of documents provided by the Company, it was determined that this review area is not applicable to the Company's business.

VIII. INSPECTION SERVICES

The purpose of this portion of the examination is to review the Company's processes for ensuring proper classification of risks that are subject to inspection and that the results of the inspection are provided to carriers and insureds.

After an initial review of documents provided by the Company, it was determined that this review area is not applicable to the Company's business.

IX. FORM DEVELOPMENT

The form development portion of the examination provides a review of the Company's processes for development, maintenance and filing of forms for insurance programs.

A. NAIC Market Regulation Handbook Chapter 29 - Form Development Standard 1: The advisory organization has processes in place to identify and provide subscribers with necessary changes (by virtue of changes in state law or case law) to advisory forms.

To test for this standard, examiners requested and reviewed the Company's procedure for communications with members and subscribers of changes to forms to determine if the Company has a process and utilizes it.

No areas of concern were noted.

B. NAIC Market Regulation Handbook Chapter 29 - Form Development Standard 2: The advisory organization has quality assurance processes in place to review submissions of forms prior to filing or submitting to the applicable state.

To test for this standard, the examiners requested and reviewed the Company's procedural information for developing forms.

No areas of concern were noted.

X. RESIDUAL MARKET FUNCTIONS – PLAN ADMINISTRATION

The purpose of this portion of the examination is to review the Company's implementation of the rules, procedures, manuals, policy forms, pricing programs, carrier selection, compensation and oversight when doing business as a residual plan administrator

After an initial review of documents provided by the Company, it was determined that this review area is not applicable to the Company's business.

XI. RESIDUAL MARKET FUNCTIONS – REINSURANCE ADMINISTRATION

The purpose of this portion of the examination is to review the Company's processes for preparing and publishing manuals, procedures and information for reinsurance administration.

After an initial review of documents provided by the Company, it was determined that this review area is not applicable to the Company's business.

XII. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri statutes and regulations require companies to respond to criticisms and formal requests within 10 calendar days. In the event an extension of time was requested by the Company and granted by the examiners, the response was deemed timely if it was received within the subsequent time frame. If the response was not received within the allotted time, the response was not considered timely.

A. Criticism Time Study

Number of Calendar Days to Respond	Number of Criticisms	Percentage of Total
0 to 10 days	3	100%
Over 10 days with extension	0	0%
Over 10 days without extension or after extension due date	0	0%
Totals	3	100%

No areas of concern were noted.

B. Formal Request Time Study

Number of Calendar Days to Respond	Number of Requests	Percentage of Total
0 to 10 days	12	100%
Over 10 days with extension	0	0%
Over 10 days without extension or after extension due date	0	0%
Totals	12	100%

No areas of concern were noted.

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of ODEN, Examination Number 382367. This examination was conducted by Examiner-In-Charge, Julie Hesser, CIE, CPCU, MCM, and Jon Meyer, CIE, MCM. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated December 13, 2022. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.

March 20, 2023

Date



Teresa Kroll
Chief Market Conduct Examiner