

**IN THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
STATE OF MISSOURI**

In Re:)
)
SENTRY CASUALTY COMPANY) **Market Conduct Examination**
(NAIC #28460)) **1104-16-TGT**

ORDER OF THE DIRECTOR

NOW, on this 12 day of March, 2018, 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 Sentry Casualty Company (NAIC #28460) (hereinafter "Sentry Casualty"), relating to the market conduct examination set out in the caption above, does hereby issue the following orders:

This order, issued pursuant to §§374.205.2(5), 374.280, and 374.046.15 RSMo 2016, is in the public interest.

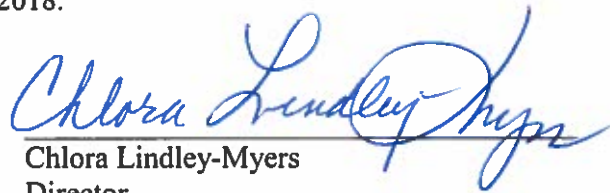
IT IS THEREFORE ORDERED that Sentry Casualty and the Division having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Sentry Casualty shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place Sentry Casualty in full compliance with the requirements in the Stipulation, shall maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

IT IS FURTHER ORDERED that Sentry Casualty shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$15,000.00 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 12 day of March, 2018.


Chlora Lindley-Myers
Director



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STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the “Division”), and Sentry Casualty Company (NAIC #28460) (hereinafter “Sentry Casualty”), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (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 in Missouri; and

WHEREAS, Sentry Casualty 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 Examination of Sentry Casualty, examination #1104-16-TGT; and

WHEREAS, based on the Market Conduct Examination of Sentry Casualty, the Division alleges that:

1. In nine instances, Sentry Casualty failed to complete and bill the audit within 120 days of policy expiration in violation of §287.955.3¹ and 20 CSR 500-6.500 (2) (A);
2. In two instances, Sentry Casualty failed to adequately document officer payroll in violation of §287.937.2;

3. In eight instances, Sentry Casualty utilized an unfiled terrorism rate in violation of §287.947.1 and 20 CSR 500-6.950 (2) (I), (3) (B) 3, (5) (B) and 7;

4. In 67 instances, Sentry Casualty failed to file an individual rating plan for large deductible policies in violation of §287.947.1 and 20 CSR 500-6.950 (2) (I), (3) (B) 3, (5) (B) and (7);

5. In 20 instances, Sentry Casualty failed to report deductible reimbursements to the NCCI for experience modification calculation in violation of §287.955.1.

WHEREAS, Sentry Casualty disagrees with some of the Division's allegations.

WHEREAS, the Division and Sentry Casualty have agreed to resolve the issues raised in the Market Conduct Investigations 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.** Sentry Casualty agrees to take remedial action bringing it into compliance with the statutes and regulations of Missouri and agree to maintain those remedial actions at all times. Such remedial actions shall include, but are not limited to, the following:

1. Sentry Casualty agrees that audits on workers compensation insurance policies with Missouri premium or exposure shall be completed, billed and premiums returned within 120 days of policy expiration or cancellation unless a) a delay is caused by the policyholder's failure to respond to reasonable audit requests provided that the requests are timely and adequately documented or b) a

¹ All references, unless otherwise noted, are to Revised Statutes of Missouri 2000, as amended.

delay is by mutual agreement of the policyholder and the Company that issued the policy, provided that the agreement is adequately documented.

2. Sentry Casualty agrees to document the basis for the rating of each policy.

3. Sentry Casualty agrees that it will make individual risk filings with the Director for all large deductible workers compensation insurance policies with Missouri premium or exposure. Such filings shall be made within 30 days after the effective date of the policy.

4. Sentry Casualty agrees that it will file with the Director all rates and rating factors utilized for rating workers' compensation insurance policies.

5. Sentry Casualty agrees that it will report deductible reimbursements to the NCCI for experience modification calculation.

6. Sentry Casualty agrees to ensure that its procedures for determining final premium comply with NCCI Rule 02-MO-2013.

7. Sentry Casualty agrees that it will not unfairly discriminate between policyholders in the payment of dividends relating to workers' compensation insurance policies.

C. **Compliance.** Sentry Casualty agrees to file documentation with the Division, in a format acceptable to the Division, within 120 days of the entry of a final order of any remedial action taken to implement compliance with the terms of this Stipulation and to document payment of restitution required under the terms of this Stipulation.

D. **Examination Fees.** Sentry Casualty agrees to pay any reasonable examination fees expended by the Division in conducting its review of the documentation provided by the Company pursuant to Paragraph C of this Stipulation. Such documentation is provided pursuant to §374.205.

E. **Voluntary Forfeiture.** Sentry Casualty agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$15,000 such sum payable to the Missouri State School Fund, in

accordance with §374.280, RSMo. Supp. 2013.

F. **Other Penalties.** The Division agrees that it will not seek penalties against Sentry Casualty, other than those agreed to in this Stipulation, in connection with Market Conduct Examination #1104-16-TGT.

G. **Non-Admission.** Nothing in this Stipulation shall be construed as an admission by Sentry Casualty, this Stipulation being part of a compromise settlement to resolve disputed factual and legal allegations arising out of the above referenced market conduct examinations.

H. **Waivers.** Sentry Casualty, 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 Examination #1104-16-TGT.

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

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

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

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: 3-7-18



Angela L. Nelson, Director
Division of Insurance Market Regulation

DATED: 3/7/18




Stewart Freilich
Senior Regulatory Affairs Counsel

DATED: 3-1-18



Kip J. Kobussen, Secretary
Sentry Casualty Company

DATED: 3-1-18



Richard S. Brownlee III
Attorney for Sentry Casualty Company