

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

In the Matter of

**SHELTER MUTUAL INSURANCE COMPANY AND
SHELTER GENERAL INSURANCE COMPANY**

)
) Docket No. 4261-MC
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)

ORDER

Pursuant to the authority conferred upon the Commissioner of Insurance in K.S.A. 40-222, Sandy Praeger, the duly elected, qualified and serving Commissioner of Insurance hereby adopts the Kansas Insurance Department's Report of Market Conduct Examination of Shelter Mutual Insurance Company and Shelter General Insurance Company (collectively "Shelter") as of March 31, 2010, (attached herein as Attachment A) by incorporating the same in its entirety with specific findings stated as follows. This Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for a hearing is made, pursuant to K.S.A. 77-542.

Findings of Fact

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222.
2. The Kansas Insurance Department ("KID") completed a targeted market conduct examination of Shelter. The period of examination was January 1, 2008 through March 31, 2010.

3. On or about December 13, 2010 the Examiner-in-Charge provided Shelter with a draft of the Market Conduct Examination with request for Shelter' response in the form of written comments, additions, or acceptance.
4. Shelter responded with written comments regarding the draft report.
5. The Kansas Commissioner of Insurance has since fully reviewed said Kansas report which is attached herein as Attachment A.
6. Tests for Complaint Handling
 - a. Standard 3 reviews to ensure that the regulated entity takes adequate steps to finalize and dispose of the complaint in accordance with applicable statutes, rules and regulations, and contract language in accordance with section 6 of the NAIC Unfair Claim Settlement Practice Model Regulation as adopted by K.A.R. 40-1-34.
 - i. During the review of the complaints that were filed with KID, two complaints were found to be mishandled by Shelter. The first claim resulted from wrongfully denying a claim based upon the lapse of the five-year statute of limitations as Shelter had failed to originally deny the claim to begin tolling the statute of limitations. The second claim resulted from Shelter failing to total out a vehicle where damages were more than 75% of the retail value pursuant to KID Bulletin 2004-8.
 - ii. Shelter passed standard 3.

Applicable Law

K.S.A. 40-222 states, in pertinent part:

- (a) Whenever the commissioner of insurance deems it necessary but at least once every five years, the commissioner may make, or direct to be made, a financial examination of any insurance company in the process of organization, or applying for admission or doing business in this state. In addition, at the commissioner's discretion the commissioner may make, or direct to be made, a market regulation examination of any insurance company doing business in this state.

K.S.A. 40-2404 provides that an unfair settlement practice includes :

- (9)(f) not attempting in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear;

Conclusions of Law

Based upon the Findings of Fact enumerated in Paragraphs #1 through #6 and the Applicable Law cited above,

IT IS, THEREFORE, ORDERED BY THE COMMISSIONER OF INSURANCE:

1. The Commissioner of Insurance has jurisdiction over this matter pursuant to K.S.A. 40-222.
2. The Kansas Insurance Department's ("KID") Report of Market Conduct Examination of Shelter as of March 31, 2010 is herein adopted in its entirety.
3. Shelter's failure to attempt to settle claims in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear constitutes violations of K.S.A. 40-2404(9)(f).

4. Pursuant to K.S.A. 40-2,125(a)(1), Shelter shall pay a monetary penalty of Two Thousand Dollars and No Cents (\$2,000.00) for the above-stated violations of K.S.A. 40-2404(9)(f).

IT IS SO ORDERED THIS 12th DAY OF JANUARY, 2011, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



_____/s/ Sandy Praeger
Sandy Praeger
Commissioner of Insurance

BY:

_____/s/ Zachary Anshutz
Zachary Anshutz
General Counsel

NOTICE OF RIGHTS

Shelter is entitled to a hearing pursuant to K.S.A. 77-537, the Kansas Administrative Procedure Act. If Shelter desires a hearing, the company must file a written request for a hearing with:

Zachary Anshutz, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

This request must be filed within fifteen (15) days from the date of service of this Order. If Shelter requests a hearing, the Kansas Insurance Department will notify the company of the time and place of the hearing and information on the procedures, right of representation, and other rights of parties relating to the conduct of the hearing before the commencement of the same.

If a hearing is not requested in the time and manner stated above, this Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. 77-613. In the event that Shelter files a petition for judicial review, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

Zachary Anshutz, General Counsel
Kansas Insurance Department
420 S.W. 9th Street
Topeka, Kansas 66612

CERTIFICATE OF SERVICE

The undersigned hereby certifies that he served the above and foregoing Order and Notice of Rights on this 12th day of January, 2011, by causing the same to be deposited in the United States Mail, registered mail with return-receipt requested postage prepaid, addressed to the following:

Mr. John David Moore
President
Shelter Insurance Group
1817 W. Broadway
Columbia, MO 65218

_ /s/ Jennifer R. Sourk _____
Jennifer R. Sourk
Staff Attorney