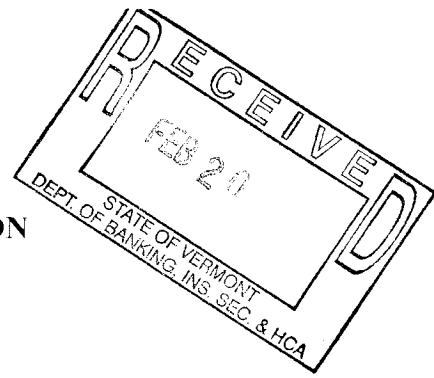


STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION



IN THE MATTER OF:)
)
HORACE MANN INSURANCE) Docket No. 12-031-I
COMPANY and)
HORACE MANN PROPERTY)
AND CASUALTY INSURANCE)
COMPANY)

STIPULATION AND CONSENT ORDER

The Insurance Division of the Vermont Department of Financial Regulation (“Department”) and Horace Mann Insurance Company and Horace Mann Property and Casualty Insurance Company (“Respondents”) stipulate and agree:

1. Pursuant to the authority contained in 8 V.S.A. §§ 11, 12, 13, 15, 4723, and 4726 the Commissioner of the Department (“Commissioner”) is charged with enforcing the insurance laws of the State of Vermont.
2. Pursuant to the authority contained in 8 V.S.A. § 4726, the Commissioner may investigate any person engaged in the business of insurance in Vermont in order to determine whether that person has engaged in any unfair method of competition or in any unfair or deceptive act or practice, may suspend or revoke the license of any insurer, and/or may impose an administrative penalty for any violation of Title 8, Chapter 129. Respondents acknowledge and admit the jurisdiction of the Commissioner over the subject matter of the Stipulation and Consent Order set forth herein.
3. Pursuant to Regulation 79-2, titled *Fair Claims Practices Regulation* (“Regulation 79-2”), Section 3, a violation of any of the standards set forth in Regulation 79-2 shall constitute an unfair claim settlement practice prohibited under 8 V.S.A. § 4724.

4. Respondents are companies that sell and are licensed to sell insurance in Vermont. Respondents are located at One Horace Mann Plaza, Springfield, Illinois, 62715.

5. On or about November 28, 2011, the Department initiated an investigation of Respondents' practices in order to determine Respondents' level of compliance with Regulation 79-2, Section 8(B). The investigation generally covered the time period from January 1, 2011 through December 31, 2011.

6. As a result of its investigation, the Department concludes that Respondents violated the provisions set forth in Regulation 79-2, Section 8 and that these violations constitute unfair or deceptive acts or practices in the business of insurance in violation of 8 V.S.A. § 4724(9)(F) in that Respondents were not attempting in good faith to effect prompt, fair and equitable settlements of claims in which liability had become reasonably clear.

7. As a result of its investigation, the Department concludes that Respondents' failure to instruct or supervise their representatives with respect to the handling of total automobile loss valuations in the State of Vermont constitutes an unfair or deceptive act or practice in the business of insurance in violation of 8 V.S.A. § 4724(17).

8. Further, as a result of its investigation, the Department concludes that Respondents violated 8 V.S.A. § 4796(a) by paying a commission, service fee, brokerage or other valuable consideration to persons selling, soliciting or negotiating insurance in this state when those persons were required to be licensed pursuant to the provisions set forth in Chapter 131 of Title 8, Vermont Statutes Annotated and were not so licensed.

9. Respondents have been made aware that the Department may proceed with an administrative action against them for violations of Regulation 79-2, Section 8, 8 V.S.A. §

4724(9)(F), 8 V.S.A. § 4724(17), and 8 V.S.A. § 4796(a), and seek appropriate relief pursuant to the Department's statutory authority.

10. Respondents wish to resolve this matter without a hearing by entering into this Stipulation and Consent Order with the Department on the terms and conditions set forth here.

11. Respondents waive their right to a hearing before the Commissioner or the Commissioner's designee, and all other procedures otherwise available under Vermont law, the rules of the Department, the provisions of Chapter 25 of Title 3 regarding contested cases, or any right they may have to judicial review by any court by way of suit, appeal, or extraordinary remedy with respect to the terms of the Stipulation and Consent Order set forth here.

12. Respondents acknowledge their understanding of all terms, conditions, undertakings and obligations contained in this Stipulation and Consent Order.

13. Respondents acknowledge that the Stipulation and Consent Order constitutes a valid order duly rendered by the Commissioner and agree to be fully bound by it. Respondents acknowledge that noncompliance with any of the terms of this Order shall constitute a violation of a lawful order of the Commissioner and shall be a separate violation of the laws of the State of Vermont and shall subject respondents to administrative action or sanctions as the Commissioner deems appropriate. Respondents further acknowledge that the Commissioner retains jurisdiction over this matter for the purpose of enforcing this Order.

14. The Department acknowledges that Respondents have to date voluntarily issued refunds to consumers in the amount of Eight Thousand Nine Hundred and Ninety-two Dollars and Sixty-eight Cents (\$8,992.68).

15. The Department retains any rights it has to respond to and address any consumer complaint that may be made with regard to Respondents and a transaction in insurance, as

defined in 8 V.S.A. § 3301. This includes the right to pursue any remedy authorized by law in response to such a consumer complaint.

16. Nothing herein shall be construed as a waiver of any private right of action any person may have.

THE DEPARTMENT AND RESPONDENT FURTHER STIPULATE AND AGREE:

17. Respondents shall pay an administrative penalty in the amount of Eleven Thousand Seven Dollars and Thirty-Two Cents (\$11,007.32) within ten (10) days of the execution of this Stipulation and Consent Order.

18. In the event restitution was unable to be made to any of the consumers referenced in paragraph 14 above because their addresses or whereabouts are unknown, Respondents shall comply with the requirements of Title 27, Chapter 14 of the Vermont Statutes Annotated and shall provide proof of such compliance to the Department.

19. Respondents will cease and desist from using and/or disseminating the “Vermont Total Loss Handling Guide” which Respondent provided to the Department on September 21, 2012. Respondents shall further revise their training materials so that Respondents’ training of their representatives with respect to the handling of total loss valuations in the state of Vermont is consistent with Regulation 79-2, as that regulation is interpreted in the Department’s Insurance Division Bulletin #162, dated August 10, 2011.

20. The Department will conduct a follow-up examination within twelve to twenty-four months after the date of the signing of this agreement. The examination will focus on Respondent’s level of compliance with Regulation 79-2, as well as any other issue deemed appropriate at that time by the Department. The follow-up examination will cover the period from January 1, 2012 through the date of the examination. If, as a result of the follow-up

examination, the Department concludes that Respondents violated the provisions set forth in Regulation 79-2, Section 8 during the covered period, the Department will waive the administrative penalty. Respondents shall reimburse the Department for all costs and expenses associated with the follow up examination pursuant to 8 V.S.A. § 18. Nothing in this paragraph or Order shall be construed to limit the Department's ability to examine Respondents prior to twelve months or subsequent to twenty-four months from the date of the signing of this Order.

21. Respondents shall comply with all applicable Vermont Laws, Regulations, and Bulletins including but not limited to, 8 V.S.A. § 4796(a) and those pertaining to methods of adjusting motor vehicle total loss damage claims.

22. Respondents hereby waives their statutory right to notice and a hearing before the Commissioner of the Department, or her designated appointee.

23. Respondents acknowledge and agree that this Stipulation and Consent Order is entered into freely and voluntarily, and that except as set forth herein, no promise was made to induce the Respondents to enter into it. Respondents acknowledge that they understand all terms and obligations contained in this order. Respondents acknowledge that the have consulted with their attorney in this matter and that they have reviewed this Stipulation and Consent Order and understand all terms and obligations contained herein.

24. Respondents consent to the entry of this Order and agree to be fully bound by its terms and conditions. Respondents acknowledge that noncompliance with any of the terms of this Order may constitute a separate violation of the insurance laws of the State of Vermont and may subject them to sanctions.

25. The terms set forth in this Stipulation and Consent Order represents the complete agreement between the parties as to its subject matter.

26. The undersigned representative of Respondents affirms that he or she has taken all necessary steps to obtain the authority to bind Respondents to the obligations stated herein and has the authority to bind Respondents to the obligations stated herein.

HORACE MANN INSURANCE COMPANY

HORACE MANN PROPERTY AND CASUALTY INSURANCE COMPANY

By Their Duly Authorized Agent:

Thomas Wilkinson Date 2.15.13
(Thomas Wilkinson, Executive Vice President, Property & Casualty)

STATE OF IL

COUNTY OF Sangamon

On this 15 day of February, 2013 Tom Wilkinson personally appeared before me and pursuant to a sworn oath subscribed to this Stipulation and Consent Order and represented that Tom Wilkinson has full authority to execute, deliver and legally bind Respondent to this Stipulation and Consent Order.

Cheryl Knudson
NOTARY PUBLIC



My Commission Expires: 4.28.2013

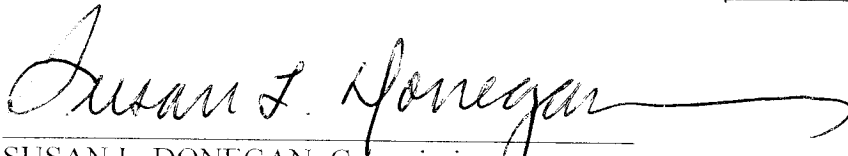
ACCEPTED BY:

David Martini Date: 2/27, 2013
David Martini, Acting Deputy Commissioner,
Insurance Division, Vermont Department
of Financial Regulation

CONSENT ORDER

1. The stipulated facts, terms and provisions of the Stipulation are incorporated by reference herein.
2. Jurisdiction in this matter is established pursuant to Chapters 101 and 113 of Title 8 of Vermont law and Regulation 79-2.
3. Pursuant to the Stipulation, Respondents consent to the entry of this Consent Order.
4. Respondents shall comply with all agreements, stipulations, and undertakings as recited above.
5. Nothing contained in this Order shall restrain or limit the Department in responding and addressing any consumer complaint about Respondents filed with the Department or shall preclude the Department from pursuing any other violation of law.

Entered at Montpelier, Vermont, this 27th day of February, 2013.



SUSAN L. DONEGAN, Commissioner
Vermont Department of ██████████ Regulation
Financial