

**STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION**

IN THE MATTER OF:)	
)	
)	Docket No. 13-031-I
DAIRYLAND INSURANCE)	
COMPANY)	
)	

STIPULATION AND CONSENT ORDER

The Vermont Department of Financial Regulation (“Department”), by and through its Insurance Division, and Dairyland Insurance Company (“Respondent”) stipulate and agree as follows:

1. Pursuant to the authority contained in 8 V.S.A. §§ 11, 12, 13, 15, Chapter 101, and Chapter 129, 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. § 3665, an insurer is required to pay interest and any applicable penalties or costs associated with the insurer’s failure to pay timely a claim.

3. 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.

4. 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 constitutes an unfair claim settlement practice prohibited under Title 8, Chapter 129.

5. Respondent acknowledges and admits the jurisdiction of the Commissioner over the subject matter of the Stipulation and Consent Order set forth herein.

6. Respondent (NAIC Number 21164) sells insurance and is licensed to do so in Vermont. Respondent is located at 1800 North Point Drive, Stevens Point, Wisconsin, 54481.

7. The Department, pursuant to statutory authority, commenced an investigation of Respondent's handling of automobile total loss claims in order to determine Respondent's level of compliance with Regulation 79-2, Section 8. The Department sampled twenty-seven (27) total loss vehicle claims covering the time period from January 1, 2011 through November 15, 2011.

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

9. Respondent has been made aware that the Department may proceed with an administrative action against it for the violation set forth herein, and seek appropriate relief pursuant to the Department's statutory authority.

10. Respondent wishes 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 herein.

11. Respondent waives its 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 herein.

12. Respondent acknowledges its understanding of all terms, conditions, undertakings and obligations contained in this Stipulation and Consent Order.

13. Respondent acknowledges that the Stipulation and Consent Order constitutes a valid order duly rendered by the Commissioner and agree to be fully bound by it. Respondent acknowledges that noncompliance with any of the terms of this Stipulation and Consent 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 Respondent to administrative action or sanctions as the Commissioner deems appropriate. Respondent further acknowledges that the Commissioner retains jurisdiction over this matter for the purpose of enforcing this Stipulation and Consent Order.

14. The Department retains any rights it has to respond to and address any consumer complaint that may be made with regard to Respondent and a transaction in insurance, as defined in 8 V.S.A. § 3301, including the right to pursue any remedy authorized by law in response to such a consumer complaint.

15. 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:

16. Respondent will pay restitution to consumers as a result of the investigation referenced in ¶ 7 in the aggregate amount of \$15,852.63, which includes 12% simple interest, within fourteen (14) days of the final execution of this Stipulation and Consent Order, which checks shall be accompanied by a cover letter sent by Respondent, as follows:

The State of Vermont Department of Financial Regulation recently concluded an investigation of certain Automobile Total Loss claims adjusted and paid by Dairyland Insurance Company (“Dairyland”). As a result of this investigation Dairyland has agreed to pay additional monies, plus interest. Accordingly, please find enclosed a check in the amount of [insert amount] which represents the additional payment, with interest, in connection with your Total Loss claim. Please contact us if you have any questions or concerns regarding this matter.

17. Respondent shall provide to the Department copies of letters and checks sent to consumers as referenced in ¶ 17 within five (5) days of their mailing.

18. Respondent shall pay an administrative penalty in the amount of \$22,000.00 within ten (10) days of the execution of this Stipulation and Consent Order.

19. In the event restitution is unable to be made because the recipient’s address or whereabouts are unknown, Respondent 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.

20. The Department may, in its discretion, conduct a follow-up examination approximately eighteen (18) months after the date of the signing of this agreement which 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. Respondent 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 Stipulation and Consent Order shall be construed to limit the Department’s ability to examine Respondent prior to twelve months from the date of this Stipulation and Consent Order for any reason unrelated to Respondent’s level of compliance with Regulation 79-2, or for any reason subsequent to the completion of the follow-up examination to be conducted approximately twelve months after the signing of this agreement.

21. Respondent shall comply with all applicable Vermont Laws, Regulations, and Bulletins including but not limited to those pertaining to methods of adjusting motor vehicle total loss claims.

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

23. Respondent acknowledges and agrees 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 Respondent to enter into it. Respondent acknowledges that it understands all terms and obligations contained in this order. Respondent acknowledges that it has consulted with its attorney in this matter and that it has reviewed this Stipulation and Consent Order and understands all terms and obligations contained herein.

24. Respondent consents to the entry of this Stipulation and Consent Order and agrees to be fully bound by its terms and conditions. Respondent acknowledges that noncompliance with any of the terms of this Stipulation and Consent Order may constitute a separate violation of the insurance laws of the State of Vermont and may subject it 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 Respondent affirms that he or she has taken all necessary steps to obtain the authority to bind Respondent to the obligations stated herein and has the authority to bind Respondent to the obligations stated herein.

DAIRYLAND INSURANCE COMPANY

By Their Duly Authorized Agent:

Kenneth Erler
(Insert Name and Title) Secretary

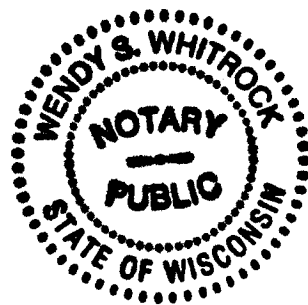
October 14, 2013
Date

STATE OF WI
COUNTY OF Portage

On this 14th day of October, 2013 Kenneth Erler personally appeared before me and pursuant to a sworn oath subscribed to this Stipulation and Consent Order and represented that Kenneth Erler has full authority to execute, deliver and legally bind Respondent to this Stipulation and Consent Order.

Wendy S. Whitrock
NOTARY PUBLIC

My Commission Expires: 6/7/2015



ACCEPTED BY:

C. Sherman
Crosby Sherman, Deputy Commissioner,
Insurance Division, Vermont Department
of Financial Regulation

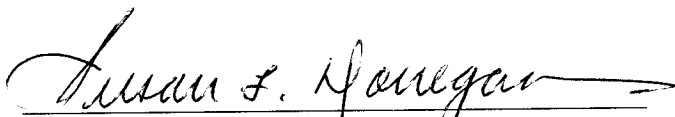
Date 22 Oct 2015

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 129 of Title 8 of Vermont law and Regulation 79-2.
3. Pursuant to the Stipulation, Respondent consents to the entry of this Consent Order.
4. Respondent 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 Respondent filed with the Department or shall preclude the Department from pursuing any other violation of law.

Entered at Montpelier, Vermont, this 22nd day of October, 2013.



SUSAN L. DONEGAN, Commissioner
Vermont Department of Financial Regulation