BEFORE THE DIVISION OF INSURANCE
DEPARTMENT OF LABOR AND REGULATION
STATE OF SOUTH DAKOTA

IN THE MATTER OF
THE CLIMATE INSURANCE AGENCY, LLC

) ) ) CONSENT ORDER

In resolution of the above matter and in lieu of issuance of a Notice of Hearing and a formal hearing, the undersigned parties do hereby agree to the following:

THE CLIMATE INSURANCE AGENCY, LLC. ("CLIMATE LLC"), whose address of record is 201 Third Street, San Francisco, CA 94103, holds a business entity license in the State of South Dakota;

CLIMATE LLC is aware that the South Dakota Division of Insurance ("Division") has conducted an investigation;

The Division alleges the following with regard to CLIMATE LLC:

1) CLIMATE LLC sold an unapproved weather insurance product with no rate or form filings in violation of SDCL §§ 58-9-27, 58-11-12, and 58-24-10;

2) CLIMATE LLC weather insurance policies contained shorter cancellation timeframes than what is allowed by statute in violation of SDCL § 58-33-60;

3) CLIMATE LLC’s advertisements and agent training materials were misleading and misrepresented the nature of the actual weather insurance product in violation of SDCL § 58-33-6;

4) Unlicensed CLIMATE LLC employees solicited and sold its weather insurance product in violation of SDCL §§ 58-30-143, 58-30-171, and 58-30-176;

5) CLIMATE LLC acted as a managing general agent for the insurer offering the weather insurance product without approval in violation of SDCL §§ 58-30-126 and 58-30-137;

6) CLIMATE LLC did not timely report a Missouri administrative action in violation of SDCL § 58-30-193;

7) Pursuant to SDCL §§ 58-9-27, 58-11-12, 58-24-10, 58-30-143, 58-30-126, 58-30-137, 58-30-167(2), (8), and (12), 58-30-171, 58-30-176, and 58-30-193, the Director of the Division may revoke or suspend CLIMATE LLC’s business entity license for any one of the above-cited reasons;
CLIMATE LLC is aware of and understands the nature of the allegations and has been informed of its right to a Notice of Hearing, counsel, and appeal and that by agreeing to sign this Consent Order, waives these rights;

In return for CLIMATE LLC agreeing to and complying with the provisions of this Consent Order, the Division agrees not to proceed to administrative hearing and agrees that this Consent Order will constitute an informal disposition of this licensing matter pursuant to SDCL § 1-26-20;

CLIMATE LLC agrees to pay a monetary penalty of $75,000 pursuant to SDCL §§ 58-4-28.1 and 58-30-167 in lieu of an administrative hearing and Final Decision;

CLIMATE LLC further agrees to conduct itself in accordance with the insurance laws and regulations of the State of South Dakota;

CLIMATE LLC further agrees to conduct itself in accordance with Exhibit A to this Consent Order;

CLIMATE LLC further agrees that this Consent Order may be considered for the purpose of determining the appropriate sanction in any future actions with the Division for any violations of the laws or regulations of the State of South Dakota or for failing to abide by any order of the Director;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that CLIMATE LLC pay a monetary penalty in the amount of $75,000 payable to “South Dakota Division of Insurance” for deposit in the general fund of the State of South Dakota; and it is further

ORDERED that CLIMATE LLC abide by the requirements of Exhibit A to this Consent Order; and it is further

ORDERED that CLIMATE LLC abide by the agreements made by it in this Consent Order; and it is further

ORDERED that the use of this Consent Order for competitive purposes by an insurance agent or third-party administrator holding a license in the State of South Dakota, or by any company holding a Certificate of Authority, or by anyone on their behalf, may be deemed unfair competition and be grounds for suspension or revocation of said license or authority; and it is further

ORDERED that the provisions of this Consent Order shall be effective from the date the Director signs this Order.

[Signature Page for CLIMATE LLC Consent Order follows]
Dated at Pierre, South Dakota this 23rd day of July 2014.

Merle Scheiber, Director
South Dakota Division of Insurance

The undersigned, on behalf of CLIMATE LLC, represents it understands the terms of this Consent Order and the waiver of its due process rights and voluntarily enters into this Consent Order.

Dated this 15th day of July 2014.

Kara Ricci
Signature of Authorized Representative

Kara Ricci
Name of Authorized Representative

Associate General Counsel
Title of Authorized Representative
Exhibit A

CLIMATE LLC Advertising and Agent Training Materials

1. **Compliance.** CLIMATE LLC shall comply with all parts of this Exhibit A.

2. **Requirements for Advertising and Agent Training Materials.** For one year from the effective date of this Consent Order, CLIMATE LLC will submit all advertising and agent training materials to be used in South Dakota to the South Dakota Division of Insurance ("Division") for approval prior to use. Advertisements and agent training materials in the one-year period may not be used unless filed via SERFF and approved by the Division. Approval or denial of advertising and agent training materials will be determined by the times and procedures provided in SDCL §§ 58-11-17 and 58-11-18 for form filings. For two additional years, CLIMATE LLC will submit via SERFF all advertising and training materials pertaining to South Dakota prior to use, but without the requirement of the Division’s approval.

3. **Advertising.** For the purposes of this Exhibit A, "advertising" means any representation to South Dakota consumers in any media made by CLIMATE LLC or any insurer or agent CLIMATE LLC has contracted with concerning weather insurance products.

4. **Agent Training Materials.** For the purposes of this Exhibit A, "agent training materials" means any materials in any media provided by CLIMATE LLC or any insurer or agent CLIMATE LLC has contracted with that is used to train or guide agents when presenting weather insurance products to South Dakota consumers.