

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

IN THE MATTER OF FEDERATED) CONSENT ORDER
MUTUAL INSURANCE COMPANY)

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:

FEDERATED MUTUAL INSURANCE COMPANY ("FEDERATED"), whose address of record is 121 East Park Square, Owatonna, MN 55060-3046, is an insurance company holding a certificate of authority to transact business in the State of South Dakota;

FEDERATED is aware that the South Dakota Division of Insurance ("Division") has conducted an investigation of its insurance-related activities in South Dakota regarding FEDERATED's coverage limits on mental illness and chemical dependency and denial of benefits per annual or lifetime coverage limits;

The Division has alleged the following:

- 1) Federated issued 64 group plans affecting over 750 combined covered lives that contained impermissible limits on mental illness and chemical dependency benefits in violation of ARSD 20:06:55:15 and ARSD 20:06:55:16;
- 2) Pursuant to SDCL § 58-6-46, the Division may revoke or suspend FEDERATED's certificate of authority for the above-cited violations;

FEDERATED is aware of and understands the nature of the charges and has been informed that it has the right to notice, hearing, and appeal, and that by agreeing to and signing this Consent Order waives these rights;

FEDERATED has represented to the Division that it denies the alleged violations, but believes the matter should be resolved by entering into this Consent Order and agreeing to pay the monetary penalty without admitting to, or formally contesting, the alleged violations;

FEDERATED has further represented to the Division that no covered persons had claims for mental health or chemical dependency expenses that met or exceeded the limits in the policy;

FEDERATED and the Division agree that entering into this Consent Order is not to be deemed or construed by any third party, for any purpose, as an admission of the alleged violations by FEDERATED;

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

FEDERATED agrees to a monetary penalty in the amount of \$10,000 pursuant to SDCL § 58-4-28.1, in lieu of contesting this matter formally;

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

FEDERATED further agrees that this Consent Order may be considered for the purpose of determining the appropriate sanction in the 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, and in resolution of all allegations in this Consent Order, it is hereby ORDERED that FEDERATED pay a monetary penalty in the amount of \$10,000 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 FEDERATED will file an amendment to the policy used for transitional coverage within 30 days of the date of this Consent Order stating that any limits shown for mental illness or chemical dependency treatment no longer apply; and it is further

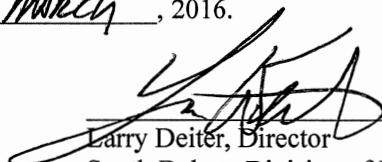
ORDERED that FEDERATED abide by the agreements made by it in this Consent Order; and it is further

ORDERED that should FEDERATED fail to comply with the provisions of this Order, the Division may seek the suspension or revocation of FEDERATED's Certificate of Authority at hearing pursuant to SDCL § 58-6-46, or seek other remedies available at law, and it is further

ORDERED that the use of this Consent Order for competitive purposes by any 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 provision of this Consent Order shall be effective from the date the Director signs this Order.

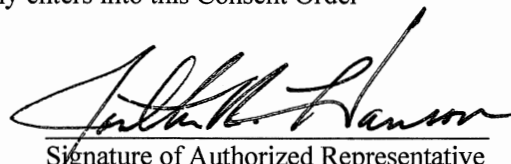
Dated at Pierre, South Dakota this 8th day of March, 2016.



Larry Deiter, Director
South Dakota Division of Insurance

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

Dated this 2nd day of MARCH, 2016.



Signature of Authorized Representative
JONATHAN R HANSON

Printed Name
SENIOR V.P. - GENERAL COUNSEL

Title