

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

IN THE MATTER OF)	CONSENT ORDER
HUDSON INSURANCE COMPANY)	

In resolution of the above titled matter and in lieu of a Notice of Hearing and formal insurance license revocation proceeding, the undersigned parties do hereby agree to the following:

HUDSON INSURANCE COMPANY (“HUDSON”), whose address of record of 100 William Street, 5th Floor, New York, NY 10038, is an insurance company holding a Certificate of Authority to transact business in the State of South Dakota;

HUDSON is aware that the South Dakota Division of Insurance (“Division”) has conducted an investigation of its insurance-related activities in South Dakota;

The Division alleges the following with regard to HUDSON:

- 1) HUDSON acted as an Approved Insurance Provider selling Whole Farm Revenue Protection (“WFRP”) under the Federal Crop Insurance Act;
- 2) Pursuant to the Standard Reinsurance Agreement with the Federal Crop Insurance Corporation and associated federal regulations, HUDSON trained, or accepted other AIPs’ training of, South Dakota crop insurance agents and agencies on WFRP and how to prepare policy applications;
- 3) WFRP has a \$1 million cap on expected revenue from animals and animal products and specific guidelines on how to calculate an agricultural operation’s expected revenue, both of which are outlined in WFRP policies and the WFRP Handbook;
- 4) One particular HUDSON insurance agent and agency (collectively “Agent”), who was trained by another AIP and who was under contract with, and appointed by HUDSON and other carriers, to write WFRP, developed methods to circumvent WFRP program parameters;
- 5) South Dakota agricultural producers relied on the Agent’s invalid WFRP representations and thereby were induced to purchase WFRP products, only to have stated coverage be revised or voided and/or claims be reduced or denied to be in conformance with WFRP policy and procedure required by the Risk Management Agency of the United States Department of Agriculture (“RMA”);
- 6) The RMA suspended and fined the Agent for his conduct in 2021. The Division levied a monetary penalty against the Agent in 2021;
- 7) HUDSON is responsible for the conduct of its agent regarding sales of WFRP;

- 8) HUDSON's conduct described herein amounts to violations of SDCL 58-33-5, 58-33-6, and 58-33-67 and constitutes grounds to suspend or revoke HUDSON'S Certificate of Authority pursuant to SDCL 58-6-46.

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

By the execution of this Consent Order and the payment of a penalty pursuant to this Consent Order, HUDSON does not admit to any violations of the laws of the State of South Dakota, but waives the right to contest the allegations contained in this Consent Order in any future actions or licensing procedures with the Division;

Further, by execution of this Consent Order, HUDSON does not waive any claims for reimbursement or damages that HUDSON has against Agent, either under HUDSON'S contract with Agent or for damages arising from Agent's unauthorized conduct;

In return for HUDSON agreeing to and complying with the provisions of this Consent Order, the Division agrees not to initiate proceedings to revoke or suspend HUDSON's South Dakota Certificate of Authority under SDCL 58-6-46 for the allegations outlined above, and agrees that this Consent Order will constitute an informal disposition of this licensing matter pursuant to SDCL 1-26-20;

HUDSON agrees to pay a monetary penalty in the amount of \$55,000 pursuant to SDCL 58-4-28.1 in lieu of contesting the matter formally; and

HUDSON 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 any Order of the Director;

Wherefore, good cause appearing from the foregoing, it is hereby ORDERED that HUDSON pay a monetary penalty in the amount of \$55,000, which is to be payable to "South Dakota Division of Insurance" and submitted with this completed Consent Order for deposit in the General Fund of the State of South Dakota; and it is further

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

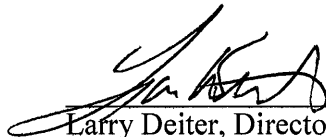
ORDERED that should HUDSON fail to comply with the provisions of this Order, the Division may seek the suspension or revocation of Certificate of Authority at hearing pursuant to SDCL 58-6-46 and Chapter 1-26, or seek other remedies available at law; and it is further

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 follows]

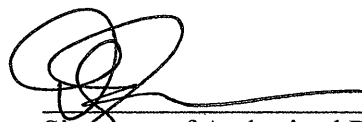
Dated at Pierre, South Dakota this 16th day of ~~August~~ ^{September}, 2022.



Larry Deiter, Director
South Dakota Division of Insurance

The undersigned, on behalf of HUDSON INSURANCE COMPANY, represents that 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 12th day of ~~August~~ ^{September}, 2022.



Signature of Authorized Representative

DALE S. DOUGLAS

Printed Name

VP and Deputy General Counsel

Title