

In the Matter of  
**Applied Risk Services, Inc., and  
Continental Indemnity Company,**

STIPULATION and ORDER

Respondents

OCI Case No. **13-C35597**

WHEREAS, Respondents, Applied Risk Services, Inc., and Continental Indemnity Company, 10805 Old Mill Road, Omaha, Nebraska 68154, are subject to the jurisdiction and control of the State of Wisconsin Commissioner of Insurance; and

WHEREAS, the Office of the Commissioner of Insurance (hereinafter the "Commissioner") conducted an investigation of Respondents; and

WHEREAS, the Commissioner made the following allegations that:

- (A) In violation of the June 22, 2015 Stipulation and Order, the Respondents renewed at least seven SolutionOne® and EquityComp® products with Wisconsin coverage. Specifically, policy number 46-893156-02-01 for Clearview Recycling, Inc. was renewed on or about July 28, 2015. Policy number 73-892718-01-04 for Arena Americas was renewed on or about August 1, 2015. Policy number 46-875290-01-03 for DRT Biosolids, Inc. was renewed on or about August 2, 2015. Policy number 46-873575-01-03 for Spectrum Interiors, Inc. was renewed on or about September 1, 2015. Policy number 73-875859-02-02 for Waukesha Foundry, Inc. was renewed on or about September 15, 2015. Policy number 46-859827-01-04 for Coast to Coast Systems, LLC was renewed on or about October 1, 2015. Policy number 73-877416-01-03 for American State Equipment Co., Inc. was renewed on or about October 1, 2015.

NOW, THEREFORE, Respondents and the Commissioner do agree and stipulate to the following terms and conditions:

1. The Respondents agree to the imposition of a forfeiture of One Hundred and Forty Thousand Dollars (\$140,000) payable to the State of Wisconsin. This forfeiture shall be paid accompanying this Stipulation.
2. The Respondents confirm that all in-force SolutionOne® and EquityComp® policies with Wisconsin coverage have been cancelled in accordance with the Stipulation and Order dated June 22, 2015, each of which cancellations included an offer of a replacement workers' compensation policy, or Wisconsin endorsement, on a WCRB approved policy form and using the WCRB mandated rates.
3. OCI reserves the right to address and pursue enforcement actions arising out of any complaints filed after the date of this Order concerning the products marketed and sold by Respondents in Wisconsin, including but not limited to complaints arising out of Respondents' attempts to enforce provisions of their contracts that do not comply with Wisconsin law.
4. This Order supersedes OCI's Order dated November 24, 2015, which Order is thereby rendered null and void.
5. The Respondents agree that this Stipulation is made without reservation and constitutes a waiver of valuable rights, including the right to a hearing, the right to confront and cross-examine witnesses, the right to produce evidence, the right to

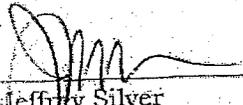
Applied Risk Services Inc  
13-C35597 Closed: Jan 19, 2016  
Ex: de Medicci, Jaclyn  
Atty: Wicka, Richard

make a motion for costs, and the right to judicial review. The Commissioner agrees not to impose any additional administrative action for any allegation noted or incorporated in this Stipulation or in the June 22, 2015 Stipulation; however if Respondents are involved in a future administrative action, this Stipulation and any future violation of the June 22, 2015 Stipulation may be considered in determining the appropriate action and penalty. The Commissioner may enforce this Stipulation and Order.

6. Respondents enter this Stipulation and Order only to resolve the allegations presented and to avoid further administrative proceedings.

1/6/16

Date

  
By: Jeffrey Silver  
Applied Risk Services, Inc.,  
and Continental Indemnity Company

1/6/16

Date

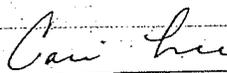
  
Richard B. Wicka, Deputy Chief Counsel  
Office of the Commissioner of Insurance

ORDER

NOW THEREFORE, based upon the consideration of this Stipulation, I hereby Order, pursuant to s. 601.41 (4), Wis. Stat., that:

1. The Respondents shall jointly pay a forfeiture of One Hundred and Forty Thousand Dollars (\$140,000) to the State of Wisconsin. This forfeiture shall be paid accompanying this Stipulation.
2. Respondents shall comply with all agreements made in this Stipulation and Order.

Dated at Madison, Wisconsin, this 7 day of January, 2016.

  
Cari Lee, Director  
Bureau of Market Regulation

In the Matter of  
**Applied Risk Service, Inc., and  
Continental Indemnity Company,**

ORDER OF FORFEITURE  
and ORDER

Respondents

Case No. **13-C35597**

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### **FINDINGS OF FACT**

(1) Applied Risk Service, Inc. ("Applied Respondent"), 10805 Old Mill Road, Omaha, Nebraska 68154, at all material time periods was authorized to do business by the Commissioner and subject to the jurisdiction and control of the Commissioner.

(2) Continental Indemnity Company ("Continental Respondent"), 10805 Old Mill Road, Omaha, Nebraska 68154, at all material time periods was authorized to do business by the Commissioner and subject to the jurisdiction and control of the Commissioner.

(3) On February 13, 2015, OCI issued an Order of Forfeiture and Order to the Applied Respondent and the Continental Respondent (Collectively "Respondents") which stated:

1. Pursuant to s. 601.41, Wis. Stat., I further order the Respondents to cease and desist from marketing, binding and renewing SolutionOne® policies and any similarly designed policies or programs in Wisconsin or to Wisconsin employers.
2. Pursuant to s. 601.41, Wis. Stat., I further order the Respondents to notify any and all agents who are appointed by Respondents or others who are marketing the SolutionOne® product in Wisconsin, that they are no longer authorized to market, bind or renew SolutionOne® policies and any similarly designed policies or programs in Wisconsin or to Wisconsin employers.

(4) In violation of the February 13, 2015 Order, Respondents renewed at least three SolutionOne® products. Specifically, policy number 46-883509-01-02 for J & J Contractors I, LLC was renewed on or about February 28, 2015. Policy number 46-852033-01-03 for C&K Services of Newburg was renewed on or about April 5, 2014. Policy number 46-812332-01-06 for Reimer Roofing & Remodeling was renewed on or about April 12, 2015.

(5) On April 26, 2015, OCI issued another Order of Forfeiture and Order to the Respondents which ordered Respondents to pay a forfeiture of Fifteen Thousand dollars (\$15,000) and to cancel any policy which was renewed in violation of the February 13, 2015 Order.

(6) On June 22, 2015, OCI and the Respondents entered into a Stipulation and Order. Under the Stipulation and Order, the Respondents agreed to terms and conditions, which included:

1. Cease and desist from marketing, binding, issuing and renewing SolutionOne® and EquityComp® policies.
2. Mid-term cancel all SolutionOne® and EquityComp® policies with Wisconsin coverage that were issued after February 13, 2015.
3. Non-renew all SolutionOne® and EquityComp® policies and/or Wisconsin endorsements on the workers' compensation policy's first renewal date after February 13, 2015.
4. Pay a forfeiture of Twenty Thousand Dollars (\$20,000) per policy sold or renewed in Wisconsin after the date of this Order which does not comply with the terms of this Order.

(7) In violation of the June 22, 2015 Stipulation and Order, the Respondents renewed at least seven SolutionOne® and EquityComp® products with Wisconsin coverage. Specifically, policy number 46-893156-02-01 for Clearview Recycling, Inc. was renewed on or about July 28, 2015. Policy number 73-892718-01-04 for Arena Americas was renewed on or about August 1, 2015. Policy number 46-875290-01-03 for DRT Biosolids, Inc. was renewed on or about August 2, 2015. Policy number 46-873575-01-03 for Spectrum Interiors, Inc. was renewed on or about September 1, 2015. Policy number 73-875859-02-02 for Waukesha Foundry, Inc. was renewed on or about September 15, 2015. Policy number 46-859827-01-04 for Coast to Coast Systems, LLC was renewed on or about October 1, 2015. Policy number 73-877416-01-03 for American State Equipment Co., Inc. was renewed on or about October 1, 2015.

(8) On November 20, 2015, the Respondents informed OCI that the cancellation of all in-force SolutionOne® and EquityComp® policies with Wisconsin coverage had been completed.

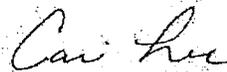
### **CONCLUSIONS OF LAW**

(9) The acts described in paragraph (7) violate the Stipulation and Order dated June 22, 2015.

### **ORDER**

1. Pursuant to s. 601.64 (3) (b), Wis. Stat., and Section 9 of the June 22, 2015 Stipulation and Order, I order Respondents to pay a forfeiture of One Hundred and Forty Thousand dollars (\$140,000), payable to the State of Wisconsin on or before December 28, 2015 for the renewal of the seven SolutionOne® and EquityComp® products after the June 22, 2015 Stipulation and Order took effect.

Dated at Madison, Wisconsin, on November 24, 2015.



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Cari Lee  
Director of the Bureau of Market Regulation

In the Matter of  
**Applied Risk Services Inc., and  
 Continental Indemnity Company ,**  
 Respondents

STIPULATION and ORDER

OCI Case No. **13-C35597**  
 DHA Case No.

WHEREAS, Respondents, Applied Risk Services Inc., and Continental Indemnity Company, 10805 Old Mill Road, Omaha, Nebraska 68154, are subject to the jurisdiction and control of the State of Wisconsin Commissioner of Insurance; and

WHEREAS, the Office of the Commissioner of Insurance (hereinafter the "Commissioner") conducted an investigation of Respondent; and

WHEREAS, the Commissioner made the following allegations that:

- (A) The Respondents did what is described in the attached Orders dated February 13, 2015 and April 29, 2015 in this matter, which Orders are attached for informational purposes only.

NOW, THEREFORE, Respondents and the Commissioner do agree and stipulate to the following terms and conditions:

1. The Respondents agree to the imposition of a forfeiture of Twenty Thousand Dollars (\$20,000.00) payable to the State of Wisconsin. This forfeiture shall be paid accompanying this Stipulation.

2. The Respondents agree to cease and desist from marketing, binding, issuing and renewing SolutionOne® and EquityComp® policies and any similarly designed policies and programs that involve side agreements that affect the terms of the workers' compensation policy, including but not limited to reinsurance agreements; or any other policy or program that has not been approved by the Wisconsin Compensation Rating Bureau (WCRB).

3. Respondents agree to mid-term cancel all of the SolutionOne® and EquityComp® policies with Wisconsin coverage that were issued after February 13, 2015. The cancellation would only apply to the portion of each policy that provides coverage within the State of Wisconsin. Respondents may offer a replacement workers' compensation policy or Wisconsin endorsement to those policyholders whose Wisconsin coverage policies were cancelled so long as the replacement workers' compensation policy or endorsement is a WCRB approved policy form, and uses the WCRB mandated rates (quoted, billed and collected separately) and is not subject to any unapproved side agreements including but not limited to a reinsurance agreement. Moreover, the replacement workers' compensation policy providing Wisconsin coverage cannot include or involve any profit sharing or reinsurance arrangement or be conditioned on participating in a profit sharing, reinsurance agreement or other agreement unless and until such agreements or policy programs are approved by the WCRB. If the workers' compensation policy includes coverage in states other than Wisconsin, the workers' compensation policies must carve out the Wisconsin portion of coverage from any participation in a profit sharing or reinsurance arrangement between the insureds, Respondents and Applied Underwriters Captive Risk Assurance Company, Inc. (AUCRA) and any other affiliate of Respondents unless and until such agreements or policy programs are approved by the WCRB. Respondents may offer a payroll service agreement to policyholders so long as it does not contain any terms related to or affecting workers' compensation insurance,

Applied Risk Services Inc  
 13-C35597 Closed: Jun 18, 2015  
 Ex: de Medicci, Jaclyn  
 Atty: Walsh, Julie

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including but not limited to policy cancellation terms, claims handling, and/or participation in a medical or pharmaceutical network for workers' compensation claimants. If Respondents choose not to offer replacement workers' compensation policies for Wisconsin coverage subject to these conditions, Respondents shall include a statement in their cancellation notice that the WCRB has agreed to bind coverage in the Wisconsin Workers' Compensation Insurance Pool (Pool) for Wisconsin coverage to avoid insurance coverage lapses.

4. Respondents agree to non-renew all SolutionOne® and EquityComp® policies and/or Wisconsin endorsements on the workers' compensation policy's first renewal date after February 13, 2015. The non-renewal would only apply to the portion of each workers' compensation policy that provides coverage within the State of Wisconsin. Respondents may offer a replacement workers' compensation policy or Wisconsin endorsement to those policyholders whose workers' compensation policies were non-renewed so long as the replacement workers' compensation policy or endorsement is a WCRB approved policy form for Wisconsin coverage, and uses the WCRB mandated rates (quoted, billed and collected separately) and is not subject to any unapproved side agreements, including but not limited to a reinsurance agreement. Moreover, the replacement workers' compensation policy cannot include or involve any profit sharing or reinsurance arrangement or be conditioned on participating in a profit sharing, reinsurance agreement or other agreement unless and until such agreements or policy programs are approved by the WCRB. If the workers' compensation policy includes coverage in states other than Wisconsin, the workers' compensation policies must carve out the Wisconsin portion of coverage from any participation in a profit sharing or reinsurance arrangement between the insureds, Respondents and/or AUCRA and any other affiliate of Respondents unless and until such agreements or policy programs are approved by the WCRB. Respondents may offer a payroll service agreement to policyholders so long as it does not contain any terms related to workers' compensation insurance, including but not limited to policy cancellation, claims handling, and/or participation in a medical or pharmaceutical network for workers compensation claimants. If Respondents choose not to offer replacement policies subject to these conditions, Respondents shall include a statement in their non-renewal notice that the WCRB has agreed to bind coverage in the Wisconsin Workers Compensation Insurance Pool (Pool) for Wisconsin coverage to avoid insurance coverage lapses.

5. Respondents agree to continue to provide coverage to their policyholders under existing policies until the date of non-renewal or date of cancellation outlined in the notice issued pursuant to this Order, whether or not the WCRB accepted or rejected the workers' compensation policy submittal at the time Respondents submitted it.

6. Respondents agree to submit any proposed workers compensation policy or program (including side agreements, profit-sharing agreements, reinsurance agreements, services agreements and any other agreement that may affect the workers compensation obligations of the policyholder, Respondents, AUCRA and any other affiliate of Respondents) to the WCRB for its approval prior to marketing, binding or issuing any policies providing Wisconsin coverage except those allowed under the preceding paragraphs of this Order.

7. If WCRB approves the policy or program submitted by Respondents, OCI agrees to adopt WCRB's approval of the forms. Respondents do not waive their rights

to appeal a rejection by WCRB as provided in the Wisconsin Statutes and Administrative Code.

8. OCI reserves the right to address and pursue enforcement actions arising out of any complaints filed after the date of this Order concerning the products marketed and sold by Respondents in Wisconsin, including but not limited to complaints arising out of Respondents' attempts to enforce provisions of their contracts that do not comply with Wisconsin law.

9. Respondents agree to pay a forfeiture of Twenty Thousand Dollars (\$20,000.00) per policy sold or renewed in Wisconsin after the date of this Order which does not comply with the terms of this Order.

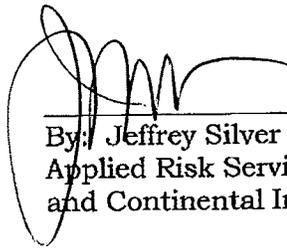
10. This Order supercedes OCI's Orders dated February 13, 2015 and April 29, 2015, which Orders are thereby rendered null and void.

11. The Respondents agree that this Stipulation is made without reservation and constitutes a waiver of valuable rights, including the right to a hearing, the right to confront and cross-examine witnesses, the right to produce evidence, the right to make a motion for costs, and the right to judicial review. The Commissioner agrees not to impose any additional administrative action for any allegation noted in this Stipulation; however, if Respondents are involved in a future administrative action, this Stipulation may be considered in determining the appropriate action and penalty. The Commissioner may enforce this Stipulation and Order.

12. Respondents neither admit nor deny OCI's allegations. Respondents enter this Stipulation and Order only to resolve the allegations presented and nothing contained herein shall be construed as an admission of wrongdoing by Respondents.

6/15/15

Date



By: Jeffrey Silver  
Applied Risk Services Inc.,  
and Continental Indemnity Company

6/19/15

Date



Richard Wicka, Deputy Chief Counsel  
Office of the Commissioner of Insurance

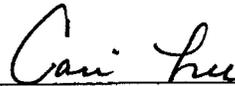
ORDER

NOW THEREFORE, based upon the consideration of this Stipulation, I hereby Order, pursuant to s. 601.41 (4), Wis. Stat., that:

1. The Respondents shall pay a forfeiture of Twenty Thousand Dollars (\$20,000) to the State of Wisconsin. This forfeiture shall be paid accompanying this Stipulation.

2. Respondents shall comply with all agreements made in this Stipulation and Order.

Dated at Madison, Wisconsin, this 22 day of June, 2015.



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Cari Lee, Director  
Bureau of Market Regulation