STATE OF VERMONT

DEPARTMENT OF FINANCIAL REGULATION

In re:	)	
Continental Indemnity Company,	)	
NAIC Code 28258	)	
Applied Underwriters, Inc.	)	
Applied Risk Services Inc., VT License #283	)	
Applied Underwriters Captive Risk Assurance	)	
Company, Inc.	)	**Docket No. 15-026-I**
	)	

STIPULATION AND CONSENT ORDER

The Insurance Division of the Vermont Department of Financial Regulation (the "Department"), Continental Indemnity Company ("Continental"), Applied Underwriters, Inc. ("AUI"), Applied Risk Services Inc. ("ARS"), and Applied Underwriters Captive Risk Assurance Company, Inc. ("AUCRA") hereby stipulate and agree as follows:

1. Pursuant to the authority contained in 8 V.S.A. §§ 11, 12, 13, 4726 and 4804, the Commissioner of the Department is charged with administering and enforcing the insurance laws of the State of Vermont and is authorized to investigate insurers to determine compliance with these laws and regulations.

2. Continental, AUI, ARS, and AUCRA (collectively, "Respondents") acknowledge and admit the jurisdiction of the Commissioner over the subject matter of this Stipulation and

Consent Order set forth herein.

3. Continental is a foreign insurer domiciled in Iowa, with an address of record of 10805 Old Mill Rd, Omaha, NE 68154. Continental is licensed in the State of Vermont to issue accident and health, property and casualty, and workers' compensation insurance policies. Continental is an indirect subsidiary of Applied Underwriters, Inc. ("AUI").

4. AUI is a non-insurer with an address of record of 10805 Old Mill Rd, Omaha, NE 68154. AUI is not a licensed insurer authorized to enter in insurance contracts or engage in the insurance business in Vermont.

5. ARS is a non-resident producer firm holding Vermont License #283 with an address of record of 10805 Old Mill Rd, Omaha, NE 68154. ARS is a subsidiary of AUI.

6. AUCRA is a corporation organized and existing under the laws of the British Virgin Islands with its principal place of business in Omaha, Nebraska, and with an address of record of 10805 Old Mill Rd, Omaha, NE 68154. AUCRA also is a subsidiary of AUI. AUCRA is not a licensed insurer authorized to enter into workers' compensation insurance contracts or engage in the insurance business in Vermont.

7. The Department has conducted an investigation of the Respondents' role in the sale of workers' compensation coverage to Vermont resident businesses; specifically, sales of AUI's SolutionOne® product(s). From 2007 to the present, SolutionOne® with the SolutionOne® Profit-Sharing product[1] was sold to fifty-three (53) Vermont businesses seeking workers' compensation coverage and comprised 172 separate workers' compensation insurance policies. See Exhibit 1.

[1] "SolutionOne®" as used below will refer to the SolutionOne® product sold with the profit sharing component.

8. The SolutionOne® product is described in AUI's marketing materials as an integrated package combining workers' compensation with payroll services, risk management tools, and employment protection coverage, and was targeted to small- and medium-sized employers with workers' compensation premiums between $5,000 and $250,000. In 2007, AUI began marketing SolutionOne® primarily to small- and medium-sized Vermont businesses seeking workers' compensation coverage through Vermont licensed independent producers.

9. The Department's investigation revealed that, in fact, several distinct programs were sold in Vermont under the common registered name "SolutionOne." Per Respondents' nomenclature, these will be referred to as a "pooled" program, a "fixed cost" or "capped loss" program, and a "single risk" program. Each of the these consist of the following common components: (i) a guaranteed-cost workers' compensation policy issued by Continental as a licensed insurer in Vermont; (ii) a "profit sharing" component effected via a separate agreement described as a "reinsurance participation agreement" entered into between the insured and AUCRA; and (iii) payroll processing effected via a SolutionOne® Services Agreement with AUI.

10. However, the various SolutionOne® programs differed in significant ways. For example, in the so-called pooled version of SolutionOne® initially brought to the Department's attention by Vermont complainants, the loss experience of a range of heterogeneous small companies was aggregated in a single cell of AUCRA and then divided proportionately according to the relative premium amounts among the various insureds. There was a minimum base cost and maximum ceiling cost established at inception. This, combined with Applied's

methods for estimating future losses, resulted in several Vermont companies receiving unanticipated large assessments based on the loss experience of the heterogeneous pool.[2]

11. In contrast, the single risk version of SolutionOne® segregated the loss experience and a portion of premium of each individual insured to its own cell within AUCRA, whereby the credit or debit assessed on the insured was a function of the losses experienced by each such insured itself, with a minimum base cost and maximum ceiling cost established at inception.

12. Another key difference between the various SolutionOne® programs is whether additional assessments may be charged. The pooled and single risk versions of SolutionOne® allowed for additional assessments by AUI depending on the claims experience of the insureds aggregated in a single cell. In contrast, under the fixed cost/capped loss version of SolutionOne®, there is no possibility of an additional assessment, regardless of the insured's claims experience.

13. In each of the SolutionOne® programs, the guaranteed-cost workers' compensation component was effected by the issuance of Continental's workers' compensation policies using forms and rates that were filed and approved by the Department. However, the Department has concluded that all SolutionOne® Profit-Sharing transactions in Vermont – each effected via a separate "Reinsurance Participation Agreement" (RPA) with AUCRA – materially modified the terms of Continental's approved and filed guaranteed-cost workers' compensation policy, bypassing the required review and approval of the Department.

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[2] Respondents have represented to the Department that new sales of this product were discontinued in all jurisdictions in July 2012.

14. In the case of the pooled and single risk products, the Department asserts that SolutionOne® de facto operated as a retrospective rating plan, replacing Continental's guaranteed-cost worker's compensation insurance policy with an unfiled, unapproved retrospective rating plan which had the potential for higher and unpredictable assessments should a certain level of claims occur. In the case of the fixed cost/capped loss program, SolutionOne® resembles a dividend plan, replacing Continental's guaranteed-cost worker's compensation insurance policy with an unfiled, unapproved plan holding out the promise of a refund of premium in the future depending on experience.

15. The Department acknowledges that Respondents fully cooperated with the Department to address the concerns of Vermont policyholders enrolled in SolutionOne®, including but not limited to providing requested information, voluntarily ceasing new sales of SolutionOne®, as well as ceasing assessments on Vermonters under SolutionOne® while a resolution was sought with the Department.

16. Respondents, without admitting the Department's allegations or conclusions and solely for the purpose of resolving this administrative action, being aware of the expenses, consumption of time and uncertainty inherent in litigation, have agreed to enter into this Stipulation and Consent Order with the Department on the terms and conditions hereinafter set forth in lieu of proceeding with a hearing, but agree not to contest their validity in the event of any future administrative or judicial action by or involving the Department. To the extent any violations may exist, Respondents deny any intentional wrongdoing.

VIOLATIONS OF LAW

17. As a result of its investigation the Department has concluded that, with regard to the sale of the SolutionOne® product, Respondents were not in compliance with Vermont insurance laws and regulations because:

a. While Continental used rates and forms approved by the Department for the guaranteed-cost workers' compensation component of SolutionOne®, because: (i) Continental policies were only sold in Vermont as part of the bundled SolutionOne package, which included a separate Reinsurance Participation Agreement (RPA) between Continental's affiliate AUCRA and the insured; and (ii) as a result of the separate RPA, the ultimate cost of the workers' compensation insurance could differ and other key contractual terms were materially different from the Continental guaranteed cost workers' compensation policy issued, therefore Respondents de facto engaged in the sale of an unfiled, unapproved insurance product in Vermont (See 8 V.S.A. § 3541);

b. The pooled and single risk SolutionOne® programs were not suitable for many of the Vermont businesses to which they were marketed, given the smaller premiums, unpredictable variations in claim frequency and claim size, and liquidity constraints of these businesses. (See 8 V.S.A. §§ 4723 and 4724(16)).

c. All SolutionOne programs were misleadingly characterized as both a "profit sharing" arrangement and a valid reinsurance transaction in Vermont, in

violation of 8 V.S.A. § 4723 and of 8 V.S.A. § 4724(1)(A).

18. Respondents have been made aware that the Department may proceed with an administrative action against them for the violations cited above.

19. The Department has concluded its investigation of the Respondents' SolutionOne® product and this is a final settlement of all matters involving the Department's investigation of Respondents' sale of the SolutionOne® product in Vermont.

20. **NOW THEREFORE**, in consideration of the mutual covenants contained herein, the Department and Respondents further stipulate and agree as follows:

a. Within fifteen (15) business days of signing this Stipulation & Consent, Continental agrees to send immediate initial notice (the "Initial Notice) to SolutionOne® policyholders of and producers of record for all in-force policies, advising these policyholders that, pursuant to a Stipulation and Consent Order with the Department concerning Applied Underwriter's SolutionOne® Profit Sharing Program, their Continental guaranteed cost workers' compensation policy will non-renew at policy expiration; provided however, that policyholders may choose to enter into a new Continental guaranteed cost workers' compensation policy issued using only Continental's filed and approved rates. In the event a policyholder does not enter into a new Continental guaranteed cost workers' compensation policy at least 50 days prior to the renewal date, the existing policy will be non-renewed by Continental. The Initial Notice is subject to prior review and approval by the Department and shall contain language clearly explaining the above, as well as that, if a

policy is to be non-renewed, then in accordance with the requirements of 21 V.S.A. § 697, each policyholder will receive a legal notice of non-renewal at least 45 days prior to the renewal date.

b. If the Continental guaranteed cost policy is/will be non-renewed in accordance with a. above, the Initial Notice will be followed by a separate legal notice of non-renewal prepared for and sent to each policyholder in accordance with 21 V.S.A. § 697, as well as to the producers of record.

c. Respondents agree that upon sending the Initial Notice, any Continental guaranteed cost policy that cancels prior to the natural expiration date of the policy term shall receive a "pro rata" return of premium and no "short rate" penalty should be applied by Respondents or their affiliates.

d. Respondents agree to:

   i. Pay an administrative penalty of **Three Hundred Thousand ($300,000.00)** Dollars, paid by check payable to the Vermont Department of Financial Regulation within thirty (30) days of execution of this Stipulation and Consent Order. and;

   ii. Reimburse the Department for investigative and other expenses, in the sum of **Thirty Five Thousand ($35,000.00)** Dollars, paid by check payable to the Vermont Department of Financial Regulation within thirty (30) days of execution of this Stipulation and Consent Order.

   iii. With regard to insureds in Vermont who purchased workers' compensation policies issued by Continental and entered into one or more

RPAs with AUCRA (or its affiliates) under SolutionOne®, Respondents agree to make whole all Vermonters who were assessed more under SolutionOne® (i.e., under the RPA(s)), including any interest/financing charges, than they would have paid under Continental's approved and filed guaranteed-cost workers' compensation insurance rates, based on data as of March 31, 2015. Restitution to Vermont insureds is to be calculated and paid as follows:

1. For any given insured, if the aggregated total of all sums collected under the RPA(s) for all policy periods exceeds the aggregated total of all corresponding policies' guaranteed cost premiums, then restitution in the amount of the difference is to be made by Respondents to the insured. For purposes of this calculation, all in-force and expired policies for each insured are to be included regardless of whether the SolutionOne program was pooled, single risk, or fixed cost/capped loss, and the calculations are to be made using data and amounts as of March 31, 2015.
2. In calculating a. above, restitution shall be paid as per Exhibit 2, and shall be made within sixty (60) days of the signing of this Stipulation & Consent Order.
3. Respondents agree that no further billings, assessment or collections of additional premium are permitted for policies that expired prior to March 31, 2015.

4. If payments to insureds are accompanied by a waiver or release, such form of waiver or release shall be subject to the Department's prior approval.

For those insureds having policies that are/were still in-force as of March 31, 2015, the final premium to be collected by Continental and its affiliates for the remaining policy period between March 31, 2015, and the expiration date of the policy, shall not exceed the premium computed according to the lesser of the guaranteed cost rate and the "Loss Pick Containment Rate" (per $100 payroll) specified for the insured in Schedule 1 of the relevant RPA, multiplied by the final audited payroll for such in-force policy.

e. As a result of the SolutionOne® Program, a number of Vermont insureds paid less for workers' compensation insurance than they would have paid under Continental's approved and filed guaranteed cost workers' compensation rates. As a condition to this Stipulation and Consent, Continental and the other Respondents waive any claim to those payments.

f. Respondents represent that in order to ensure future compliance with regard to Vermont laws, they have already instituted the following:

   i. Discontinuing the sale and renewal of all SolutionOne® product(s) in Vermont until reviewed and approved by the Department;

   ii. Initiating an internal audit procedure to ensure that Respondents' insurance products, as well as their affiliates' insurance products and marketing

efforts, comply with Vermont insurance laws and regulations, including but not limited to those pertaining to trade practices and rates and form regulations.

21. Respondents hereby waive their statutory right to notice and a hearing before the Commissioner of the Department, or her designated appointee.

22. Respondents acknowledge and agree that this stipulation is entered into freely and voluntarily and that except as set forth herein, no promise was made to induce the Respondents to enter into it. Respondents acknowledge their understanding of and agree to all terms, conditions, and obligations contained in this Stipulation and Consent Order.

23. Respondents consent to the entry of this Stipulation and Consent Order and agree to be fully bound by its terms and conditions. Respondents acknowledge 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 them to sanctions under the provisions of 8 V.S.A. §§ 4804. Respondents further acknowledge that the Commissioner retains jurisdiction over this matter for the purpose of enforcing this order.

24. The undersigned representative of each of the Respondents affirms that he or she has taken all necessary steps to obtain the authority to bind each of the Respondents to the obligations stated herein and has the authority to bind each of the Respondents to the obligations stated herein.

AGREED AND ACCEPTED:

Division of Insurance, Vermont Department of Financial Regulation

By: _____ Date: 10/30/15

Kaj Samsom, Deputy Commissioner of Insurance

Continental Indemnity Company

By: _____ Date: 10/19/15

Applied Underwriters, Inc.

By: _____ Date: 10/19/15

Applied Risk Services Inc.

By: _____ Date: 10/19/15

Applied Underwriters Captive Risk Assurance Company, Inc.

By: _____ Date: 10/19/15

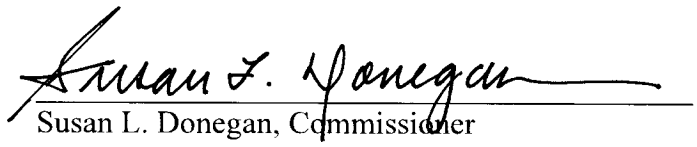
ORDER

IT IS HEREBY ORDERED:

1. Respondents Continental Indemnity Company, Applied Underwriters, Inc., Applied Risk Services Inc., and Applied Underwriters Captive Risk Assurance Company, Inc., shall comply with all agreements, stipulations, and undertakings as recited above.

2. Nothing contained in this Order shall restrain the Department from responding to and addressing any complaint involving Continental Indemnity Company, Applied Underwriters, Inc., Applied Risk Services Inc., and/or Applied Underwriters Captive Risk Assurance Company, Inc. filed with the Department or shall preclude the Department from pursuing any other violation of law with respect to the sale of the SolutionOne® product occurring after the date this Order is signed.

Dated at Montpelier, Vermont this 30th day of October, 2015.



Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation

Exhibit 1.

EXHIBIT 1.

Policy			Policy	Amount Collected			
Number	Begin Date	End Date	Premium	Via RPA	Interest	Total	Difference
46-889156-01-01	05/04/14	05/04/15	$22,095.00	$13,666.73	$0.00	$13,666.73	$8,428.27
46-848821-01-01	12/27/11	12/27/12	9,997.00	7,498.07	0.00	7,498.07	2,498.93
46-848821-01-02	12/27/12	12/27/13	10,183.00	7,353.21	0.00	7,353.21	2,829.79
46-848821-01-03	12/27/13	12/27/14	10,053.00	13,043.06	0.00	13,043.06	(2,990.06)
46-848821-01-04	12/27/14	05/08/15	1,808.00	486.97	0.00	486.97	1,321.03
46-806202-01-01	09/03/08	09/03/09	5,685.00	12,180.46	0.00	12,180.46	(6,495.46)
46-806202-01-02	09/03/09	09/03/10	9,718.00	17,473.17	0.00	17,473.17	(7,755.17)
46-806202-01-03	09/03/10	09/03/11	9,243.00	20,317.46	0.00	20,317.46	(11,074.46)
46-806202-01-04	09/03/11	09/03/12	7,996.00	21,401.90	0.00	21,401.90	(13,405.90)
46-806202-01-05	09/03/12	09/03/13	7,441.00	17,043.62	0.00	17,043.62	(9,602.62)
46-806202-01-06	09/03/13	09/03/14	7,054.00	14,784.58	0.00	14,784.58	(7,730.58)
46-806202-01-07	09/03/14	09/03/15	3,541.00	2,731.88	0.00	2,731.88	809.12
46-810325-01-01	12/06/08	12/06/09	13,436.00	9,818.18	0.00	9,818.18	3,617.82
46-810325-01-02	12/06/09	12/06/10	16,043.00	18,290.73	0.00	18,290.73	(2,247.73)
46-810325-01-03	12/06/10	12/06/11	14,603.00	17,234.85	0.00	17,234.85	(2,631.85)
46-810325-01-04	12/06/11	12/06/12	18,966.00	18,051.92	0.00	18,051.92	914.08
46-810325-01-05	12/06/12	12/06/13	20,591.00	19,514.10	0.00	19,514.10	1,076.90
46-810325-01-06	12/06/14	12/06/15	7,240.00	6,343.68	0.00	6,343.68	896.32
46-845692-01-01	12/01/11	12/01/12	6,088.00	4,220.51	0.00	4,220.51	1,867.49
46-845692-01-02	12/01/12	12/01/13	6,172.00	5,273.64	0.00	5,273.64	898.36
46-845692-01-03	12/01/13	12/01/14	7,006.00	8,017.26	0.00	8,017.26	(1,011.26)
46-845692-01-04	12/01/14	12/01/15	1,823.00	1,565.73	0.00	1,565.73	257.27
46-098632-01-09	10/01/14	10/01/15	5,651.00	4,612.29	0.00	4,612.29	1,038.71
46-842350-01-01	09/01/11	09/01/12	21,070.00	20,991.98	0.00	20,991.98	78.02
46-842350-01-02	09/01/12	09/01/13	24,611.00	27,827.77	0.00	27,827.77	(3,216.77)
46-842350-01-03	09/01/13	09/01/14	24,922.00	36,251.48	0.00	36,251.48	(11,329.48)
46-851959-01-01	05/01/12	05/01/13	7,653.00	6,038.35	0.00	6,038.35	1,614.65
46-851959-01-02	05/01/13	05/01/14	11,831.00	9,252.15	0.00	9,252.15	2,578.85
46-851959-01-03	05/01/14	05/01/15	10,910.00	14,130.18	0.00	14,130.18	(3,220.18)
46-806667-01-01	10/02/08	10/02/09	25,928.00	24,067.56	0.00	24,067.56	1,860.44
46-806667-01-02	10/02/09	10/02/10	36,542.00	36,871.00	0.00	36,871.00	(329.00)
46-806667-01-03	10/02/10	10/02/11	29,997.00	34,323.33	0.00	34,323.33	(4,326.33)
46-873295-01-02	06/11/14	06/11/15	6,617.00	4,423.13	0.00	4,423.13	2,193.87
46-827832-01-01	06/07/10	06/07/11	61,760.00	72,967.71	0.00	72,967.71	(11,207.71)

EXHIBIT 1.

Policy			Policy	Amount Collected			
Number	Begin Date	End Date	Premium	Via RPA	Interest	Total	Difference
46-827832-01-02	06/07/11	06/07/12	68,042.00	74,594.29	0.00	74,594.29	(6,552.29)
46-827832-01-03	06/07/12	06/07/13	69,455.00	107,627.42	0.00	107,627.42	(38,172.42)
46-857402-01-03	07/15/14	07/15/15	8,129.00	6,903.32	0.00	6,903.32	1,225.68
46-801623-01-01	03/06/08	03/06/09	27,413.00	38,603.37	0.00	38,603.37	(11,190.37)
46-801623-01-02	03/06/09	03/06/10	40,289.00	24,638.18	0.00	24,638.18	15,650.82
46-801623-01-03	03/06/10	07/29/10	14,463.00	13,645.15	0.00	13,645.15	817.85
46-836383-01-01	02/10/11	02/10/12	8,817.00	7,173.38	0.00	7,173.38	1,643.62
46-836383-01-02	02/10/12	02/10/13	11,355.00	10,407.53	0.00	10,407.53	947.47
46-836383-01-03	02/10/13	02/10/14	10,552.00	14,268.15	0.00	14,268.15	(3,716.15)
46-836383-01-04	02/10/14	02/10/15	17,697.00	10,838.61	0.00	10,838.61	6,858.39
46-819471-01-01	11/01/09	11/01/10	17,860.00	17,337.46	0.00	17,337.46	522.54
46-819471-01-02	11/01/10	11/01/11	19,938.00	19,545.52	0.00	19,545.52	392.48
46-819471-01-03	11/01/11	11/01/12	19,924.00	27,319.14	0.00	27,319.14	(7,395.14)
46-819471-01-04	11/01/12	11/01/13	17,798.00	25,140.98	0.00	25,140.98	(7,342.98)
46-819471-01-07	01/01/15	01/01/16	6,229.00	5,552.21	0.00	5,552.21	676.79
46-869912-01-02	04/24/14	04/24/15	13,649.00	11,065.58	0.00	11,065.58	2,583.42
46-841642-01-01	07/04/11	07/04/12	42,780.00	33,244.62	0.00	33,244.62	9,535.38
46-841642-01-02	07/04/12	07/04/13	37,946.00	32,283.57	0.00	32,283.57	5,662.43
46-841642-01-03	07/04/13	07/04/14	39,588.00	51,452.75	0.00	51,452.75	(11,864.75)
46-837784-01-01	03/17/11	03/17/12	15,133.00	13,298.33	0.00	13,298.33	1,834.67
46-837784-01-02	03/17/12	03/17/13	18,412.00	17,935.37	0.00	17,935.37	476.63
46-837784-01-03	03/17/13	06/17/13	4,873.00	6,422.76	0.00	6,422.76	(1,549.76)
46-837784-03-05	06/17/13	03/17/14	10,889.00	14,940.60	0.00	14,940.60	(4,051.60)
46-837784-04-07	04/24/14	03/17/15	17,036.00	14,679.37	0.00	14,679.37	2,356.63
46-847538-01-01	01/04/12	01/04/13	26,880.00	20,838.75	0.00	20,838.75	6,041.25
46-847538-01-02	01/04/13	01/04/14	26,285.00	22,641.49	0.00	22,641.49	3,643.51
46-847538-01-03	01/04/14	01/04/15	29,792.00	35,795.06	0.00	35,795.06	(6,003.06)
46-847538-01-04	01/04/15	01/04/16	6,164.00	4,778.44	0.00	4,778.44	1,385.56
46-839412-01-01	05/18/11	05/18/12	214,466.00	487,267.67	531.40	487,799.07	(273,333.07)
46-839412-01-02	05/18/12	05/18/13	169,083.00	143,782.43	0.00	143,782.43	25,300.57
46-839412-01-03	05/18/13	05/18/14	265,822.00	56,178.95	65.43	56,244.38	209,577.62
46-841696-01-01	07/09/11	07/09/12	45,170.00	34,974.34	0.00	34,974.34	10,195.66
46-841696-01-02	07/09/12	07/09/13	52,255.00	51,845.23	0.00	51,845.23	409.77
46-841696-01-03	07/09/13	07/09/14	49,055.00	60,935.82	0.00	60,935.82	(11,880.82)

EXHIBIT 1.

Policy Number	Policy Begin Date	Policy End Date	Policy Premium	Amount Collected Via RPA	Interest	Total	Difference
46-841696-01-04	07/09/14	05/19/15	61,959.00	44,345.55	0.00	44,345.55	17,613.45
46-801256-01-01	02/04/08	02/04/09	21,308.00	29,217.15	0.00	29,217.15	(7,909.15)
46-801256-01-02	02/04/09	02/04/10	26,460.00	31,666.15	0.00	31,666.15	(5,206.15)
46-801256-01-03	02/04/10	02/04/11	24,184.00	39,152.58	0.00	39,152.58	(14,968.58)
46-801256-01-04	02/04/11	02/04/12	22,214.00	33,751.67	0.00	33,751.67	(11,537.67)
46-801256-01-05	02/04/12	02/04/13	23,571.00	29,064.06	0.00	29,064.06	(5,493.06)
46-801256-01-06	02/04/13	02/04/14	28,128.00	37,976.24	0.00	37,976.24	(9,848.24)
46-801256-01-07	02/04/14	02/04/15	31,225.00	55,501.18	0.00	55,501.18	(24,276.18)
46-843043-01-01	09/05/11	09/05/12	45,635.00	35,047.34	0.00	35,047.34	10,587.66
46-843043-01-02	09/05/12	09/05/13	60,402.00	69,182.31	0.00	69,182.31	(8,780.31)
46-843043-01-03	09/05/13	09/05/14	47,169.00	58,236.75	0.00	58,236.75	(11,067.75)
46-843043-01-04	09/05/14	09/05/15	21,451.00	13,586.42	0.00	13,586.42	7,864.58
46-841352-01-01	06/30/11	06/30/12	21,895.00	16,927.08	0.00	16,927.08	4,967.92
46-841352-01-02	06/30/12	06/30/13	17,133.00	15,255.44	0.00	15,255.44	1,877.56
46-841352-01-03	06/30/13	06/30/14	19,323.00	25,071.48	0.00	25,071.48	(5,748.48)
46-815090-01-01	05/01/09	05/01/10	10,642.00	7,664.56	0.00	7,664.56	2,977.44
46-815090-01-02	05/01/10	05/01/11	10,966.00	13,114.59	0.00	13,114.59	(2,148.59)
46-815090-01-03	05/01/11	05/01/12	9,427.00	10,758.91	0.00	10,758.91	(1,331.91)
46-815090-01-04	05/01/12	05/01/13	9,891.00	7,520.59	0.00	7,520.59	2,370.41
46-815090-01-05	05/01/13	05/01/14	9,420.00	7,901.25	0.00	7,901.25	1,518.75
46-815090-01-06	05/01/14	05/01/15	9,589.00	11,518.39	0.00	11,518.39	(1,929.39)
46-875198-01-02	08/10/14	05/23/15	33,593.00	25,308.87	0.00	25,308.87	8,284.13
46-805319-01-01	09/01/08	09/01/09	9,211.00	9,742.97	0.00	9,742.97	(531.97)
46-805319-01-02	09/01/09	09/01/10	7,770.00	14,431.21	0.00	14,431.21	(6,661.21)
46-805319-01-03	09/01/10	09/01/11	6,659.00	17,656.14	0.00	17,656.14	(10,997.14)
46-874833-01-02	08/16/14	08/16/15	58,933.00	48,570.06	0.00	48,570.06	10,362.94
46-807361-01-01	10/16/08	01/19/09	5,692.00	7,391.01	0.00	7,391.01	(1,699.01)
46-062300-01-02	09/30/11	09/30/12	13,317.00	9,472.37	0.00	9,472.37	3,844.63
46-062300-01-03	09/30/12	09/30/13	21,616.00	15,924.59	0.00	15,924.59	5,691.41
46-062300-01-04	09/30/13	09/30/14	23,771.00	22,581.83	0.00	22,581.83	1,189.17
46-062300-01-05	09/30/14	09/30/15	12,255.00	7,464.87	0.00	7,464.87	4,790.13
46-330871-01-01	11/26/14	11/26/15	1,533.00	1,474.06	0.00	1,474.06	58.94
46-889518-01-01	05/20/14	05/20/15	58,873.00	43,416.07	0.00	43,416.07	15,456.93
46-064961-01-03	12/31/09	12/31/10	13,427.00	14,364.52	0.00	14,364.52	(937.52)

EXHIBIT 1.

Policy			Policy	Amount Collected			
Number	Begin Date	End Date	Premium	Via RPA	Interest	Total	Difference
46-064961-01-04	12/31/10	12/05/11	16,897.00	14,625.71	0.00	14,625.71	2,271.29
46-851530-01-01	03/20/12	03/20/13	11,028.00	8,419.99	0.00	8,419.99	2,608.01
46-851530-01-02	03/20/13	03/20/14	12,662.00	11,102.91	0.00	11,102.91	1,559.09
46-851530-01-03	03/20/14	03/20/15	11,689.00	14,876.02	0.00	14,876.02	(3,187.02)
46-865823-01-02	02/11/14	02/11/15	12,708.00	10,618.73	0.00	10,618.73	2,089.27
46-810625-01-01	04/01/09	04/01/10	55,436.00	35,820.35	0.00	35,820.35	19,615.65
46-810625-01-02	04/01/10	04/01/11	41,320.00	56,313.09	0.00	56,313.09	(14,993.09)
46-810625-01-03	04/01/11	04/01/12	51,958.00	64,548.58	0.00	64,548.58	(12,590.58)
46-810625-01-04	04/01/12	04/01/13	57,706.00	90,626.47	0.00	90,626.47	(32,920.47)
46-841807-01-01	07/21/11	07/21/12	45,239.00	34,152.33	0.00	34,152.33	11,086.67
46-841807-01-02	07/21/12	07/21/13	50,382.00	50,921.26	0.00	50,921.26	(539.26)
46-841807-01-03	07/21/13	07/21/14	52,214.00	64,950.24	0.00	64,950.24	(12,736.24)
46-815405-01-01	07/01/09	07/01/10	32,158.00	37,527.89	0.00	37,527.89	(5,369.89)
46-815405-01-02	07/01/10	07/01/11	27,770.00	34,465.85	0.00	34,465.85	(6,695.85)
46-815405-01-03	07/01/11	07/01/12	34,357.00	43,988.69	0.00	43,988.69	(9,631.69)
46-810325-02-06	04/10/13	12/06/13	3,383.00	71.25	0.00	71.25	3,311.75
46-810325-02-01	12/06/14	12/06/15	431.00	0.00	0.00	0.00	431.00
46-853483-01-01	04/13/12	04/13/13	16,105.00	12,474.21	0.00	12,474.21	3,630.79
46-853483-01-02	04/13/13	04/13/14	14,508.00	11,550.66	0.00	11,550.66	2,957.34
46-853483-01-03	04/13/14	04/13/15	13,443.00	17,291.61	0.00	17,291.61	(3,848.61)
46-882253-01-02	12/15/14	12/15/15	4,552.00	3,820.07	0.00	3,820.07	731.93
46-808636-01-01	12/01/08	12/01/09	8,171.00	11,527.32	0.00	11,527.32	(3,356.32)
46-808636-01-02	12/01/09	12/01/10	10,844.00	10,363.94	0.00	10,363.94	480.06
46-808636-01-03	12/01/10	12/01/11	10,572.00	12,192.73	0.00	12,192.73	(1,620.73)
46-808636-01-04	12/01/11	12/01/12	12,485.00	15,611.87	0.00	15,611.87	(3,126.87)
46-808636-01-05	12/01/12	12/01/13	20,694.00	25,318.36	0.00	25,318.36	(4,624.36)
46-808636-01-07	12/01/14	12/01/15	20,334.00	12,167.92	0.00	12,167.92	8,166.08
46-842011-01-01	08/17/11	08/17/12	12,310.00	9,496.40	0.00	9,496.40	2,813.60
46-842011-01-02	08/17/12	08/17/13	15,862.00	13,362.37	0.00	13,362.37	2,499.63
46-842011-01-03	08/17/13	08/17/14	21,484.00	27,250.01	0.00	27,250.01	(5,766.01)
46-842011-01-04	08/17/14	08/17/15	17,116.00	12,347.65	0.00	12,347.65	4,768.35
46-810135-01-01	01/06/09	01/06/10	15,083.00	12,489.22	0.00	12,489.22	2,593.78
46-810135-01-02	01/06/10	01/06/11	15,070.00	13,830.03	0.00	13,830.03	1,239.97
46-810135-01-03	01/06/11	09/23/11	8,735.00	9,701.07	0.00	9,701.07	(966.07)

EXHIBIT 1.

Policy			Policy	Amount Collected			
Number	Begin Date	End Date	Premium	Via RPA	Interest	Total	Difference
46-038081-02-05	11/10/10	11/10/11	21,296.00	26,170.55	0.00	26,170.55	(4,874.55)
46-038081-02-06	11/10/11	11/10/12	62,414.00	60,259.36	0.00	60,259.36	2,154.64
46-038081-02-07	11/10/12	11/10/13	75,099.00	55,894.05	0.00	55,894.05	19,204.95
46-038081-02-08	11/10/13	11/10/14	44,798.00	35,731.49	0.00	35,731.49	9,066.51
46-038081-02-09	11/10/14	11/10/15	19,704.00	18,361.11	0.00	18,361.11	1,342.89
46-849480-01-01	02/20/12	02/20/13	11,576.00	11,390.27	0.00	11,390.27	185.73
46-849480-01-02	02/20/13	01/01/14	13,413.00	13,019.13	0.00	13,019.13	393.87
46-038081-01-03	11/10/08	11/10/09	17,611.00	24,157.71	0.00	24,157.71	(6,546.71)
46-038081-01-04	11/10/09	11/10/10	21,143.00	21,512.81	0.00	21,512.81	(369.81)
46-814771-01-01	05/12/09	05/12/10	5,540.00	3,554.28	0.00	3,554.28	1,985.72
46-814771-01-02	05/12/10	05/12/11	5,012.00	3,873.64	0.00	3,873.64	1,138.36
46-814771-01-03	05/12/11	06/26/11	761.00	700.27	0.00	700.27	60.73
46-830471-01-01	08/13/10	08/13/11	102.00	94.20	0.00	94.20	7.80
46-830471-01-02	08/13/11	01/20/12	292.00	236.20	0.00	236.20	55.80
46-803531-01-01	05/05/08	05/05/09	16,506.00	20,016.16	0.00	20,016.16	(3,510.16)
46-803531-01-02	05/05/09	05/05/10	19,106.00	11,872.69	0.00	11,872.69	7,233.31
46-803531-01-03	05/05/10	05/05/11	16,862.00	18,807.57	0.00	18,807.57	(1,945.57)
46-803531-01-04	05/05/11	05/05/12	14,651.00	19,704.75	0.00	19,704.75	(5,053.75)
46-803531-01-05	05/05/12	05/05/13	15,530.00	12,010.45	0.00	12,010.45	3,519.55
46-803531-01-06	05/05/13	05/05/14	17,035.00	14,131.92	0.00	14,131.92	2,903.08
46-803531-01-07	05/05/14	05/05/15	16,116.00	20,800.10	0.00	20,800.10	(4,684.10)
46-875667-01-02	08/12/14	08/12/15	70,823.00	70,562.61	0.00	70,562.61	260.39
46-801381-01-01	01/19/08	01/19/09	8,491.00	8,153.82	0.00	8,153.82	337.18
46-801381-01-02	01/19/09	01/19/10	10,806.00	7,652.10	0.00	7,652.10	3,153.90
46-801381-01-03	01/19/10	01/19/11	12,540.00	13,487.00	0.00	13,487.00	(947.00)
46-801381-01-04	01/19/11	01/19/12	13,153.00	11,467.42	0.00	11,467.42	1,685.58
46-801381-01-05	01/19/12	01/19/13	13,075.00	10,247.61	0.00	10,247.61	2,827.39
46-801381-01-06	01/19/13	01/19/14	15,439.00	12,847.55	0.00	12,847.55	2,591.45
46-801381-01-07	01/19/14	01/19/15	18,309.00	23,521.34	0.00	23,521.34	(5,212.34)
46-854930-01-01	06/06/12	06/06/13	34,470.00	26,473.62	0.00	26,473.62	7,996.38
46-854930-01-03	06/06/13	06/06/14	33,847.00	27,561.25	0.00	27,561.25	6,285.75
46-854930-01-05	06/06/14	06/06/15	26,242.00	33,990.77	0.00	33,990.77	(7,748.77)
46-857839-01-01	07/01/12	07/01/13	17,796.00	13,825.70	0.00	13,825.70	3,970.30
46-857839-01-02	07/01/13	07/01/14	15,394.00	14,453.47	0.00	14,453.47	940.53

EXHIBIT 1.

Policy			Policy	Amount Collected			
Number	Begin Date	End Date	Premium	Via RPA	Interest	Total	Difference
46-857839-01-03	07/01/14	07/01/15	13,106.00	17,956.88	0.00	17,956.88	(4,850.88)
46-865702-01-03	01/20/15	01/20/16	973.00	1.04	0.00	1.04	971.96
			$4,199,892.00	$4,384,608.43	$596.83	$4,385,205.26	

Exhibit 2. Restitution to be paid

Refund to be Made to Vermont Policyholders Who Purchased SolutionOne Products
To be Computed on an Account Basis & Based on 3/31/2015 Valuation
For All Expired & In-Force Policies as of 03/31/15

First 8 Digits of Policy Number	{a} Guaranteed Cost Premium	{b} Program Charges Collected	{c} = {b} - {a}	{d} Amount to be Refunded
46-801256	177,090	256,329	79,239	79,239
46-803531	115,806	117,344	1,538	1,538
46-805319	23,640	41,830	18,190	18,190
46-806202	50,678	105,933	55,255	55,255
46-806667	92,467	95,262	2,795	2,795
46-807361	5,692	7,391	1,699	1,699
46-808636	83,100	87,182	4,082	4,082
46-810625	206,420	247,308	40,888	40,888
46-815405	94,285	115,982	21,697	21,697
46-819471	81,749	94,895	13,146	13,146
46-827832	199,257	255,189	55,932	55,932
46-837784	66,343	67,276	933	933
46-839412	649,371	687,826	38,455	38,455
46-841807	147,835	150,024	2,189	2,189
46-842350	70,603	85,071	14,468	14,468
46-843043	174,657	176,053	1,396	1,396
Grand Total	**2,238,993**	**2,590,895**		**351,902**

Respondents certify that the information provided in Exhibits 1 and 2 is true, complete and accurate:

Continental Indemnity Company
By:

_____ **Date:** 10/19/15

Applied Underwriters, Inc.
By:

_____ **Date:** 10/19/15

Applied Risk Services Inc.
By:

_____ **Date:** 10/19/15

Applied Underwriters Captive Risk Assurance Company, Inc.
By:

_____ **Date:** 10/19/15