

# Arkansas Insurance Department

Mike Beebe  
Governor



Jay Bradford  
Commissioner

July 17, 2014

*Via electronic mail to counsel*

Shelter Mutual Insurance Company  
Attn: Rick Means  
1817 West Broadway  
Columbia, MO 65218-0001

## NOTICE OF HEARING

Dear Mr. Means:

On December 2013 and January 2014, Shelter Mutual Insurance Company filed six (6) forms that included depreciation of labor in the definition of "actual cash value." Specifically, form numbers SHEL-129338491, SHEL-129341285 and SHEL-129344825 were filed on December 18, 2013, form numbers SHEL-129341360 and SHEL-129341362 were filed on December 19, 2013, and form number SHEL-129372477 was filed on January 17, 2014. The Department disapproved the six (6) forms, stating "Pursuant to the provisions of [Arkansas Code Annotated] § 23-79-109, this filing is being disapproved due to noncompliance with Bulletin 13A-2013."

Bulletin 13A-2013, issued on July 18, 2013, clarified the Department's position on "the items that are eligible for depreciation in policies with Actual Cash Value ("ACV") loss settlement provisions," and stated that "[l]abor of any kind related to the repair, rebuild, or replacement of covered property cannot be depreciated." The Department considers artificial or excessive depreciation to be a violation of the Arkansas Trade Practices Act, Arkansas Code Annotated § 23-66-201, *et. seq.*, and, specifically, an unfair claims settlement practice, Arkansas Code Annotated § 23-66-206(13).

Shelter seeks an administrative hearing pursuant to Arkansas Code Annotated §§ 23-61-303(b) and 23-61-305 on the Department's disapproval of the six (6) forms cited above. The administrative hearing will begin on **August 4, 2014 at 9:00 a.m.** and will take place in the First Floor Hearing Room of the Arkansas Insurance Department ("Department"), 1200 West Third Street, Little Rock, Arkansas 72201, before the Insurance Commissioner, Jay Bradford, or his designated Hearing Officer. The purpose of the hearing is to address the Department's disapproval of the six (6) aforementioned forms and to determine whether the disapproval is proper pursuant to Arkansas Code Annotated §§ 23-79-109 and 23-79-110. At the hearing, the Department may raise additional allegations, and the Department reserves the right to amend this notice prior to or at the time of the hearing.

You have the right to represent yourself or be represented by counsel of your own choosing at this proceeding. Additionally, the Commissioner will obtain a competent reporter to record the hearing. You may avail yourself of other privileges, including the Department's assistance to subpoena any needed witnesses or records.

Your verbal or written notification that you have received this notice of hearing must be received in this office within **ten (10) days of your receipt**. If your notification is not received by the Department within ten (10) days, any and all expenses incurred by the Department in continuing the hearing or in notification of witnesses, including but not limited to, phone calls, issuance of subpoenas and postage, will be charged to the party or parties requesting such continuance.

If you have questions or concerns, please feel free to contact me at (501) 371-2841.

Sincerely,

*Amanda J. Andrews*

Amanda J. Andrews  
Associate Counsel