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JAN 3 2003

TREASURER AND
INSURANCE COMMISSIONER
Docketed by: *CV*



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 65100-03-CO

TRAVELERS INDEMNITY COMPANY
2002 Property and Casualty
Market Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **TRAVELERS INDEMNITY COMPANY** (hereinafter referred to as "TRAVELERS") and the **FLORIDA DEPARTMENT OF INSURANCE** (hereinafter referred to as the "DEPARTMENT"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the **DEPARTMENT** hereby finds as follows:

1. The **DEPARTMENT** has jurisdiction over the subject matter of, and parties to, this proceeding.
2. **TRAVELERS** is a foreign property and casualty insurer authorized to transact insurance business in Florida and is subject to the jurisdiction and regulation of the **DEPARTMENT** pursuant to the Florida Insurance Code.

3. The **DEPARTMENT** conducted a property and casualty market conduct examination of **TRAVELERS** covering the period of January 1999 through May 2001, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **TRAVELERS** committed the following violations of the Florida Insurance Code or Florida Administrative Code.

a. Homeowners

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Premium Computation Error.
2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect CAT Fund Factor.
3. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Protection Class.

b. Commercial Automobile

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Premiums Due to Use of Incorrect Rate.
2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Territory.
3. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Failure to Apply Fleet Factor.
4. Rule 4-170.004, Failure to Apply Debits/Credits Within the Approved Range for Each Item.
5. Rule 4-170.004, Failure to Document/Substantiate Debit/Credit.
6. Rule 4-170.004, Failure to Apply Credit/Debit within Approved Range.

7. Section 627.727, F.S.-Failure to Offer/Obtain/Maintain Signed UM Acceptance/Rejection Form.
8. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.

c. Cancellations/Nonrenewals

1. Rule 4-167.010, Failure to Provide Proof of Mailing.

d. Claims

1. Section 627.4137, F.S.-Failure to Disclose Information.
2. Section 627.318, F.S.-Failure to Maintain Records.
3. Section 626.877, F.S.-Failure to Properly Adjust Claim per Policy Requirements-No Payment.

e. Agents/MGA

1. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent.
2. Section 624.425, F.S.-Failure to Properly Countersign/Obtain Power of Attorney.

4. The **DEPARTMENT** and **TRAVELERS** expressly waive a hearing in this matter and the making of Findings of Fact and Conclusions of Law by the **DEPARTMENT** and other proceedings herein to which the parties may be entitled by law. **TRAVELERS**, hereby knowingly and voluntarily waives the rights to contest this Order, in any forum now available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

5. **TRAVELERS** agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) **TRAVELERS** shall pay an administrative penalty of \$7,000 and administrative costs of \$1,000 on or before the 30th day after this Consent Order is executed.

(b) **TRAVELERS** shall henceforth comply with all of the provisions of the Florida Insurance Code, Florida Administrative Code and implement policies and procedures that will preclude the recurrence of violations contained in the Examination Report. These policies and procedures shall be made available to the **DEPARTMENT** for review upon request. Within 90 days after execution of this Consent Order, **TRAVELERS** shall both implement recommendations contained in this Report of Examination, and identified below, and submit confirmation, in writing, to the **DEPARTMENT** that all directives contained in the report have been met, including all refunds.

(c) Corrective Actions

1. Homeowners

a. The Company will process outstanding refunds and provide written documentation certifying that the refunds have been made.

2. Commercial Automobile

a. The Company will establish procedures to ensure that the maximum percentage filed for the various risk characteristics of the Company's schedule rating plan are not exceeded.

(d) **TRAVELERS** is hereby placed on notice of the requirements of the above referenced sections of law and agrees that any future violations of these sections by **TRAVELERS** may subject **TRAVELERS** to appropriate penalties.

6. **TRAVELERS** agrees that the failure to adhere to one or more of the above terms and conditions of this order shall constitute a violation of a lawful order of the **DEPARTMENT**, and shall subject **TRAVELERS** to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

7. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

8. **THEREFORE**, the agreement between **TRAVELERS INDEMNITY COMPANY** and the **DEPARTMENT**, the terms and conditions of which are set forth above, is approved.

FURTHER, all terms and conditions above are hereby ORDERED. **DONE AND**
ORDERED this 6TH day of JANUARY, 2003.



KEVIN MCCARTY
DEPUTY INSURANCE COMMISSIONER

By execution hereof **TRAVELERS INDEMNITY COMPANY** consents to entry of this Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. I am authorized to execute this document.

TRAVELERS INDEMNITY COMPANY

By: _____

Marvellen Prudhomme
(Print or Type Name)

Title: Assistant Secretary

Date: January 2, 2003

Corporate Seal

COPIES FURNISHED TO:

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