



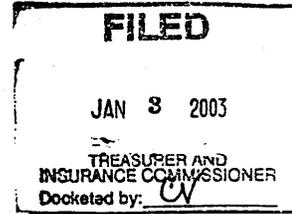
THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 65099-02-CO

**TRAVELERS INDEMNITY
COMPANY OF ILLINOIS**
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 OF ILLINOIS** (hereinafter referred to as "TRAVELERS OF ILLINOIS") 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 OF ILLINOIS** 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 OF ILLINOIS** 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 OF ILLINOIS** committed the following violations of the Florida Insurance Code or Florida Administrative Code.

a. Private Passenger Automobile

1. Section 627.0651, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)- Failure to Apply Vehicle Type Factor.
2. Section 627.0651, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)- Failure to Apply Factory Installed Anti-Theft Credit.
3. Section 627.0651, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)- Use of Incorrect Use Class Factor.
4. Section 627.0651, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)- Use of Incorrect Symbol.
5. Section 627.0651, Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)- Failure to Apply Anti-Lock Brake Discount Requirements.
6. Section 627.727, F.S.-Failure to Offer/Obtain/Maintain Signed UM Acceptance/Rejection Form.
7. Rule 4-125.004, Failure to Comply with Credit Report/Scoring Requirements.

b. Commercial Automobile

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Age/Cost Factor Did Not Match Factor Used in the Premium Computation.

2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Hazard/Control Risk Classifications.
3. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Use of Incorrect Experience Modification Factor.
4. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Applied a Non-Applicable Package Modification Factor.
5. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Use of Incorrect Deductible Factor.
6. Section 627.318, F.S.-Failure to Maintain Records.
7. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.
8. Section 627.062, F.S.-Use of Unfiled Rate, Rating Schedule or Rating Rule-Issued Policies Using Reliance Insurance Company Rates.
9. Rule 4-170.004, Failure to Document/Substantiate Debit/Credit.
10. Rule 4-170.004, Failure to Apply Credit/Debit Within Approved Range.

c. Workers' Compensation

1. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Incorrect Increased Limit Factor.
2. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Incorrect Tax Multiplier Factor.
3. Section 627.191, F.S.- Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Incorrect Experience Modification Factor.

4. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Failure to Apply Experience Modification Factor.
5. Section 627.191, F.S.-Failure to Audit Policy and Return Premium Timely.
6. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Incorrect Expected Loss Premium Factor.
7. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Incorrect Premium Discount.
8. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Failure to use Anniversary Rate.
9. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.
10. Section 627.318, F.S.-Failure to Maintain Records.

d. Cancellations/Nonrenewals

1. Rule 4-167.010, F.S.-Failure to Provide Proof of Mailing.
2. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.
3. Section 627.4091, F.S.-Failure to Provide Specific Reason for Denial, Cancellation or Nonrenewal.
4. Section 627.318, F.S.-Failure to Maintain Records.

e. Claims

1. Section 627.4137, F.S.-Failure to Disclose Information.
2. Section 626.877, F.S.-Failure to Properly Adjust Claim per Policy Requirements.

f. Agents/MGA

1. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent.
2. Rule 4-189.004, Failure to Use Proper Application.
3. Section 624.425, F.S.-Failure to Properly Countersign/Obtain Power of Attorney.
4. Section 627.4085, F.S.-Failure to Display Agent Name/License ID# or Insurer Name on Application.

4. The **DEPARTMENT** and **TRAVELERS OF ILLINOIS** 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 OF ILLINOIS** 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 OF ILLINOIS** agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) **TRAVELERS OF ILLINOIS** shall pay an administrative penalty of \$18,500 and administrative costs of \$2,000 on or before the 30th day after this Consent Order is executed.

(b) **TRAVELERS OF ILLINOIS** 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 OF ILLINOIS** 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) Revised Procedures

1. Private Passenger Automobile

- a. The Company will establish procedures to ensure that all vehicles equipped with factory installed anti-theft devices receive a credit and provide written documentation certifying that corrective action has been taken.
- b. The Company will process outstanding refunds and provide written documentation certifying that the refunds have been made.

2. Workers' Compensation

- a. The Company will establish procedures to ensure that audits are completed within 90 days of policy expiration and provide written documentation certifying that corrective action has been taken.
- b. The Company will establish procedures to ensure that notices of renewal premium are provided on all Florida risks. These procedures should be established with written documentation certifying that corrective action has been taken.

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

3. Claims

- a. The Company was requested and has changed the First Floridian Auto and Home Insurance Company adjuster appointments reflecting Travelers Insurance Companies as the appointing entity in order for the adjusters to continue adjusting claims with other companies of this group.

4. Agents/MGA/Advertising/Marketing

- a. The Company will establish procedures to ensure that the Company has obtained the required Acord 130-FL application form on all workers' compensation business. These procedures should be established with written documentation verifying that corrective action has been taken.
- b. The Company will establish procedures to ensure that all policies are countersigned by a Florida resident agent. These procedures should be established with written documentation verifying that corrective action has been taken.

(d) **TRAVELERS OF ILLINOIS** 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 OF ILLINOIS** may subject **TRAVELERS OF ILLINOIS** to appropriate penalties.

6. **TRAVELERS OF ILLINOIS** 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 OF ILLINOIS** 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 OF ILLINOIS** 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 OF ILLINOIS** 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
OF ILLINOIS**

By: _____

Marvellen Prudhomme

(Print or Type Name)

Title: Assistant Secretary

Date: January 2, 2002

Corporate Seal

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