



**COMMONWEALTH OF PENNSYLVANIA  
INSURANCE DEPARTMENT**

MARKET CONDUCT  
EXAMINATION REPORT

OF

**TRUMBULL INSURANCE  
COMPANY**  
HARTFORD, CT

As of: December 14, 2023  
Issued: February 1, 2024

**BUREAU OF MARKET ACTIONS  
PROPERTY & CASUALTY DIVISION**



PENNSYLVANIA INSURANCE DEPARTMENT
EXAMINATION VERIFICATION

I, Vernon Schmidt, Market Conduct Examiner II from
(Name of Examiner) (Title of Examiner)

Pennsylvania Insurance Department certify that I was the Examiner-In-Charge of the Report of
(Name of Vendor/Department)

Examination of Trumbull Insurance Company made as of 12/11/2023.
(Name of Examined Company) (Date)

The last date of examination file review was 10/06/2023 and the written Report
(Date)

of Examination was reviewed and accepted by the Paul E. Townsen III
(Chief of Market Conduct Examiner)

on 12/14/2023.
(Date)

I have reviewed the completed written Report of Examination and certify that the facts and figures recited
therein are true and accurate, according to the records, documents and other evidence obtained during the
course of the examination.

Vernon Schmidt
(Examiner-in Charge)

The Pennsylvania Insurance Department
(Name of Vendor/Department)

Bureau of Market Actions, 1321 Strawberry Square Harrisburg, PA 17120
(Address of Vendor/Department)

Vern Schmidt
(Examiner in Charge Signature)

12/11/2023
(Date)

IN ORDER TO SATISFY SECTION 40 P.S. § 323.5(b), THAT PROVIDES FOR NO LONGER THAN
SIXTY (60) DAYS FROM THE COMPLETION OF THE EXAMINATION, THE EXAMINER IN
CHARGE SHALL FILE WITH THE DEPARTMENT A VERIFIED WRITTEN REPORT OF
EXAMINATION UNDER OATH.

**TRUMBULL INSURANCE COMPANY**

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BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

**ORDER**

AND NOW, this \_\_3rd\_\_ day of \_July\_\_, 2023, in accordance with Section 905(c) of the Pennsylvania Insurance Department Act, Act of May 17, 1921, P.L. 789, as amended, P.S. § 323.5, I hereby designate David J. Buono, Jr., Deputy Insurance Commissioner, to consider and review all documents relating to the market conduct examination of any company and person who is the subject of a market conduct examination and to have all powers set forth in said statute including the power to enter an Order based on the review of said documents. This designation of authority shall continue in effect until otherwise terminated by a later Order of the Insurance Commissioner.



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Michael Humphreys  
Insurance Commissioner

BEFORE THE INSURANCE COMMISSIONER  
OF THE  
COMMONWEALTH OF PENNSYLVANIA

IN RE:	:	VIOLATIONS:
TRUMBULL INSURANCE COMPANY :	:	
One Hartford Plaza :	:	40 P.S. §323.3(a)
Hartford, CT 06155 :	:	
	:	40 P.S. §§991.2003(a)(14) and 991.2008(b)
	:	
	:	40 P.S. §1171.5(a)(4)
	:	
	:	40 P.S. §1184(a)&(h)
	:	
	:	40 P.S. §1224(a)&(i)
	:	
	:	31 Pa. Code §§62.3, 146.3, 146.5(d), and
	:	146.6
	:	
	:	63 P.S. §861(b)
	:	
	:	75 Pa. C.S. §§1705(a)(4),
	:	1731(b)&(c)(c.1), and 1738(d)(1)&(2)(e)
	:	
	:	
Respondent :	:	Docket No. MC23-12-014

CONSENT ORDER

AND NOW, this 1st day of February, 2024, this Order is hereby issued by the Insurance Department of the Commonwealth of Pennsylvania pursuant to the statutes cited above and in disposition of the matter captioned above.

1. Respondent hereby admits and acknowledges that it has received proper notice of its rights to a formal administrative hearing pursuant to the Administrative Agency Law, 2 Pa.C.S. §101, et seq., or other applicable law.

2. Respondent hereby waives all rights to a formal administrative hearing in this matter and agrees that this Consent Order shall have the full force and effect of an order duly entered in accordance with the adjudicatory procedures set forth in the Administrative Agency Law, supra, or other applicable law.

### FINDINGS OF FACT

3. The Insurance Department finds true and correct each of the following Findings of Fact:

- (a) Respondent is Trumbull Insurance Company, and maintains its address at One Hartford Plaza, Hartford, CT 06155.
- (b) A market conduct examination of Respondent was conducted by the Insurance Department covering the experience period from January 1, 2022 through December 31, 2022.
- (c) On December 14, 2023, the Insurance Department issued a Market Conduct Examination Report to Respondent.



- (d) A response to the Examination Report was provided by Respondent on January 11, 2024.
- (e) The Market Conduct Examination of Respondent revealed violations of the following:
  - (i) All findings and conclusions in the Examination Report, which is attached hereto, are hereby incorporated into this Consent Order

#### CONCLUSIONS OF LAW

4. In accord with the above Findings of Fact and applicable provisions of law, the Insurance Department makes the following Conclusions of Law:

- (a) Respondent is subject to the jurisdiction of the Pennsylvania Insurance Department.
- (b) Violations of 40 P.S. §§991.2003(a)(14) and 991.2008(b) (relating to Motor vehicles) of 40 P.S. are punishable by the following, under Section 991.2013: Any individual or insurer who violates any of the provisions of this Article may be sentenced to pay a fine not to exceed five thousand dollars (\$5000).

- (c) Violations of 40 P.S. §1171.5(a)(4) are punishable by the following, under Section 9 of the Unfair Insurance Practices Act (40 P.S. §1171.10, 1171.9):
  - (i) cease and desist from engaging in the prohibited activity;
  - (ii) suspension or revocation of the license(s) of Respondent;
  
- (d) In addition to any penalties imposed by the Commissioner for Respondent's violations of 40 P.S. §§1171.1 – 1171.5, the Commissioner may, under (40 P.S. §§1171.10, 1171.11) file an action in which the Commonwealth Court may impose the following civil penalties:
  - (i) for each method of competition, act or practice which the company knew or should have known was in violation of the law, a penalty of not more than five thousand dollars (\$5,000.00);
  - (ii) for each method of competition, act or practice which the company did not know nor reasonably should have known was in violation of the law, a penalty of not more than one thousand dollars (\$1,000.00).
  
- (e) Violations of Section 4 of the Casualty and Surety Rate Regulatory Act, No. 246 (40 P.S. §1184(a)&(h)) are punishable under Section 16 of the Act:
  - (i) imposition of a civil penalty not to exceed \$50 for each violation or not more than \$500 for each such willful violation:
  - (ii) suspension of the license of any insurer which fails to comply with an Order of the Commissioner within the time limited by such Order, or any extension thereof which the Commissioner may grant.

- (f) Violations of 40 P.S. §1224(a)&(i) are punishable by the following under the Fire and Marine Act (40 P.S. §1235):
  - (i) imposition of a civil penalty not to exceed \$50 for each violation or not more than \$500 for each such willful violation;
  - (ii) suspension of the license of any insurer which fails to comply with an Order of the Commissioner within the time limited by such Order, or any extension thereof which the Commissioner may grant.
  
- (g) Respondent's violations of 31 Pa. Code §§146.3, 146.5(d), and 146.6 are punishable under Sections 1 through 5 and Section 9 of the Unfair Insurance Practices Act (40 P.S. §§1171.1-1171.5 and 1171.9);
  - (i) cease and desist from engaging in the prohibited activity;
  - (ii) suspension or revocation of the license(s) of Respondent;

ORDER

5. In accord with the above Findings of Fact and Conclusions of Law, the Insurance Department orders and Respondent consents to the following:

- (a) Respondent shall cease and desist from engaging in the activities described herein in the Findings of Fact and Conclusions of Law.

(b) Respondent shall pay Seven Thousand Five Hundred Dollars (\$7,500.00) in settlement of all violations contained in the Report.

(c) Payment of this matter shall be made at <https://www.bpp.ob.pa.gov/Customer>.

Instructions on how to do this are provided in the attached cover letter to this order.

Payment must be made no later than thirty (30) days after the date of this Order.

(d) To determine Respondent's compliance with the full and timely implementation of all recommendations in the Examination Report, the Department may inquire with the Respondent about its implementation of the Recommendations no earlier than twelve (12) months from the date of this Order.

(e) Respondent shall share the Examination Report and this Order with each of its directors and submit affidavits executed by each of its directors, stating under oath that they have received a copy of the Examination Report and this Order. Such affidavits shall be submitted within thirty (30) days of the date of this Order.

(f) Respondent shall comply with all recommendations contained in the attached Report.

6. In the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, based upon the Findings of Fact and Conclusions of Law contained herein may pursue any and all legal remedies available, including but not limited to the following: The Insurance Department may enforce the provisions of this

Order in the Commonwealth Court of Pennsylvania or in any other court of law or equity having jurisdiction; or the Department may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

7. Alternatively, in the event the Insurance Department finds that there has been a breach of any of the provisions of this Order, the Department may declare this Order to be null and void and, thereupon, reopen the entire matter for appropriate action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. In any such enforcement proceeding, Respondent may contest whether a breach of the provisions of this Order has occurred but may not contest the Findings of Fact and Conclusions of Law contained herein.

9. Respondent hereby expressly waives any relevant statute of limitations and application of the doctrine of laches for purposes of any enforcement of this Order.

10. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

11. This Order shall be final upon execution by the Insurance Department. Only the Insurance Commissioner or a duly authorized delegee is authorized to bind the Insurance Department with respect to the settlement of the alleged violations of law contained



## *I. INTRODUCTION*

The Market Conduct Examination of Trumbull Insurance Company, hereinafter referred to as “Company”, was conducted at the Pennsylvania Insurance Department beginning May 18, 2023. There was no on-site portion of the exam.

Pennsylvania Market Conduct Examination Reports generally note only those items to which the Department, after review, takes exception. However, the Examination Report may include management recommendations addressing areas of concern noted by the Department, but for which no statutory violation was identified. This enables Company management to review those areas of concern in order to determine the potential impact upon Company operations or future compliance. A violation is any instance of Company activity that does not comply with an insurance statute or regulation. Violations contained in the Report may result in imposition of penalties.

In certain areas of review listed in this Report, the examiners will refer to “error ratio.” This error ratio is calculated by dividing the number of policies with violations by the total number of policies reviewed. For example, if 100 policies are reviewed and it is determined that there are 20 violations on 10 policies, the error ratio would be 10%.

Throughout the course of the examination, Company officials were provided with status memoranda, which referenced specific policy numbers with citation to each section of law violated. Additional information was requested to clarify apparent violations. An exit conference was conducted with Company personnel to discuss the various types of violations identified during the examination and review written summaries provided on the violations found.

The courtesy and cooperation extended by the officers and employees of the Company during the course of the examination is hereby acknowledged.

The following examiners participated in this examination and in preparation of this Report.

Paul Towsen, MCM  
Market Conduct Division Chief  
Pennsylvania Insurance Department

Vernon Schmidt, MCM  
Market Conduct Examiner II - EIC  
Pennsylvania Insurance Department

Joshua Gotwalt, MCM  
Market Conduct Examiner II  
Pennsylvania Insurance Department

Richard Barr, MCM  
Market Conduct Examiner I  
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Ellis Savage, MCM  
Market Conduct Examiner I  
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Nikki Pedersen, AIC  
Market Conduct Examiner  
Regulatory Insurance Advisors, LLC

Sheri Kenny, CFE, MCM  
Market Conduct Examiner  
Regulatory Insurance Advisors, LLC



## **II. SCOPE OF EXAMINATION**

The Market Conduct Examination was conducted on Trumbull Insurance Company, at the Pennsylvania Insurance Department, located in Harrisburg, Pennsylvania. The examination was conducted pursuant to Sections 903 and 904 (40 P.S. §§323.3 and 323.4) of the Insurance Department Act of 1921 and covered the experience period of January 1, 2022, through December 31, 2022, unless otherwise noted. The purpose of the examination was to determine the Company's compliance with Pennsylvania insurance laws and regulations.

The examination focused on Company operations in the following areas:

1. Private Passenger Automobile
  - Underwriting – Appropriate and timely notices of nonrenewal, midterm cancellations, 60-day cancellations, and declinations.
  - Rating – Proper use of all classification and rating plans and procedures.
2. Personal Property
  - Underwriting – Appropriate and timely notices of nonrenewal, midterm cancellations, 60-day cancellations, and declinations.
  - Rating – Proper use of all classification and rating plans and procedures.
3. Claims
4. Complaints
5. Underwriting Practices & Procedures
6. Forms

7. Data Integrity

8. MCAS

- Private Passenger Automobile
- Personal Property

### **III. COMPANY HISTORY**

Trumbull Insurance Company was incorporated on October 10, 1986, under the laws of the State of Connecticut and commenced business on December 30, 1986. Formerly, Hartford Insurance Company of Connecticut - Name changed April 1992. Trumbull Insurance Company is the surviving corporation of a merger with Hartford Insurance Company of Alabama, an Alabama corporation incorporated in August 1979.

### **LICENSING**

Trumbull Company's last Certificate of Authority to write business in the Commonwealth was last issued on April 1, 2023. The Company is licensed in all fifty states except Hawaii, and the District of Columbia. The Company's 2021 annual statement reflects Direct Written Premium for all lines of business in the Commonwealth of Pennsylvania as \$56,780,606. Premium volume related to the areas of this review were: Homeowners Multiple Peril \$1,058,571; Private Passenger Automobile Direct Written Premium was reported as Private Passenger Auto No-Fault (Personal Injury Protection) \$2,781,273; Other Private Passenger Auto Liability \$23,092,746; and Private Passenger Auto Physical Damage \$17,764,522.

## **IV. UNDERWRITING**

### **A. Private Passenger Automobile**

#### 1. Nonrenewals

A nonrenewal is considered to be any policy that was not renewed, for a specific reason, at the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

From the universe of 660 private passenger automobile policies which were nonrenewed during the experience period, 75 files were selected for review. All 75 files requested were received and reviewed. There were no violations noted.

#### 2. Midterm Cancellations

A midterm cancellation is any policy that terminates at any time other than the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited, and Section 2006 (40 P.S. §991.2006), which establishes the requirements which must be met regarding the form and conditions of the cancellation notice.

From the universe of 1,033 private passenger automobile policies which were cancelled during the experience period, 75 files were selected for review. All 75 files requested were received and reviewed. The one violation noted was based on one file, resulting in an error ratio of 1%.

The following finding and concern were noted.

*1 Violation 40 P.S. §323.3(a)*

Requires every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth.

The Company failed to have proof in the file to indicate the insured requested cancellation for the file noted.

**CONCERN:** Examiners were unable to find documentation of online communications or outgoing emails referred to in Client.

3. 60-Day Cancellations

A 60-day cancellation is considered to be any policy, which was cancelled within the first 60 days of the inception date of the policy.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions

under which action by the insurer is prohibited. These files were also reviewed for compliance with Act 68, Section 2002(b)(3) (40 P.S. §991.2002(b)(3)), which requires an insurer who cancels a policy of automobile insurance in the first 60 days, to supply the insured with a written statement of the reason for cancellation.

From the universe of 1,297 automobile policies that were cancelled within the first 60 days of new business, 75 files were selected for review. All 75 files requested were received and reviewed. There were no violations noted.

#### 4. Declinations

A declination is any application that is received by the Company and was declined to be written.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited.

From the universe of 2,952 declinations for private passenger auto insurance, 80 were selected for review. All 80 files requested were received and reviewed. The one violation noted was based on one file, resulting in an error ratio of 1%.

The following finding was noted.

#### *1 Violation 40 P.S. §991.2008(b)*

Any applicant for a policy who is refused such policy by an insurer shall be given a written notice of refusal to write by the insurer. Such notice shall state the specific reason or reasons

of the insurer for refusal to write a policy for the applicant. Within 30 days of the receipt of such reasons, the applicant may request in writing to the Insurance Commissioner that he review the action of the insurer in refusing to write a policy for the applicant. The Company failed to provide a written notice of refusal to write for the file noted.

## 5. Rescissions

A rescission is any policy which was void ab initio by the Company.

The primary purpose of the review was to determine compliance with Act 68, Section 2003 (40 P.S. §991.2003), which establishes conditions under which action by the insurer is prohibited. The review also determines compliance with the rescission requirements established by the Supreme Court of Pennsylvania in *Erie Insurance Exchange v. Lake*.

The universe of 35 private passenger automobile policies that was identified by the Company as rescissions during the experience period was selected for review. All 35 files requested were received and reviewed. There were no violations noted.

## **B. Property**

### 1. Nonrenewals

A nonrenewal is considered to be any policy that was not renewed, for a specific reason, at the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine personal lines compliance with Act 205, Unfair Insurance Practices Act, Section 5(a)(9) [40 P.S. §1171.5(a)(9)], which establishes the conditions under which

cancellation of a policy is permissible along with the form requirements of the nonrenewal notice.

From the universe of 129 property policies, which were nonrenewed during the experience period, 83 files were selected for review. The property policies consisted of homeowners, tenant homeowners and condominium. All 83 files requested were received and reviewed. There were no violations noted.

## 2. Midterm Cancellations

A midterm cancellation is any policy that terminates at any time other than the normal twelve-month policy anniversary date.

The primary purpose of the review was to determine personal lines compliance with Act 205, Unfair Insurance Practices Act, Section 5(a)(9) [40 P.S. §1171.5(a)(9)], which establishes the conditions under which cancellation of a policy is permissible along with the form requirements of the cancellation notice.

The universe of seven property policies which were cancelled midterm during the experience period was selected for review. The property policies consisted of homeowners and tenant homeowners. All seven files requested were received and reviewed. There were no violations noted.

## 3. 60-Day Cancellations

A 60-day cancellation is considered to be any policy, which was cancelled within the first 60 days of the inception date of the policy.

The primary purpose of the review was to determine compliance with Act



205, Unfair Insurance Practices Act, Section 5(a)(7)(iii) [40 P.S. 1171.5(a)(7)(iii)], which prohibits an insurer from canceling a policy for discriminatory reasons and Title 31, Pennsylvania Code, Section 59.9(b), which requires an insurer who cancels a policy in the first 60 days to provide at least 30 days' notice of the termination.

The universe of 24 property policies which were cancelled in the first 60 days of new business was selected for review. The property policies consisted of homeowners and tenant homeowners. All 24 files requested were received and reviewed. There were no violations noted.

#### 4. Declinations

A declination is any application that is received by the Company and was declined to be written.

The primary purpose of the review was to determine compliance with Act 205, Unfair Insurance Practices Act, Section 5 [40 P.S. §1171.5], which defines unfair methods of competition and unfair or deceptive acts or practices.

From the universe of 211 property policies which were declined by the Company during the experience period, 82 files were selected for review. All 82 files requested were received and reviewed. The property policies consisted of homeowners and tenant homeowners. There were no violations noted.

The following concerns were noted.

**CONCERN:** Examiners noted an inconsistency with letters in this section. Although not required, letters were sent on some, but not all declinations in this sample group.

**CONCERN:** Examiners were unable to identify specifics regarding the unrepaired damages that were noted to be the reason for multiple declinations. There were no notes in Client to explain what the unrepaired damages were. It is unclear where this information is documented.

**CONCERN:** Incoming and outgoing emails (or content of either) were not included for review in Client, therefore examiners were not able to follow the communication trail on multiple samples.

#### 5. Rescissions

A rescission is any policy which was void ab initio by the Company.

The primary purpose of the review was to determine compliance with Act 205, which establishes conditions under which action by the insurer is prohibited. The review also determines compliance with the rescission requirements established by the Supreme Court of Pennsylvania in *Erie Insurance Exchange v. Lake*.

The Company reported no rescissions during the experience period.

## V. RATING

### **A. Private Passenger Automobile**

#### 1. New Business

New business, for the purpose of this examination, is defined as policies written for the first time by the Company during the experience period.

The primary purpose of the review was to measure compliance with The Casualty and Surety Rate Regulatory Act, Section 4(a) and (h) (40 P.S. §1184(a), (h)), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with all provisions of the Motor Vehicle Financial Responsibility Law (75 Pa. C.S. §§1701 – 1799.7) and Act 68, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company uses an automated system to process and issue personal automobile policies. By reviewing base premiums, territory assignments, rating symbols, classifications and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

Private Passenger Automobile Rating – New Business without Surcharges

From the universe of 5,106 private passenger automobile policies identified as new business without surcharges by the Company, 75 files were selected for review. All 75 policy files requested were received and reviewed. The 15 violations noted were based on 15 files, resulting in an error ratio of 20%.

The following findings were noted:

*2 Violations 75 Pa. C.S. §1731(b)(c)(c.1)*

The named insured shall be informed that he may reject uninsured and underinsured motorist coverage by signing written rejection forms. The Company failed to have a signed rejection form for uninsured and underinsured motorist coverage for the two files noted.

*13 Violations 75 Pa. C.S. §1738(d)(1)&(2)(e)*

The named insured shall be informed that he may exercise the waiver of stacked limits for uninsured and underinsured motorist coverage by signing written rejection forms. The Company failed to provide the signed rejection form of stacked limits for uninsured and underinsured motorist coverage for the thirteen files noted.

Private Passenger Automobile Rating – New Business with Surcharges

From the universe of 801 private passenger automobile policies identified as new business with surcharges by the Company, 50 files were selected for review. All 50 files requested were received and reviewed. The one violation noted was based on one file, resulting in an error ratio of 2%.

The following finding was noted:

*1 Violation 75 Pa. C.S. §1705(a)(4)*

Requires every insurer, prior to the issuance of a private passenger motor vehicle liability insurance policy to provide each applicant an opportunity to elect a tort option. A policy may not be issued unless the applicant has been provided an opportunity to elect a tort option. The Company failed to provide a signed and dated limited tort form for the file noted.

2. Renewals

A renewal is considered to be any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The purpose of the review was to measure compliance with The Casualty and Surety Rate Regulatory Act, Section 4(a) and (h) (40 P.S. §1184(a), (h)), which requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time. Files were also reviewed to determine compliance with Act 68 of 1998, Section 2005(c) (40 P.S. §991.2005(c)), which requires insurers to provide to insureds a detailed statement of the components of a premium and shall specifically show the amount of surcharge or other additional amount that is charged as a result of a claim having been made under a policy of insurance, or as a result of any other factors.

The Company processes and issues personal automobile policies using an automated system. By reviewing base premiums, territory assignments, rating symbols, classifications and surcharge disclosures, the examiners were able to determine compliance with the Company's filed and approved rating plans.

Private Passenger Automobile – Renewals without Surcharges

From the universe of 29,423 private passenger automobile policies identified as renewals without surcharges, 100 files were selected for review. All 100 policy files requested were received and reviewed. There were no violations noted.

Private Passenger Automobile – Renewals with Surcharges

From the universe of 1,713 private passenger automobile policies identified as renewals with surcharges, 75 files were selected for review. All 75 policy files requested were received and reviewed. The 12 violations noted were based on 12 files, resulting in an error ratio of 16%.

The following findings were noted:

*9 Violations 40 P.S. §1184(a)&(h)*

Requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time of issue. The Company failed to issue policies in accordance with the Company's filed and approved rating plan. The Company used

an incorrect surcharge, that was not justified, for the nine files noted.

*3 Violations 75 Pa. C.S. §1738(d)(1)&(2)(e)*

The named insured shall be informed that he may exercise the waiver of stacked limits for uninsured and underinsured motorist coverage by signing written rejection forms. The Company failed to provide the signed rejection form of stacked limits for uninsured and underinsured motorist coverage for the three files noted.

## **B. Personal Property**

### 1. New Business

New business, for the purpose of this examination, is defined as policies written for the first time by the Company during the experience period.

The purpose of the review was to measure compliance with Act 247, the Fire, Marine, and Inland Marine Rate Regulatory Act, Sections 4(a) and (i) (40 P.S. §1224(a), (i)), which require every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time.

### Homeowner Rating – New Business without Surcharges

From the universe of 62 homeowner policies written as new business without surcharges during the experience period, 35 files were selected for

review. All 35 policy files requested were received and reviewed. The 21 violations noted were based on 21 files, resulting in an error ratio of 60%.

The following findings were made:

*21 Violations 40 P.S. §323.3(a)*

Requires every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. The Company failed to have a complete application on file for the 21 files noted.

Homeowner Rating – New Business with Surcharges

The universe of 13 homeowner policies written as new business with surcharges was selected for review. All 13 policy files requested were received and reviewed. The six violations noted were based on the six files, resulting in an error ratio of 46%.

The following findings were made:

*6 Violations 40 P.S. §323.3(a)*

Requires every company or person subject to examination in accordance with this act must keep all books, records,



accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. The Company failed to have a signed application on file for the six files noted.

Tenant Homeowner Rating – New Business without Surcharges

The universe of 28 tenant homeowner policies written as new business without surcharges during the experience period was selected for review. All 28 files selected were received and reviewed. The 15 violations noted were based on 15 files, resulting in an error ration of 54%.

The following findings were made:

*15 Violations 40 P.S. §323.3(a)*

Requires every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. The Company failed

to have a complete application on file for the 15 files noted.

Tenant Homeowner Rating – New Business with Surcharges

The universe of one tenant homeowner policy written as new business with surcharges during the experience period was selected for review. The one file requested was received and reviewed. There were no violations noted.

Condominium Rating – New Business without Surcharges

The universe of one condominium policy written as new business without surcharges during the experience period was selected for review. The file selected was received and reviewed. There were no violations noted.

Condominium Rating – New Business with Surcharges

The universe of one condominium policy written as new business with surcharges during the experience period was selected for review. The one file selected was received and reviewed. The one violation noted were based on the one file, resulting in an error ratio of 100%.

The following findings were made:

*1 Violation 40 P.S. §323.3(a)*

Requires every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of the company or person and

ascertain whether the company or person has complied with the laws of this Commonwealth. The Company failed to have a signed application on file for the file noted.

## 2. Renewals

A renewal is considered to be any policy, which was previously written by the Company and renewed on the normal twelve-month anniversary date.

The purpose of the review was to measure compliance with Act 247, the Fire, Marine, and Inland Marine Rate Regulatory Act, Sections 4(a) and (i) (40 P.S. §1224(a), (i)), which require every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan, and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time.

### Homeowner Rating – Renewal without Surcharges

From the universe of 587 homeowner policies renewed without surcharges during the experience period, 75 were selected for review. All 75 files selected were received and reviewed. There were no violations noted.

### Homeowner Rating – Renewal with Surcharges

From the universe of 118 homeowner policies renewed with surcharges during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. The three violations noted were based on the three files, resulting in an error ratio of 6%.

The following findings were made:

### *3 Violations 40 P.S. §1224(a)&(i)*

Requires every insurer to file with the Insurance Commissioner every manual of classifications, rules and rates, every rating plan, and every modification of any rating plan, which it proposes to use in the Commonwealth. Also, no insurer shall make or issue a contract or policy except in accordance with filings or rates, which are in effect at the time of issue. (i) Beginning ninety days after the effective date of this act no insurer shall make or issue a contract or policy except in accordance with the filings or rates which are in effect for said insurer as provided in this act or in accordance with subsections (g) or (h) of this section. This subsection shall not apply to contracts or policies for inland marine risks as to which filings are not required. The Company used an incorrect surcharge, that was not justified, for the three files noted.

#### Tenant Homeowner Rating – Renewal without Surcharges

From the universe of 296 tenant homeowner policies renewed without surcharges by The Company during the experience period, 75 files were selected for review. All 75 Files requested were received and reviewed. There were no violations noted.

#### Tenant Homeowner Rating – Renewal with Surcharges

The universe of six tenant homeowner policies renewed with surcharges by The Company during the experience period was selected for review. The six files requested were received and reviewed. There were no violations noted.

Condominium Rating – Renewal without Surcharges

From the universe of 63 condominium policies renewed without surcharges during the experience period, 35 files were selected for review. All 35 files selected were received and reviewed. There were no violations noted.

Condominium Rating – Renewal with Surcharges

The universe of 16 condominium policy renewed with surcharges during the experience period was selected for review. The 16 files were received and reviewed. There were no violations noted.

## VI. CLAIMS

The Company was requested to provide copies of all established written claim handling procedures utilized during the experience period. Written claim handling procedures were received and reviewed for any inconsistencies, which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature.

The Claims review consisted of the following areas of review:

- A. Automobile Property Damage Claims
- B. Automobile Comprehensive Claims
- C. Automobile Collision Claims
- D. Automobile Total Loss Claims
- E. Automobile First Party Medical Claims
- F. Automobile First Party Medical Claims Referred to a PRO
- G. Homeowner Claims
- H. Tenant Homeowner Claims
- I. Condominium Claims

The primary purpose of the review was to determine compliance with 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices. The files were also reviewed to determine compliance with Act 205, Section 4 (40 P.S. §1171.4) and Section 5(a)(10)(vi) of the Unfair Insurance Practices Act (40 P.S. §1171.5(a)(10)(vi)).

### **A. Automobile Property Damage Claims**

From the universe of 1,510 private passenger automobile property damage liability claims reported during the experience period, 75 files were selected for review. All 75 files selected were received and reviewed. The six

violations noted were based on six files, resulting in an error ratio of 8%.

The following findings were made:

*3 Violations 31 Pa. Code §62.3*

An appraisal shall meet all applicable standards per statute.  
The Company failed to provide an appraisal that meets all applicable standards per statute for the three claim files noted.

*3 Violations 31 Pa. Code §146.6*

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot be reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company failed to provide timely status letters for the three claim files noted.

**B. Automobile Collision Claims**

From the universe of 2,312 private passenger automobile collision claims reported during the experience period, 100 files were selected for review. All 100 files selected were received and reviewed. The 19 violations noted were based on 19 files, resulting in an error ratio of 19%.

The following findings were noted:

*14 Violations 31 Pa. Code §62.3*

An appraisal shall meet all applicable standards per statute.

The Company failed to provide an appraisal that meets all applicable standards per statute for the 14 claim files noted.

*2 Violations 63 P.S. §861(b)*

The appraiser shall furnish a legible copy of the appraisal to the repair shop selected by the consumer to make the repairs and also furnish a copy to the owner of the vehicle. The appraisal shall contain the name of the insurance company ordering it, if any, the insurance file number, the number of the appraiser's license and the proper identification number of the vehicle being inspected. The appraisals were missing the appraiser's license number for the two claim files noted.

*3 Violations 31 Pa. Code §146.6*

Every insurer shall complete investigation of a claim within 30 days after notification of the claim, unless such investigation cannot be reasonably be completed within 30 days, and every 45 days thereafter, the insurer shall provide the claimant with a reasonable written explanation for the delay and state when a decision on the claim may be expected. The Company failed to provide timely status letters for the three claim files noted.

The following concern was noted:

**CONCERN:** Estimates completed by Trumbull Insurance Company



employees include a section listing abbreviations that may be used in the estimate, however, there are abbreviations within this section that are not explained: CEG and R&R.

### **C. Automobile Comprehensive Claims**

From the universe of 2,748 private passenger automobile comprehensive claims reported during the experience period, 100 files were selected for review. All 100 files selected were received and reviewed. The 14 violations noted were based on 14 files, resulting in an error ratio of 14%.

The following findings were noted:

#### *13 Violations 31 Pa. Code §62.3*

An appraisal shall meet all applicable standards per statute. The Company failed to provide an appraisal that meets all applicable standards for the thirteen claim files noted.

#### *1 Violation 31 Pa. Code §146.3*

The claim files of the insurer shall be subject to examination by the Commissioner or by his appointed designees. The files shall contain notes and work papers pertaining to the claim in the detail that pertinent events and the dates of the events can be reconstructed. The Company failed to provide a complete file for the claim file noted.

The following concern was noted:

**CONCERN:** Estimates completed by Trumbull Insurance Company employees include a section listing abbreviations that may be used in the estimate, however, there are abbreviations within this section that are not explained: CEG and R&R.

#### **A. Automobile Total Loss Claims**

From the universe of 2,060 private passenger automobile collision claims reported during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. The seven violations noted were based on seven files, resulting in an error ratio of 14%.

The following findings were made:

*7 Violations 31 Pa. Code §62.3*

An appraisal shall meet all applicable standards per statute.

The Company failed to provide an appraisal that meets all applicable standards for the seven claim files noted.

#### **D. Automobile First Party Medical Claims**

From the universe of 599 private passenger automobile first party medical claims reported during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. The one violation noted were based on one file, resulting in an error ratio of 2%.

The following findings were noted:

*1 Violation 31 Pa. Code §146.5(d)*

Requires an insurer, upon receiving notification of a claim,

shall provide within ten working days necessary claim forms, instructions, and reasonable assistance so that first-party claimants can comply with policy conditions and reasonable requirements of the insurer. The Company did not provide the necessary claim forms to the claimant within ten working days for the claim file noted.

The following concern was noted:

**CONCERN:** There was one claim where Coverage had exhausted. The exhaust letter was sent via regular mail twice and returned. Email was noted to be the insured's preferred form of communication in the file. Notes indicate other emails had been sent to the injured party. The adjuster did not try to send the letter via email.

#### **E. Automobile First Party Medical Claims Referred to PRO**

The universe of five automobile first party medical claims that were referred to a peer review organization by the Company was selected for review. All five files were received and reviewed. The Company was also asked to provide a copy of all peer review contracts in place during the experience period. There were no violations noted.

#### **F. Homeowner Claims**

From the universe of 64 homeowner claims reported during the experience period, 50 files were selected for review. All 50 files selected were received and reviewed. There were no violations noted.

#### **G. Tenant Homeowner Claims**

The universe of nine tenant homeowner claims reported during the

experience period was selected for review. All nine files were received and reviewed. There were no violations noted.

#### **H. Condominium Claims**

The universe of eight condominium claims reported during the experience period was selected for review. All eight files selected were received and reviewed. There were no violations noted.

**VII. CONSUMER COMPLAINTS**

The Company was requested to identify all consumer complaints received during the experience period and provide copies of their consumer complaint logs for the preceding four years. The Company identified 73 consumer complaints received during the experience period and provided all consumer complaint logs requested. From the 73 complaint files, 40 were selected for review. All 40 complaint files were reviewed.

The purpose of the review was to determine compliance with the Unfair Insurance Practices Act, (40 P.S. §§1171.1 – 1171.5). Section 5(a)(11) of the Act (40 P.S. §1171.5(a)(11)), requires a company to maintain a complete record of all complaints received during the preceding four years. This record shall indicate the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of these complaints and the time it took to process each complaint. The individual complaint files were reviewed for the relevancy to applicable statutes and to verify compliance with 31 Pa. Code §146.5(b)(c). There were no violations.

The following synopsis reflects the nature of the 73 complaints that were received.

46	Cancellations/Declinations	63%
7	Billing	10%
12	Claims Related/Delays	16%
8	Customer Experience	11%
<hr/>		<hr/>
73		100%

### **VIII. UNDERWRITING PRACTICES AND PROCEDURES**

As part of the examination, the Company was requested to supply manuals, underwriting guides, bulletins, directives, or other forms of underwriting procedure communications for each line of business being reviewed. Underwriting guides and supplements were furnished for homeowners, tenant homeowners and condominium. The purpose of this review was to identify any inconsistencies which could be considered discriminatory, specifically prohibited by statute or regulation, or unusual in nature.

The following violations were noted.

*1 Violation 40 P.S. §991.2003(a)(14)*

Discrimination Prohibited- An insurer may not cancel or refuse to write or renew a policy of automobile insurance for any of the following reasons:  
(14) Any claim under the comprehensive portion of the policy unless such loss was intentionally caused by the insured. The Company cannot discriminate using comprehensive claims.

*2 Violations 40 P.S. §1171.5(a)(4)*

States that “Unfair Methods of Competition” and “Unfair or Deceptive Acts of Practices” prohibits unfairly discriminating by means of entering into any agreement to commit, or by any concerted action committing, any act or boycott, coercion or intimidation resulting in or tending to result in unreasonable restraint of, or monopoly in, the business if insurance. The Company’s guidelines require supporting business as a condition to write motorhomes or recreational vehicles in two different instances.

## **IX. FORMS**

Throughout the course of the examination, all underwriting files were reviewed to identify the policy forms used in order to verify compliance with the Insurance Company Law, Section 354 (40 P.S. §477b), Approval of Policies, Contracts, etc., Prohibiting the Use Thereof Unless Approved. During the experience period of the examination, Section 354 provided that it shall be unlawful for any insurance company to issue, sell, or dispose of any policy contract or certificate covering fire, marine, title and all forms of casualty insurance or use applications, riders, or endorsements in connection therewith, until the forms have been submitted to and formally approved by the Insurance Commissioner. All underwriting and claim files were also reviewed to verify compliance with 75 Pa. C.S. §1822, which requires all insurers to provide an insurance fraud notice on all applications for insurance, all claims forms and all renewals of coverage and 18 Pa. C.S. §4117(k)(1), which requires all insurers to provide an insurance fraud notice on all applications for insurance and all claim forms. There were no violations noted.

## **X. DATA INTEGRITY**

As part of the examination, the Company was sent a preliminary examination packet in accordance with NAIC uniformity standards and provided specific information relative to the exam. The purpose of the packet was to provide certain basic examination information, identify preliminary requirements and to provide specific requirements for requested data call information. Once the Company provided all requested information and data contained within the data call, the Department reviewed and validated the data to ensure its accuracy and completeness to determine compliance with Insurance Department Act of 1921, Section 904(b) (40 P.S. §323.3(a)). Several data integrity issues were found during the exam.

The data integrity issue of each area of review is identified below.

### Auto Non-renewals

Situation: As the examiners reviewed the nonrenewal files of the underwriting section of the exam, it was noted that not all the 75 files selected for review were nonrenewal files.

Finding: Of the 75 non-renewal files reviewed, two files were identified as midterm cancellations.

### Auto Midterm Cancellations

Situation: As the examiners reviewed the midterm cancellation files of the underwriting section of the exam, it was noted that not all the 75 files selected for review were midterm cancellation files, and all were not in the experience period.



Finding: Of the 75 midterm cancellation files reviewed, one file was identified as 60-day cancellation and six files were discovered to be outside the experience period.

#### Auto 60 Day Cancellations

Situation: As the examiners reviewed the 60-day cancellation files of the underwriting section of the exam, it was noted that not all the 75 files selected for review were 60-day cancellation files.

Finding: Of the 75 60-day cancellation files reviewed, four files were identified as rescissions.

#### Rating Auto New Business with Surcharges

Situation: As the examiners reviewed the 50 new business with surcharge files of the rating section of the exam, it was noted that not all the 50 files selected for review were new business with surcharge files.

Finding: Of the 50 new business with surcharge files reviewed, 20 files were identified as without surcharge.

#### Property Nonrenewals

Situation: As the examiners reviewed the nonrenewal files of the underwriting section of the exam, it was noted that not all the 83 files selected for review were nonrenewal files.

Finding 1: Of the 83 nonrenewal files reviewed, two files were identified as rewrites and 10 files were identified as midterm cancellations.

### Property 60 Day Cancellation

Situation: As the examiners reviewed the 60-day cancellation files of the underwriting section of the exam, it was noted that there were duplicates in the universe list.

Finding: Of the 24 60-day cancellation files reviewed, four files were identified as duplicate files.

### Property Declinations

Situation: As the examiners reviewed the declination files of the underwriting section of the exam, it was noted that not all the 82 files selected for review included the proper initials or first name needed to identify the applicants and not all files were declinations.

Finding: Of the 82 declinations reviewed, two files were identified as not having proper identifying information such as only listing initials or was missing the last name needed to identify the applicants and four files were identified as not being declinations.

### Rating Property New Business with Surcharges

Situation: As the examiners reviewed the 13 new business with surcharge files of the rating section of the exam, it was noted that not all the 13 files selected for review were new business with surcharge files.

Finding: Of the 13 new business with surcharge files reviewed, one file was identified as a renewal without surcharge and 12 files were identified as new business “with” surcharges.

The following finding was noted:

*General Violation 40 P.S. §323.3(a)*

Requires every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of that company or person and ascertain whether the company or person has complied with the laws of this Commonwealth. The violation was the result of a failure to exercise sufficient due diligence to ensure compliance with the Insurance Department Act of 1921.

**XI. PRIVATE PASSENGER AUTOMOBILE MCAS REPORTING**

In Pennsylvania, insurers are required annually to submit a Market Conduct Annual Statement (MCAS) to the National Association of Insurance Commissioners (NAIC). The review of MCAS data was conducted pursuant to the authority granted by Section 903 and 904 (40 P.S. §§323.3 and 323.4) of the Insurance Department Act and covered the Market Conduct Annual Statement (MCAS) reporting for 2022.

The examination team reviewed the Company’s 2022 MCAS Submissions. All companies that submit an MCAS filing must attest to the completeness and accuracy of their submission. The attestation is required once per filing period and applies to all submissions for a specific company code. No submissions will be accepted until an attestation is completed for the company. Below are the private passenger automobile sections that were reviewed.

A.	Number of autos which have policies in-force at the end of the period.
B.	Number of Policies in-force at the end of the period.
C.	Number of new business policies written during the period.
D.	Number of Company-Initiated nonrenewals during the period.
E.	Dollar amount of direct written premium during the period.
F.	Number of cancellations for non-pay, non-sufficient funds or insured’s request.
G.	Number of Company-Initiated cancellations that occur in the first 59 days after effective date, excluding rewrites to an affiliated Company.
H.	Number of Company-Initiated cancellations that occur 60 or more days after effective date, excluding rewrites to an affiliated Company.
I.	Number of Complaints received directly from the consumer.
J.	Number of Claims open at the beginning of the Period
K.	Number of Claims opened during the period.

L.	Number of Claims closed during the period, with payment.
M.	Number of Claims closed during the period, without payment.
N	Number of Claims remaining open at the end of the period.
O.	Number of Claims closed with payment within 0-60 days.
P	Number of Claims closed with payment >60 days.
Q.	Number of Suits open at beginning of the period.
R	Number of Suits opened during the period.
S.	Number of Suits closed during the period.
T.	Number of Suits open at end of period.

The review consisted of two phases, as noted below.

**Phase 1**

The Company was asked to provide the claims and policy data listings that support the 2022 MCAS filing. Each list contained the claim and policy numbers for each category. The 2022 data submitted was validated to ensure the information was accurate and consistent with the information provided to the NAIC.

The following findings were noted:

*1 Violation 40 P.S. §323.3(a)*

Requires every company or person subject to examination in accordance with this act must keep all books, records, accounts, papers, documents and any or all computer or other recordings relating to its property, assets, business and affairs in such manner and for such time periods as the department, in its discretion, may require in order that its authorized representatives may readily verify the financial condition of that company or person and ascertain whether the

company or person has complied with the laws of this Commonwealth. The Company failed to provide 2022 data that was consistent with the information provided to the NAIC for one claim category.

## **Phase 2**

The Company was asked to provide a record of all claims and policy data listings which supported the 2022 MCAS filings. From each universe list of 2022 data, a random sample of five claims or underwriting files was requested, received and reviewed. The files were reviewed to ensure compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. There were no violations noted.

## **Phase 3**

A review was performed on various policies and claims provided in the Market Conduct portion of the exam to ensure the Private Passenger Automobile MCAS data was inclusive of all the policies applicable to each line item. The files were reviewed to ensure compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. There were no violations noted.

**XII. PROPERTY MCAS REPORTING**

In Pennsylvania, insurers are required annually to submit a Market Conduct Annual Statement (MCAS) to the National Association of Insurance Commissioners (NAIC). The review of MCAS data was conducted pursuant to the authority granted by Section 903 and 904 (40 P.S. §§323.3 and 323.4) of the Insurance Department Act and covered the Market Conduct Annual Statement (MCAS) reporting for 2022.

The examination team reviewed the Company’s 2022 MCAS Submissions. All companies that submit an MCAS filing must attest to the completeness and accuracy of their submission. The attestation is required once per filing period and applies to all submissions for a specific company code. No submissions will be accepted until an attestation is completed for the company. Below are the property sections that were reviewed.

A.	Number of dwellings which have policies in-force at the end of the period.
B.	Number of policies in-force at the end of the period.
C.	Number of new business policies written during the period.
D.	Dollar amount of direct written premium during the period.
E.	Number of Company-initiated nonrenewals during the period.
F.	Number of cancellations for non-pay, nonsufficient funds or insured’s request.
G.	Number of Company-Initiated cancellations that occur in the first 59 days after effective date, excluding rewrites to a related Company.
H.	Number of Company-Initiated cancellations that occur 60 or more days after effective date, excluding rewrites to a related Company.
I.	Number of Complaints received directly from the consumer.
J.	Number of Claims open at the beginning of the Period

K.	Number of Claims opened during the period.
L.	Number of Claims closed during the period, with payment.
M.	Number of Claims closed during the period, without payment.
N	Number of Claims remaining open at the end of the period.
O.	Number of Claims closed with payment within 0-60 days.
P	Number of Claims closed with payment >60 days.
Q.	Number of Suits open at beginning of the period.
R	Number of Suits opened during the period.
S.	Number of Suits closed during the period.
T.	Number of Suits open at end of period.

The review consisted of three phases, as noted below.

**Phase 1**

The Company was asked to provide the Homeowners claims and policy data listings that support the 2022 MCAS filing. Each list contained the claim and policy numbers for each category. The 2022 data submitted was validated to ensure the information was accurate and consistent with the information provided to the NAIC. There were no violations noted.

**Phase 2**

The Company was asked to provide a record of all Homeowners claims and policy data listings which supported the 2022 MCAS filings. From each universe list of 2022 data, a random sample of 5 claims or policy files was requested, received and reviewed. The files were reviewed to ensure compliance with the Commonwealth of Pennsylvania’s Statutes and Regulations. There were no violations noted.



### **Phase 3**

A review was performed on various Homeowners policies and claims provided in the Market Conduct portion of the exam to ensure the Homeowners MCAS data was inclusive of all the policies applicable to each line item. The files were reviewed to ensure compliance with the Commonwealth of Pennsylvania's Statutes and Regulations. There were no violations noted.

### **XIII. RECOMMENDATIONS**

The recommendations made below identify corrective measures the Department finds necessary as a result of the number of some violations, or the nature and severity of other statutory or regulatory violations, noted in the Report.

1. The Company must review 31 Pa. Code §62.3 with its claim staff to ensure appraisal requirements are met so violations, as noted in the Report, do not occur in the future.
2. The Company must review and revise internal control procedures to ensure compliance with the claims handling requirements of 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices so that the violations relating to application for benefits and status letters, as noted in the Report, do not occur in the future.
3. The Company must review 31 Pa Code §146.3 with its claim staff to ensure that the violations for not maintaining complete claims files, as noted in the Report, do not occur in the future.
4. The Company must review its internal data controls to ensure that all records and documents are maintained in accordance with 40 P.S. §323.3(a), so that violations noted in the Report, do not occur in the future.
5. The Company must review 40 P.S. §991.2003(a)(14) with its underwriting staff to revise internal control procedures and ensure compliance that auto declinations of motor homes and recreational vehicles, with a comprehensive loss in the past 36 months is prohibited, so that violations, as noted in the

Report, do not occur in the future.

6. The Company must review 40 P.S. §991.2008(b) with its underwriting staff to revise internal control procedures and ensure compliance that auto declination notices are sent, so that violations, as noted in the Report, do not occur in the future.
7. The Company must review 40 P.S. §1171.5(a)(4) with its underwriting staff to revise internal control procedures and ensure compliance that does not require supporting business to write motor homes and recreational vehicles, so that violations, as noted in the Report, do not occur in the future.
8. The Company must review 40 P.S. §1184 and take appropriate measures to ensure the automobile rating violations listed in the report do not occur in the future.
9. The Company must review 40 P.S. §1224 and take appropriate measures to ensure the property rating violations listed in the report do not occur in the future.
10. The Company must review 63 P.S. §861(b) with its claim staff to ensure violations for missing appraiser name and appraiser license information on auto appraisal copies as noted in the Report, do not occur in the future.
11. The Company must revise its underwriting procedures to ensure that each applicant for private passenger automobile liability insurance is provided an opportunity to exercise the waiver for uninsured and underinsured motorist coverage forms are obtained and retained with the underwriting

file. This is to ensure that violations, as noted in the Report, under 75 Pa. C.S. §1731(b) & (c)(c.1) do not occur in the future.

12. The Company must revise underwriting procedures to ensure that the insured is aware that he may exercise the waiver of stacked limits for uninsured and underinsured motorist coverage by signing written rejection forms. This is to ensure that violations, as noted in the Report under 75 Pa. C.S. §1738(d)(1) and (2)(e) do not occur in the future.
13. The Company must revise its underwriting procedures to ensure that each applicant for private passenger automobile liability insurance is provided an opportunity to elect a tort option and that signed tort option selection forms are obtained and retained with the underwriting file. This is to ensure that violations noted under 75 Pa. C.S. §1705(a)(4) do not occur in the future.

**XIV. COMPANY RESPONSE**

## **XIV. COMPANY RESPONSE**

January 12, 2024

Trumbull Insurance Company (“The Hartford”) submits the following responses to the above report. The Hartford thanks the Department for their time and cooperation throughout this examination.

1. *The Company must review 31 Pa. Code §62.3 with its claim staff to ensure appraisal requirements are met so violations, as noted in the Report, do not occur in the future.*

**Company Response:** Trumbull took immediate steps during the exam to revise the appraisal profile to ensure all regulatory requirements are met. Appraisals now include all required elements.

2. *The Company must review and revise internal control procedures to ensure compliance with the claims handling requirements of 31 Pa. Code, Chapter 146, Unfair Claims Settlement Practices so that the violations relating to application for benefits and status letters, as noted in the Report, do not occur in the future.*

**Company Response:** Trumbull has confirmed that the three violations related to status letters were the result of handler execution errors. Internal controls and procedures are in place to ensure compliance with regulatory requirements, and appropriate feedback has been provided to the handlers to ensure errors do not occur going forward.

3. *The Company must review 31 Pa Code §146.3 with its claim staff to ensure that the violations for not maintaining complete claims files, as noted in the Report, do not occur in the future.*

**Company Response:** Trumbull has investigated the claim file that resulted in this violation and confirmed the error was a result of an isolated system error that impacted only one document and only one claim. We have verified that the system is functioning properly.

4. *The Company must review its internal data controls to ensure that all records and documents are maintained in accordance with 40 P.S. §323.3(a), so that violations noted in the Report, do not occur in the future.*

**Company Response:** Trumbull has already taken steps to reinforce internal procedures with staff, including multi-level validations of data and we have reinforced the requirement in our Agency Agreement that provides that agents must maintain certain documents in their records, such as signed applications and copies of insured requested cancellations for compliance based on the Department’s recommendation regarding 40 P.S. §323.3(a).

5. *The Company must review 40 P.S. §991.2003(a)(14) with its underwriting staff to revise internal control procedures and ensure compliance that auto declinations of motor homes and recreational vehicles, with a comprehensive loss in the past 36 months is prohibited, so that violations, as noted in the Report, do not occur in the future.*

**Company Response:** Trumbull has already taken steps to update our underwriting guidelines to comply with 40 P.S. §991.2003(a)(14).

6. *The Company must review 40 P.S. §991.2008(b) with its underwriting staff to revise internal control procedures and ensure compliance that auto declination notices are sent, so that violations, as noted in the Report, do not occur in the future.*

**Company Response:** Trumbull has already taken steps to reinforce compliance with written auto declination notices based on the Department's recommendation regarding 40 P.S. §991.2008(b).

7. *The Company must review 40 P.S. §1171.5(a)(4) with its underwriting staff to revise internal control procedures and ensure compliance that does not require supporting business to write motor homes and recreational vehicles, so that violations, as noted in the Report, do not occur in the future.*

**Company Response:** Trumbull has already taken steps to update our underwriting guidelines to comply with 40 P.S. §1171.5(a)(4).

8. *The Company must review 40 P.S. §1184 and take appropriate measures to ensure the automobile rating violations listed in the report do not occur in the future.*

**Company Response:** Trumbull is in the process of taking measures to comply with 40 P.S. §1184. The premium refunds noted in the exam report have been processed.

9. *The Company must review 40 P.S. §1224 and take appropriate measures to ensure the property rating violations listed in the report do not occur in the future.*

**Company Response:** Trumbull is in the process of taking measures to comply with 40 P.S. §1224. The premium refunds noted in the exam report have been processed.

10. *The Company must review 63 P.S. §861(b) with its claim staff to ensure violations for missing appraiser name and appraiser license information on auto appraisal copies as noted in the Report, do not occur in the future.*

**Company Response:** Trumbull took immediate steps during the exam to revise the appraisal profile to ensure all regulatory requirements are met. Appraisals now include all required elements.

11. *The Company must revise its underwriting procedures to ensure that each applicant for private passenger automobile liability insurance is provided an opportunity to exercise the waiver for uninsured and underinsured motorist coverage forms are obtained and retained with the underwriting file. This is to ensure that violations, as noted in the Report, under 75 Pa. C.S. §1731(b) & (c)(c.1) do not occur in the future.*

**Company Response:** Trumbull has already taken steps to update internal procedures to comply with 75 Pa. C.S. §1731(b) & (c)(c.1).

12. *The Company must revise underwriting procedures to ensure that the insured is aware that he may exercise the waiver of stacked limits for uninsured and underinsured motorist coverage by signing written rejection forms. This is to ensure that violations, as noted in the Report under 75 Pa. C.S. §1738(d)(1) and (2)(e) do not occur in the future.*

**Company Response:** Trumbull has already taken steps to update internal procedures to comply with 75 Pa. C.S. §1738(d)(1) and (2)(e).

13. *The Company must revise its underwriting procedures to ensure that each applicant for private passenger automobile liability insurance is provided an opportunity to elect a tort option and that signed tort option selection forms are obtained and retained with the underwriting file. This is to ensure that violations noted under 75 Pa. C.S. §1705(a)(4) do not occur in the future.*

**Company Response:** Trumbull has already taken steps to update internal procedures to comply with 75 Pa. C.S. §1705(a)(4).