

BEFORE THE INSURANCE COMMISSIONER
OF THE
COMMONWEALTH OF PENNSYLVANIA

IN RE: : VIOLATIONS:
The Travelers Companies : 40 P.S. Section 323.4
One Tower Square :
Hartford, Connecticut 06183 :
Respondent : Docket No. CO12-01-012

CONSENT ORDER

AND NOW, this *10th* day of *February*, 2012, 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.

3. Respondent neither admits nor denies that it violated any Pennsylvania insurance laws or regulations.

FINDINGS OF FACT

4. The Insurance Department finds true and correct each of the following

Findings of Fact:

- a) Respondent is comprised of two entities: The Travelers Indemnity Company (TIC) and The Travelers Indemnity Company of America (TICA). It maintains its address at One Tower Square, Hartford, Connecticut 06183.
- b) In November of 2009, the Department, through the NAIC, issued a request for MCAS data to Respondent, requesting information and data relevant to Respondent's Pennsylvania private passenger auto and homeowners book of business for calendar year 2009.
- c) By April 30, 2010, Respondent inputted data into the NAIC database, in response to the Department's request.
- d) In doing so, Respondent provided a written certification that its submission represented a full and accurate statement of the information required to be provided.
- e) Based on multiple factors, including MCAS data contained in Respondent's April 2010 response, the Department announced a market conduct examination of Respondent, via letter dated August 2, 2010.
- f) On or around October 28, 2010, Respondent then notified the Department that Respondent's MCAS data for TIC contained

substantial inaccuracies for Private Passenger Auto relative to the category entitled "Number of Cancellations that occur 60 days or more after effective date."

- g) Prior to commencement of the on-site review, and then during the on-site review, the Department made multiple requests of Respondent for data on surcharges related to Respondent's property policies.
- h) On multiple occasions, Respondent advised that it had no data in response to the Department's request.
- i) Thereafter, Respondent ultimately acknowledged that it had data on the surcharges, at which time it provided such to the Department.
- j) Respondent's Market Conduct Examination Report was ultimately finalized, issued and resolved via Orders captioned as *In Re: The Travelers Indemnity Company*, Docket No. MC11-09-014 and *In Re: The Travelers Indemnity Company of America*, Docket No. MC11-09-013.
- k) Respondent has implemented additional internal operational safeguards, processes, training and controls designed to ensure more effective, timely, and accurate reporting of MCAS data to the Department, and for the reporting and provision of any other information, documents or data requested pursuant to, or

in relation to, an examination conducted under the Examination Law, 40 P.S. Section 323.1, *et seq.*

- l) Respondent cooperated with the Department in its review and resolution of this matter.

CONCLUSIONS OF LAW

5. 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) Under 40 P.S. Section 323.4, every company or person from whom information is sought must provide the examiners timely, convenient and free access to all books, records, accounts, papers and documents relating to the property, assets, business and affairs of the company being examined.
- c) Respondent's actions in paragraphs 4(c), (d), (f) and (h), above, constitute a failure to exercise sufficient due diligence to ensure compliance with 40 P.S. Section 323.4.

ORDER

6. 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 reimburse the Department for any and all administrative fees and expenses related to Respondent's failure to ensure timely and accurate responses to the Department's request for information and data.
- (c) Should Respondent fail to exercise sufficient due diligence to ensure compliance with 40 P.S. Section 323.4, Respondent shall be subject to a \$10,000 penalty per violation, as well any other sanctions or remedies as provided for by law.
- (d) Should Respondent be required to submit information, data or documents in the future in response to an MCAS data request, Respondent shall include in a sworn certification that its response and the data have been reviewed and approved by its compliance and business partners and, based on their knowledge and belief, the data and response are accurate.

7. In addition to potential penalties under paragraph 6(c), above, 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 it may enforce the provisions of this Order in an administrative action pursuant to the Administrative Agency Law, supra, or other relevant provision of law.

8. Alternatively, in the event 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.

9. 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.

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

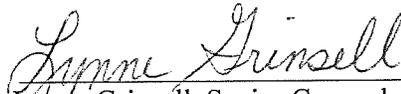
11. This Order constitutes the entire agreement of the parties with respect to the matters referred to herein, and it may not be amended or modified except by an amended order signed by all the parties hereto.

12. The signatories, below, represent and warrant that they have full and unqualified legal authority to enter into and execute this Consent Order on behalf of the respective parties, and said Order shall be binding on their heirs, successors and assigns now and in the future.

13. 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 herein, and this Consent Order is not effective until executed by the Insurance Commissioner or a duly authorized delegee.

BY: THE TRAVELERS COMPANIES
Respondent



Lynne Grinsell, Senior Counsel
The Travelers



COMMONWEALTH OF PENNSYLVANIA
By: Ronald A. Gallagher, Jr.
Deputy Insurance Commissioner