

No. **2022-7511**

**Official Order
of the
Texas Commissioner of Insurance**

Date: 09/20/2022

Subjects Considered:

Travelers Personal Insurance Company
The Travelers Home and Marine Insurance Company
Travelers Commercial Insurance Company
1 Tower Sq
Hartford, CT 06183-0001

Consent Order
TDI Enforcement File Nos. 29680, 29910, 29911

General remarks and official action taken:

This is a consent order with Travelers Personal Insurance Company (TPIC), The Travelers Home and Marine Insurance Company, and Travelers Commercial Insurance Company (collectively, the Travelers Companies) regarding errors resulting in the Travelers Companies charging rates different than those filed with TDI. Additionally, a market conduct examination revealed claims handling issues. The Travelers Companies have agreed to pay restitution to the affected policyholders and implement a corrective action plan.

Waiver

The Travelers Companies acknowledge that the Texas Insurance Code and other applicable law provide certain rights. The Travelers Companies waive all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

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Findings of Fact

1. The Travelers Companies are all foreign fire and casualty insurance companies that hold certificates of authority to transact business in Texas.
2. TEX. INS. CODE § 2251.101(a) requires each insurer to file with the commissioner all rates, applicable rating manuals, supplementary rating information, and additional information as required by the commissioner.

Market Conduct Exam on TPIC

3. TDI conducted a market conduct examination on TPIC that covered activity between January 1, 2019, and December 31, 2019. The report was final on April 6, 2022.
4. During the examination, TPIC self-reported that it failed to accurately rate certain policyholders in accordance with its filed credit scoring model by not excluding disputed trade lines or collections on a credit line by the policyholder when determining the insurance score.
5. There were approximately 6,200 policies impacted with effective dates in 2018 and 2019.
6. The market conduct examination found that in 6 percent (3 of 50) of the claims staff reviewed, TPIC did not promptly notify the claimants in writing of the acceptance or rejection of a claim not later than the 15th business day after the date the insurer secured final proof of loss.
7. TPIC completed a remediation process by rerating the impacted policies and providing refunds or premiums credits in the amount of \$822,268.61 (\$863,383.23 with interest). TPIC identified all homeowner's insurance policies issued by TPIC in Texas with effective dates from August 20, 2018 to March 22, 2022 (the "Review Period") and calculated the Corrected Premium using the credit scoring model on file with the department. For each policy in the Review Period, TPIC determined whether the dollar amount of premium charged for each policy was less than or more than the Corrected Premium. If the premium charged was more than the Corrected Premium, the difference constituted the Overcharge. TPIC made

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payment, in the form of a company check or account credit to each policyholder identified in the Review Period as having an Overcharge (the "Qualifying Policyholders"). The restitution included the dollar amount of the overcharge, plus interest in the amount of 5% per annum.

Self-reported Rating Errors

8. The Travelers Companies self-reported an additional rating issue to TDI on April 20, 2022, that was not included in the market conduct examination report from April 6, 2022.
9. The Travelers Companies utilize age of roof as a rating variable in determining the overall policy premium. When a roof is replaced as a result of a claim, the information is included in an automated report that is used to update the policy at the next renewal term to reflect the new roof age.
10. The Travelers Companies disclosed to TDI that it had identified that there was a defect in the automated report system beginning in January 2018 and consequently age of roof updates were not made for all impacted policies. The report system was corrected on January 5, 2022.
11. The Travelers Companies identified a total of 11,323 policies impacted with effective dates between April 2018 and July 2022.
12. The Travelers Companies have developed weekly monitoring and control processes to confirm the roof replacement data on the report is comprehensive and accurate. Additionally, data quality alerts and checks for the report were implemented to provide early awareness if data is missing or invalid on the report.
13. The Travelers Companies completed a remediation process by rerating the impacted policies and providing refunds or premiums credits in the amount of \$5,924,874.34 (\$6,480,665.26 with interest). The Travelers Companies identified all homeowner's insurance policies issued by the Travelers Companies in Texas with effective dates from April 5, 2018, to July 10, 2022 (the "Review Period") and calculated the Corrected Premium using the correct roof age. For each policy in the Review Period, the Travelers Companies determined whether the dollar amount of premium charged for each policy was less than or more than the Corrected

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Premium. If the premium charged was more than the Corrected Premium, the difference constituted the Overcharge. The Travelers Companies made payment, in the form of a company check or account credit to each policyholder identified in the Review Period as having an Overcharge (the "Qualifying Policyholders"). The restitution included the dollar amount of the overcharge, plus interest in the amount of 5% per annum.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 501.052-801.053, and 2251.101.
2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056, TEX. INS. CODE §§ 36.104 and 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. The Travelers Companies have knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. The Travelers Companies violated TEX. INS. CODE § 2251.101 by using rates different than those on file with the department.
5. TPIC violated TEX. INS. CODE § 542.056(a) by failing to notify claimants in writing of the acceptance or rejection of a claim not later than the 15th business day after the date the insurer secured final proof of loss.
6. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct the Travelers Companies to make complete restitution to each policyholder impacted by the violations.

Order

TPIC is ordered to pay the restitution as outlined above in Finding of Fact Nos. 5 and 7 and comply with the following:

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1. Any restitution checks that are returned to TPIC with an address correction must be promptly resent to the correct address. Funds from any restitution checks that are returned thereafter for incorrect addresses and from checks that are not negotiated must be reported and delivered to the comptroller pursuant to the procedures and deadlines set forth in TEX. PROP. CODE §§ 72.001 *et. seq.*, 73.001 *et. seq.*, and 74.001 *et. seq.*

2. On or before December 15, 2022, TPIC must report the restitution paid to the Qualifying Policyholders by submitting a complete and sortable electronic spreadsheet to the department. The spreadsheet must contain the following information:
 - a. policy number;
 - b. policyholder name;
 - c. policyholder address;
 - d. effective date of the policy;
 - e. expiration date of the policy;
 - f. amount of Overcharge;
 - g. dollar amount of simple interest;
 - h. amount of Overcharge and interest;
 - i. date(s) of mailing of restitution check or credits;
 - j. the total sum of all Overcharges;
 - k. the total sum of all simple interest; and
 - l. the total sum of all restitution paid (total Overcharges plus the total of the simple interest)

The Travelers Companies are ordered to pay the restitution as outlined above in Finding of Fact Nos. 11 and 13 and comply with the following:

3. Any restitution checks that are returned to the Travelers Companies with an address correction must be promptly resent to the correct address. Funds from any restitution checks that are returned thereafter for incorrect addresses and from checks that are not negotiated must be reported and delivered to the comptroller pursuant to the procedures and deadlines set forth in TEX. PROP. CODE §§ 72.001 *et. seq.*, 73.001 *et. seq.*, and 74.001 *et. seq.*

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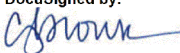
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4. On or before December 15, 2022, the Travelers Companies must report the restitution paid to the Qualifying Policyholders by submitting a complete and sortable electronic spreadsheet to the department. The spreadsheet must contain the following information:
 - a. issuing company;
 - b. policy number;
 - c. policyholder name;
 - d. policyholder address;
 - e. effective date of the policy;
 - f. expiration date of the policy;
 - g. amount of Overcharge;
 - h. dollar amount of simple interest;
 - i. amount of Overcharge and interest;
 - j. date(s) of mailing of restitution check or credits;
 - k. the total sum of all Overcharges;
 - l. the total sum of all simple interest; and
 - m. the total sum of all restitution paid (total Overcharges plus the total of the simple interest)

5. TPIC and the Travelers Companies must send all submissions required under the terms of this order by email to: EnforcementReports@tdi.texas.gov.

DocuSigned by:

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Cassie Brown
Commissioner of Insurance

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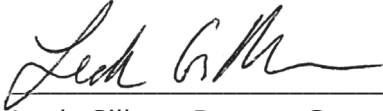
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Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Sydney Moore, Staff Attorney
Enforcement

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Affidavit

STATE OF Connecticut §
§
COUNTY OF Hartford §

Before me, the undersigned authority, personally appeared Christine Palmieri
who being by me duly sworn, deposed as follows:

"My name is Christine Palmieri. I am of sound mind, capable of making
this statement, and have personal knowledge of these facts which are true and correct.

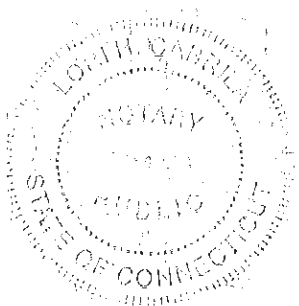
I hold the office of Vice President / Corp. Compliance and am the authorized representative of
Travelers Personal Insurance Company. I am duly authorized by said organization to
execute this statement.

Travelers Personal Insurance Company has knowingly and voluntarily entered into the
foregoing consent order and agrees with and consents to the issuance and service of the
same by the commissioner of insurance of the state of Texas."

Christine Palmieri
Affiant

SWORN TO AND SUBSCRIBED before me on August 31, 2022.

(NOTARY SEAL)



Lori H. Cabrila
Signature of Notary Public

Lori H. Cabrila
Printed Name of Notary Public



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Affidavit

STATE OF Connecticut §

COUNTY OF Hartford §

Before me, the undersigned authority, personally appeared Christine Palmieri who being by me duly sworn, deposed as follows:

"My name is Christine Palmieri. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of Vice President/Corp. Compliance and am the authorized representative of The Travelers Home and Marine Insurance Company. I am duly authorized by said organization to execute this statement.

The Travelers Home and Marine Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Christine Palmieri
Affiant

SWORN TO AND SUBSCRIBED before me on August 31, 2022.

(NOTARY SEAL)



Lori H. Cabrila
Signature of Notary Public

Lori H. Cabrila
Printed Name of Notary Public



Affidavit

STATE OF Connecticut §

§

COUNTY OF Hartford §

Before me, the undersigned authority, personally appeared Christine Palmieri who being by me duly sworn, deposed as follows:

"My name is Christine Palmieri. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of Vice President / Corp. Compliance and am the authorized representative of Travelers Commercial Insurance Company. I am duly authorized by said organization to execute this statement.

Travelers Commercial Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Christine Palmieri
Affiant

SWORN TO AND SUBSCRIBED before me on August 31, 2022.

(NOTARY SEAL)



Lori H. Cabrila

Signature of Notary Public

Lori H. Cabrila

Printed Name of Notary Public

