

No. **2023-7833**

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

Date: 03/06/2023

Subject Considered:

Chubb Lloyds Insurance Company of Texas
436 Walnut St.
Philadelphia, PA 19106-3703

Consent Order
TDI Enforcement File No. 29309

General remarks and official action taken:

This is a consent order with Chubb Lloyds Insurance Company of Texas (Chubb Lloyds). The department alleges that Chubb Lloyds assigned a premium consequence to homeowners policies for losses caused by natural causes and for properly remediated appliance-related claims. Chubb Lloyds has agreed to pay restitution to the affected policyholders.

Waiver

Chubb Lloyds acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Chubb Lloyds waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

Findings of Fact

1. Chubb Lloyds holds a certificate of authority to transact the business of insurance in Texas.
2. TEX. INS. CODE § 544.353 prohibits an insurer from using a prior appliance-related claim filed as a basis for determining the rate to be paid if the prior appliance-

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related claim was properly remediated and was inspected and certified by a person knowledgeable and experienced in remediation of water damage.

3. TEX. INS. CODE § 551.107 prohibits an insurer from assessing a premium surcharge at renewal for claims resulting from a loss caused by natural causes.
4. 28 TEX. ADMIN. CODE § 21.1004 prohibits a rating plan regarding residential insurance from assigning any premium consequence through a premium surcharge or claims free program based on claims resulting from a loss caused by natural cases, claims not paid or payable, or claims prohibited by TEX. INS. CODE § 544.353.
5. Chubb Lloyds' homeowners rate filing included a Premier Client Discount. This discount provided for a "customer tenure" discount and a "risk tenure" discount, both of which increased depending on the number of years with the company. However, the "risk tenure" portion of the discount was conditional on the risk remaining claims free for three years. There was no exception for weather-related claims or properly re-mediated appliance claims.
6. Chubb Lloyds voluntarily submitted a filing in November 2021, to be effective June 24, 2022, which eliminated the premium consequence for losses caused by natural causes.
7. In January 2022, after objection from the department, Chubb Lloyds amended its filing to eliminate the premium consequence for properly remediated appliance-related claims.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 544.353, 551.107, 801.051-801.053, and 941.001-941.103.
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. Chubb Lloyds has 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,

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notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.

4. Chubb Lloyds violated TEX. INS. CODE § 544.353 and 28 TEX. ADMIN. CODE § 21.1004(c) by assigning a premium consequence for properly remediated appliance-related claims.
5. Chubb Lloyds violated TEX. INS. CODE § 551.107 and 28 TEX. ADMIN. CODE § 21.1004(c) by assigning a premium consequence for claims caused by natural causes.
6. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct Chubb Lloyds to make complete restitution to each policyholder impacted by the violations.

Order

Chubb Lloyds is ordered to comply with the following:

- a. Chubb Lloyds must identify all homeowners insurance policies issued or renewed in Texas with effective dates from January 1, 2020, through June 24, 2022 (the "Review Period").
- b. For each policy in the Review Period, Chubb Lloyds must calculate the Corrected Premium without assigning a premium consequence for claims caused by natural cases or appliance-related claims that were properly remediated. If the premium charged is more than the Corrected Premium, the difference constitutes the "Overcharge."
- c. Chubb Lloyds must pay restitution 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 check and/or account credit will include the dollar amount of the overcharge. A separate check will be sent for the amount of simple interest due on the overcharge. The rate of interest is five percent per annum.
- d. Chubb Lloyds must mail the restitution and interest checks or issue the account credits to the Qualifying Policyholders on or before July 1, 2023.

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- e. Any restitution or interest checks that are returned to Chubb Lloyds with an address correction must be promptly resent to the correct address. Funds from any restitution or interest 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.*

- f. On or before August 15, 2023, Chubb Lloyds must report the restitution and interest paid to the Qualifying Policyholders by submitting a complete and sortable electronic spreadsheet to the department. The spreadsheet must contain the following information:
 - i. policy number;
 - ii. policyholder name;
 - iii. policyholder address;
 - iv. effective date of the policy;
 - v. expiration date of the policy;
 - vi. amount of Overcharge;
 - vii. dollar amount of simple interest;
 - viii. amount of Overcharge and interest;
 - ix. date(s) of mailing of restitution check or credits;
 - x. the total sum of all Overcharges;
 - xi. the total sum of all simple interest; and
 - xii. the total sum of all restitution paid (total Overcharges plus the total of the simple interest).

- g. Chubb Lloyds 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

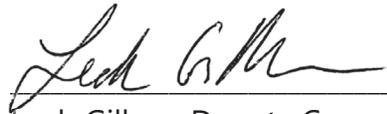
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Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Mandy Meesey, Associate Commissioner
Enforcement

