

No. 2017- 5148

**OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE**

Date: JUL 17 2017

Subject Considered:

OLD REPUBLIC INSURANCE COMPANY
P.O. Box 789
Greensburg, PA 15601-0789

CONSENT ORDER
TDI ENFORCEMENT FILE NO. 13200

The commissioner of insurance considers the Regulatory Settlement Agreement (RSA) entered into by Old Republic Insurance Company. The RSA is the result of an ongoing multistate targeted market conduct examination of Old Republic's travel insurance business.

WAIVER

Old Republic acknowledges that the Texas Insurance Code and other applicable laws provide certain rights relating to the subject matter of any disciplinary proceeding and how it is conducted. Old Republic waives those rights with respect to the entry of this consent order.

Old Republic agrees to the entry of this consent order with the express reservation that it does not admit to a violation of the Texas Insurance Code and related rules, and asserts that it has not violated any law or regulation.

FINDINGS OF FACT

1. Old Republic has conducted the business of insurance in Texas.
2. On May 9, 2017, Old Republic entered into the RSA, which is attached and incorporated for all purposes as Exhibit 1. Pursuant to the RSA, Old Republic agrees to pay an administrative payment of \$298,958.37 to be distributed to the signatory states that are parties to the RSA and agrees to reprocess and remediate claims totaling \$46,041.63 nationwide that may have not been processed correctly.
3. Texas is expected to receive a payment allocation as determined by the RSA. The sum owed to Texas under the RSA constitutes an administrative penalty.

4. TDI and Old Republic agree that this consent order disposes of all issues, claims, demands, interest, penalties, actions, or causes of action regarding Old Republic's practices and procedures with respect to travel insurance products as described in the RSA of which TDI has jurisdiction. This order and the penalty ordered payable to TDI does not extinguish any other obligations owed to the State of Texas or Texas policyholders. Except as and to the extent modified by this finding, TDI adopts, agrees to, and approves item 7 of the RSA.
5. By this consent order, Old Republic waives its rights with respect to all issues, claims, demands, interest, penalties, actions, or causes of action covered by the RSA: (1) to file a motion for determination; (2) to file any further claim for any issues occurring with respect to the matters covered by the RSA, or to otherwise further dispute any issues involved in the matters covered by the RSA; and (3) to file any petition in district court contesting issues disposed of in the RSA, or which could have been raised and disposed of concerning the period covered by the RSA, except those rights provided for in the RSA.
6. This consent order and RSA is between TDI and Old Republic and does not incorporate any other pending agreements other than those referenced in the RSA.

CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.052 and 84.001-84.051; and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has the authority to dispose of this case informally pursuant to TEX. GOV'T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.

TDI adopts, agrees to, and approves the RSA as described above, and will enforce the RSA consistent with applicable law in effect in Texas and as referenced in the RSA and this consent order.

The commissioner orders Old Republic Insurance Company to comply with all agreements in this order and to pay the penalty amount allocated to TDI within 15 days after the later of the effective date or receipt by the Company of the payment instructions from the Lead States, unless the Company and the Lead States agree to an extension, as set forth in the attached RSA. The amount must be paid by check or money order made payable to the "State of Texas" and sent to the Texas Department of Insurance, Attn: Enforcement Section, Division 40111, MC 9999, P.O. Box 149104, Austin, Texas 78714-9104.



Kevin Brady
Deputy Commissioner For Agency Affairs
Texas Department of Insurance
Delegation Order 4506

**IN THE MATTER OF
OLD REPUBLIC INSURANCE COMPANY
NAIC #24147**

REGULATORY SETTLEMENT AGREEMENT

This Regulatory Settlement Agreement (“Agreement”) is entered into as of this 9 day of May, 2017 by and between Old Republic Insurance Company the Missouri Department of Insurance Financial Institutions and Professional Registration, the Minnesota Department of Commerce, the Ohio Department of Insurance, the Oklahoma Insurance Department, the Pennsylvania Insurance Department, the Utah Insurance Department and the insurance regulators who, on behalf of their agencies, have executed the form of “Participating State Adoption” set forth as Exhibit A, pursuant to the definitions, terms and conditions set forth below .

A. Recitals

1. At all relevant times during the Examination Period the Company has been a licensed insurance company domiciled in the State of Pennsylvania and authorized to write Travel Insurance in the Participating States. The Company has offered and sold Travel Insurance in the Participating States.

2. Beginning in 2014, the Lead States initiated targeted market conduct examinations of certain travel insurance companies, including Old Republic Insurance Company. A market conduct examination warrant was issued by the Missouri Department of Insurance to the Company regarding travel insurance practices relating to “underwriting and rating, policyholder service, claims, producer licensing, marketing and sales, complaints, and operations/management,” covering the period from January 1, 2010 through December 31, 2014. This Examination was supported by the efforts of the National Association of Insurance Commissioners’ Market Action Working Group.



3. As part of the Examination, the Lead States have raised a number of regulatory issues with the Company which the Lead States seek to address, clarify or remedy by this Agreement.

4. The Company has cooperated with the Lead States and their examiners and vendors during the course of the Examination by making its books and records available for examination, responding to questions from, and meeting on multiple occasions with the Lead States and their consultants, and making its personnel and agents available to assist as requested by the Lead States. The Company asserts that at all times relevant to this Agreement, including, but not limited to, the Exam Period, the Company and its officers, directors, employees, agents and representatives acted in good faith and in a manner they believed to be in the best interest of the Company's policyholders and in compliance with all applicable Insurance Laws.

5. The Company denies any wrongdoing or activity that violates any applicable laws or regulations, but in light of the complicated issues raised and the probability that long-term litigation and/or administrative proceedings would be required to resolve the disputes between the Parties hereto, the Parties have agreed to resolve all issues relating to the Examination and the regulatory issues through this Agreement. The Participating States and the Company voluntarily enter into this Agreement solely for the purpose of reaching a compromise and settlement to fully and finally resolve the issues raised in the Examination without the need for a hearing or further administrative action.

6. All matters encompassed within the scope of this Agreement and addressed in this Agreement, shall be fully and finally resolved according to the terms of this Agreement without further regulatory or administrative processes or any actions, requirements or monetary payments beyond those enumerated herein.

7. The terms and conditions of this Agreement will apply in all of the Participating States.

8. This Agreement sets forth (B) Definitions, (C) Agreement to Exit the Travel insurance Market, and (D) other miscellaneous provisions.

B. Definitions.

1. "Agreement" means this Regulatory Settlement Agreement, including all Exhibits.

2. "Company" means Old Republic Insurance Company and all affiliated entities including parents and subsidiaries, successors and assigns.

3. "Effective Date" means the date this Regulatory Settlement Agreement has been executed by the Company and adopted by thirty (30) states.

4. "Examination" means the market conduct examination conducted by the Lead States reviewing the Company's Travel Insurance practices during the Examination Period.

5. "Examination Period" means for underwriting and rating, policyholder services, claims, product licensing, marketing and sales, complaints and operations/management the period from January 1, 2010 to December 31, 2014.

6. "Execution Date" means the date the Agreement is signed by the Managing Lead State.

7. "Lead States" means the states of Missouri, Minnesota, Ohio, Oklahoma, Pennsylvania and Utah.

8. "Managing Lead State" means the State of Missouri.

9. "Participating States" means the Managing Lead State, the Lead States and all states and U.S. territories that have executed the "Participating State Adoption" form in Exhibit

A within forty five (45) days of the Execution Date. Participating States shall include Managing Lead State and the Lead States, unless otherwise or separately identified.

10. "Parties" means collectively Company, Lead States and Participating States.

11. "Travel Insurance" means insurance coverage for individual risks incident to planned travel, including, but not limited to:

- Interruption or cancellation of trip or event;
- Loss or delay of baggage or personal effects;
- Damages to accommodations or rental vehicles;
- Sickness, accident, disability or death occurring during travel and any related medical services;
- Missed connection;
- Emergency evacuation and repatriation and any related emergency services;
- Accidental death and dismemberment;
- Repatriation of remains;
- Loss due to travel delay;
- Any other contractual obligation to indemnify a specified amount to the traveler that constitutes insurance under the law in any of the Participating States.

"Travel Insurance" does not include:

- Major medical plans which provide comprehensive medical protections for travelers with trips lasting six (6) months or longer, including, but not limited to, those working overseas as expatriate or military personnel deployed overseas;
- Assistance Services; or

- Travel Cancellation Fee Waivers.

C. Agreement to Exit the Travel insurance Market.

1. Company agrees that Company shall not, directly or indirectly, underwrite, offer or sell Travel Insurance in any of the Participating States for a period of five (5) years from the Effective Date. Should Company wish to resume underwriting, offering or selling Travel Insurance in any of the Participating States at the end of the five (5) year period, Company must first a) provide written notice of at least thirty (30) days of its intention to re-enter the Travel Insurance market to the Lead States and to any of the Participating States where it intends to re-enter the Travel Insurance market, and b) comply with all applicable laws, including all rate and form filing requirements in each of the Participating States in which the Company intends to resume underwriting, offering or selling Travel insurance (and shall therefore not rely on the approval of previous Travel Insurance rate filings).

D. Other Provisions

1. Authority to Execute. The Parties represent and warrant that the person(s) executing this Agreement on behalf of each Party has the legal authority to bind the Party to the terms of this Agreement.

2. Full and Final Agreement. This Agreement represents the entire understanding between the Company and the Participating States with respect to the subject matter contained herein and supersedes any and all prior understandings, agreements, plans and negotiations, whether written or oral, between the Company and any Participating State. This Agreement constitutes full and final resolution of the issues raised in the Examination in each of the Participating States.

3. Multi-State Administrative Payment. Without admitting any liability whatsoever, the Company will make an administrative payment of \$298,958.37, to be distributed among the Participating States in an equitable manner proposed by the Lead States. Within twenty (20) business days after the deadline for Participating State Adoption of this Agreement, the Lead States will: a) provide the Company with a copy of each Participating State's signed State RSA Adoption Form (Exhibit A); and b) provide the Company with an allocation table specifying the percentage and payment amount payable to each Participating State. The administrative payment shall be made by the Company to each Participating State within fifteen (15) business days of receipt of the payment instructions from the Lead States, unless the Company and the Lead States agree to an extension. Payment shall be made as directed in each Participating State's signed State RSA Adoption Form (Exhibit A). Only Participating States that execute this Agreement or deliver an executed State Adoption of Regulatory Settlement Agreement Form as set forth in Exhibit A to the Lead States will receive a payment pursuant to the terms of this Agreement. The payment amount reflects the Company's mitigating factors and level of cooperation. Subject to Section D (4) of this Agreement, upon receipt of payment by each Participating State, the Company's financial obligation to the Lead States and Participating States arising from the Examination shall be extinguished.

4. Claims Reprocessing. Company agrees to reprocess and remediate claims that may not have been processed correctly totaling \$46,041.63. Such reprocessing shall be completed within ninety (90) days of the Effective Date. Company further agrees to provide documentation relating to the claims reprocessing to the Lead States.

5. Enforcement. The failure to comply with any provision of this Agreement shall constitute a breach of the Agreement and a violation of an Order of each Participating State.

Any enforcement action brought by any Participating State shall be in conformity with the provisions of this paragraph. If a Participating State believes that the Company has failed to satisfy a provision of this Agreement that Participating State shall provide written notice of the alleged breach to the Company and will also notify the Lead States that the alleged breach has occurred. Company shall have the opportunity, within fifteen (15) business days of receipt of such notice, to present evidence in writing and/or through appearance before the state insurance regulator in an attempt to rebut the allegation(s) or to seek an extension to address the alleged breach. Company shall have thirty (30) business days from the date of receipt of the state's written breach notice to cure any breaches, unless the Parties agree to an extension. The Participating State and the Company agree to act and negotiate in good faith to resolve any alleged breach of the Agreement. The Participating State shall not pursue any enforcement action against the Company until the 30 day cure period has expired, but may then seek, without limitation, to enforce the provisions of this Agreement through administrative or legal enforcement actions and may seek penalties for violations of this Agreement. Any enforcement action brought by any Participating State shall be governed by the laws and regulations of that Participating State.

6. Governing Law. Any action or proceeding to enforce the provisions of this Agreement brought by any Participating State shall be governed by the laws and regulations of such Participating State. In all other respects, this Agreement shall be governed by, and interpreted in accordance with, the laws of the State of Missouri.

7. Release. Each Participating State and Lead State hereby agrees to and does release the Company and any of its parents and subsidiaries, successors and assigns from any and all claims, sanctions, losses, demands, interest, penalties, actions or other causes of action

that each Participating State may have by reason of any matter, cause or thing whatsoever, regarding or relating to this Examination and the issues raised in this Examination, or encompassed by the scope of this Agreement or as a result of any practices revealed by the Examination, to the extent such practices commenced prior to the Effective Date of this Agreement. Notwithstanding the foregoing, this Agreement is not intended to, nor may it be construed to, limit a Participating State's authority to investigate, examine or act upon any noncompliance of the Company with insurance laws or regulations regarding matters not within the scope of this Agreement. Further, nothing in this Agreement limits the authority of the Participating States to conduct any regulatory functions, including but not limited to dealing with specific instances of consumer complaints, licensing of insurers, Administrators, producers and other entities, or rate and form filings not within the scope of this Agreement. This Agreement is not intended and may not be construed to limit the authority of any Participating State to investigate, examine and take appropriate action as to matters outside the scope of this Agreement. Except as provided herein, nothing in this Agreement shall be construed to waive or limit any rights the Participating States may have to regulate the Company or to seek such other remedies for a violation of law or regulation.

8. Subsequent Law. If a Participating State adopts an Insurance Law or Regulation relating to or conflicting with any provision of this Agreement, then application of such provision of this Agreement shall be superseded by such law or regulation as it applies in that Participating State (and that state alone) to the Company's actions occurring after the effective date of that Insurance Law or Regulation, provided that all other unaffected terms and conditions of the Agreement shall remain in full force and effect.

9. Non-Admissibility. Neither this Agreement nor any part thereof, nor any act performed or document executed pursuant to or in furtherance of this Agreement, is now or may be deemed in the future to be an admission of or evidence of liability or any wrongdoing by the Company or any of its parents and subsidiaries, successors and assigns.

10. No Admission of Liability. This Agreement does not constitute an admission of liability, violation, or wrongdoing by the Company and the Company expressly denies that any of its actions or alleged actions were knowingly committed or represented a pattern and/or business practice that would violate the insurance unfair trade practice laws, claims settlement laws, or any other applicable statutes or regulations of any of the Participating States. Neither this Agreement nor any part thereof, nor any related negotiations, statements or court proceedings shall be offered by the Company, the Lead States, the Participating States or any third party as evidence of an admission, denial or concession of any liability or wrongdoing whatsoever on the part of any person or entity, including but not limited to the Company or the Participating States, as a waiver by the Company or the Participating States of any applicable defenses, including without limitation any applicable statute of limitations or statute of frauds; or as a waiver by the Participating States of any regulatory authority regarding the matters addressed in the Examination.

11. No Impact on Current Travel Insurance. Nothing in this Agreement or any of its terms and conditions shall be interpreted to alter in any way the terms or the validity of any of the Company Travel Insurance policies or certificates issued prior to the Effective Date. Subject to its obligations under Section D (4) of this Agreement, nothing in this Agreement shall be interpreted to release the Company from its obligation to pay claims in accordance with policy

provisions. Further, nothing in this Agreement shall be interpreted to relieve the Company of its obligations to process consumer complaints in accordance with applicable law.

12. Amendments. No amendments shall be made to this Agreement except in writing and where agreed to the Lead States on behalf of the Participating States.

13. Counterparts. This Agreement may be executed in one or more counterparts, all of which shall be deemed an original and all of which, when taken together, shall constitute one and the same Agreement. Execution and delivery of this Agreement may be performed by e-mail or facsimile transmission.

14. Headings. The section headings herein are intended for reference and shall not by themselves determine the construction or interpretation of this Agreement.

15. Severability. If any term or provision of this Agreement is determined by any court, regulatory or governmental agency to be illegal, unenforceable or invalid in whole or in part for any reason, such illegal, unenforceable or invalid provision or part thereof shall be deemed stricken from this Agreement, and such provision shall not affect the legality, enforceability or validity of the remainder of this Agreement. Additionally, in the event that a court, regulatory or governmental agency determines that the Company has failed to satisfy a provision of this Agreement, pursuant to the Enforcement provision in Section D (5), it is the intent of the Parties that the remainder of this Agreement and its corresponding obligations and provisions are not affected thereby and remain in effect.

16. Preservation of Rights. This Agreement shall not confer any rights upon any persons or entities other than the Parties to it or extinguish any such rights, and the Agreement is not intended to be used for any other purpose.

17. Participating State Adoption. States may adopt this Agreement and become Participating States if they execute and return to the Lead States a Participating State Adoption in the form of Exhibit A on or before forty five (45) days from the date this Agreement is executed by the Managing Lead State.

IN WITNESS WHEREOF THE PARTIES HAVE EXECUTED THIS AGREEMENT AS OF THE DATE SET FORTH AFTER EACH OF THEIR NAMES.

[SIGNATURE PAGES IMMEDIATELY FOLLOW]

Old Republic Insurance Company

By: Craig R. Smiddy

Title: President & COO

Date: 12/14/16

Missouri Department of Insurance, Financial Institutions and Professional Registration

By: Chloria Lindley-Nye

Date: 05-09-2017

Minnesota Department of Commerce

By: _____

Date: _____

Ohio Department of Insurance

By: _____

Date: _____

Oklahoma Insurance Department

By: _____

Date: _____

Pennsylvania Insurance Department

By: _____

Date: _____

Utah Insurance Department

By: _____

Date: _____

2017- 5148

Old Republic Insurance Company

By: Craig R. Smiddy

Title: President & COO

Date: 12/14/16

Missouri Department of Insurance, Financial Institutions and Professional Registration

By: _____

Date: _____

Minnesota Department of Commerce

By: Ann Colman

Date: 2-15-17

Ohio Department of Insurance

By: _____

Date: _____

Oklahoma Insurance Department

By: _____

Date: _____

Pennsylvania Insurance Department

By: _____

Date: _____

Utah Insurance Department

By: _____

Date: _____

2017- 5148

Old Republic Insurance Company

By: Craig R. Smiddy

Title: President & COO

Date: 12/14/16

Missouri Department of Insurance, Financial Institutions and Professional Registration

By: _____

Date: _____

Minnesota Department of Commerce

By: _____

Date: _____

Ohio Department of Insurance

By: Tracy Jackson

Date: 2/11/17

Oklahoma Insurance Department

By: _____

Date: _____

Pennsylvania Insurance Department

By: _____

Date: _____

Utah Insurance Department

By: _____

Date: _____

2017- 5148

Old Republic Insurance Company

By: Craig R. Smiddy

Title: President & COO

Date: 12/14/16

Missouri Department of Insurance, Financial Institutions and Professional Registration

By: _____

Date: _____

Minnesota Department of Commerce

By: _____

Date: _____

Ohio Department of Insurance

By: _____

Date: _____

Oklahoma Insurance Department

By: Joel Sander, Deputy Commissioner

Date: 4/27/17

Pennsylvania Insurance Department

By: _____

Date: _____

Utah Insurance Department

By: _____

Date: _____

Old Republic Insurance Company

By: Craig R. Smiddy
Title: President & COO
Date: 12/14/16

Missouri Department of Insurance, Financial Institutions and Professional Registration

By: _____
Date: _____

Minnesota Department of Commerce

By: _____
Date: _____

Ohio Department of Insurance

By: _____
Date: _____

Oklahoma Insurance Department

By: _____
Date: _____

Pennsylvania Insurance Department

By: Sean O'Neill
Date: 1/18/17

Utah Insurance Department

By: _____
Date: _____

Old Republic Insurance Company

By: *Craig R. Smiddy*

Title: *President + COO*

Date: *12/14/16*

Missouri Department of Insurance, Financial Institutions and Professional Registration

By: _____

Date: _____

Minnesota Department of Commerce

By: _____

Date: _____

Ohio Department of Insurance

By: _____

Date: _____

Oklahoma Insurance Department

By: _____

Date: _____

Pennsylvania Insurance Department

By: _____

Date: _____

Utah Insurance Department

By: *[Signature]*

Date: *1.24.17*

2017- 5148

Exhibit A
PARTICIPATING STATE ADOPTION
of
REGULATORY SETTLEMENT AGREEMENT

MARKET CONDUCT EXAMINATION OF
TRAVEL INSURANCE PRACTICES

IN THE MATTER OF
OLD REPUBLIC INSURANCE COMPANY
NAIC #24147

On behalf of the Texas Department of Insurance, I, Kevin Brady, as Deputy Commissioner for Agency Affairs, hereby adopt, agree, and approve the Regulatory Settlement Agreement dated May 9, 2017, by and between the above-named Company and the regulatory agencies named therein.

TEXAS DEPARTMENT OF INSURANCE

By: Kevin Brady

Title: Deputy Commissioner for Agency Affairs

Date: 7-17-17

Please provide the following information as to how your jurisdiction's allocation of the Multi-State Administrative Payment should be sent from Old Republic Insurance Company.

CONTACT NAME: Catherine Bell
MAILING ADDRESS: 333 Guadalupe, Austin, Texas 78701
PHONE NUMBER: 512-676-6327
EMAIL: Catherine.bell@tdi.texas.gov
PAYMENT MADE TO: Texas Department of Insurance

Please return this form to:

Stewart Freilich, Senior Regulatory Affairs Counsel
Missouri Department of Insurance, Financial
Institutions and Professional Registration
PO Box 690
Jefferson City, MO 65102
Stewart.freilich@insurance.mo.gov