

No. 2016-4837

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

Date: DEC 07 2016

**Subject Considered:**

TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA  
One Tower Square  
Hartford, Connecticut 06183

**CONSENT ORDER**  
TDI ENFORCEMENT FILE NO. 11446

**General remarks and official action taken:**

The commissioner of insurance considers whether disciplinary action should be taken against Travelers Casualty and Surety Company of America (Travelers).

**WAIVER**

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

**FINDINGS OF FACT**

1. Travelers is a fire and casualty insurance company holding a certificate of authority to transact business in the state of Texas.
2. In 2011, Travelers wrote endorsement form CRI-10114 Ed. 07-11 for use with a commercial crime policy.
3. Travelers did not file endorsement form CRI-10114 Ed. 07-11 for review and approval with TDI.
4. In May 2011, Travelers issued its crime policy endorsed with form CRI-10114 Ed. 07-11 to a private association having unaffiliated members in the business of automobile repossession and recovery (a repo association). Travelers has renewed this crime policy, and it remains in force through May 2017.
5. In addition, Travelers issued two other crime policies endorsed with form CRI-10114 Ed. 07-11 to two other repo associations which remain in force. One was issued effective July 2015 to July 2017, and the other was issued effective April 2016 to April 2017.

6. According to the terms of endorsement form CRI-10114 Ed. 07-11, the crime policy only benefits the named insured repo association, and only the named insured repo association can make a claim. The unaffiliated members of the repo associations are not insured under the crime policy and cannot make a claim.
7. As applied to the crime policy's employee theft coverage, form CRI-10114 Ed. 07-11 appears to attempt to provide a benefit to a repo association member's "client" (e.g. a lender). Should the client's property be stolen by an employee of a repo association member, the named insured repo association could voluntarily make a claim under the crime policy, on behalf of any member's client desiring to assert a claim. However, the contractual terms of form CRI-10114 Ed. 07-11 do not name or schedule the client as a named or additional insured and do not provide the client with any right to assert, file, or make a claim under the crime policy. Thus, the client is not insured under the crime policy.
8. Travelers represents that no claims have been filed under its crime policies endorsed by form CRI-10114 Ed. 07-11.

## CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051 – 82.055, 84.021 – 84.044, and 801.051 – 801.053.
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 § 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. Travelers 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 intent to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Travelers violated TEX. INS. CODE § 2301.006 by failing to file and using an unapproved form.

The commissioner orders Travelers Casualty and Surety Company of America to cease and desist using unapproved form CRI-10114 Ed. 07-11.

The commissioner further orders Travelers to pay an administrative penalty of \$100,000. The penalty payment is due on or before 30 days from the date of this order. The payment must be paid by cashier's check or money order made payable to the "State of Texas" and transmitted to the Texas Department of Insurance, Attn: Compliance Division, Enforcement Section, Division 40111, MC 9999, P.O. Box 149104, Austin, Texas 78714-9104.



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David C. Mattax  
Commissioner of Insurance

