

No. 2019- 6122

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

Date: OCT 3 0 2019

Subject Considered:

Travelers Personal Insurance Company
One Tower Square
Hartford, Connecticut 06183

Consent Order
TDI Enforcement File No. 21834

General remarks and official action taken:

This is a consent order with Travelers Personal Insurance Company (Travelers). Travelers self-reported a rating error which was discovered after the transition to a new homeowners insurance product. Travelers has agreed to pay restitution with interest to the affected policyholders.

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 foreign fire and casualty insurance company that holds a certificate of authority to transact business in Texas.
2. In July 2019, Travelers notified the department that it discovered that the third-party scoring model it was using was not the one that had been filed with the department. The model produces a score that is one of the rating variables used to place policies in tiers.

3. The error misclassified policyholders and caused Travelers to unintentionally charge the wrong rates. The error affected 6,985 Texas policies issued between August 19, 2018 and December 20, 2018. Travelers estimates this error caused overcharges of \$349,250. Travelers identified more than 5,000 policies that were undercharged, which Travelers will honor as written.

Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051 – 82.055, 84.021– 84.044, 559.151, 801.052–801.053, 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. 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 intention 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 § 559.151 by using a scoring model different than that on file with the department.
5. Travelers violated TEX. INS. CODE § 2251.101 by misclassifying policyholders which led to charging the wrong rates.
6. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct Travelers to make complete restitution to each policyholder impacted by the violations.

Travelers is ordered to comply with the following:

- a. Travelers must identify all homeowners insurance policies issued by it in Texas with effective dates from August 19, 2018, through December 20, 2018 (the "Review Period").
- b. For each policy in the Review Period, Travelers must calculate the Corrected Premium using the rates on file with the department.

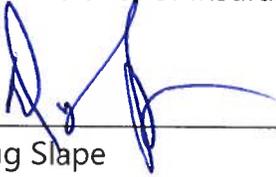
- c. For each policy in the Review Period, Travelers must calculate and determine whether the dollar amount of the premium charged for each policy is less than or more than the Corrected Premium. If the premium charged is more than the Corrected Premium, the difference constitutes the Overcharge.
- d. Travelers 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 must include both the dollar amount of the overcharge, plus simple interest due on the overcharge. The rate of interest is 5 percent per annum.
- e. Travelers must mail the restitution checks and/or issue the account credits to the Qualifying Policyholders on or before December 31, 2019.
- f. Any restitution checks that are returned to Travelers 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.* Travelers must copy the department on any correspondence pertaining to presumed abandoned funds that is sent to the comptroller.
- g. On or before February 15, 2020, Travelers 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:
 - 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).

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

Kent C. Sullivan
Commissioner of Insurance

By:

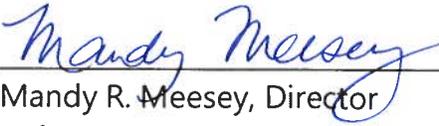


Doug Slape
Chief Deputy Commissioner
Commissioner's Order No. 2018-5528

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Enforcement Division



Mandy R. Meesey, Director
Enforcement Division

