



The Cincinnati Insurance Company ■ The Cincinnati Indemnity Company
The Cincinnati Casualty Company ■ The Cincinnati Specialty Underwriters Insurance Company
The Cincinnati Life Insurance Company

December 13, 2017

Karen Romero
Market Conduct Division
Connecticut Insurance Department
P.O. Box 816
Hartford, CT 06142-0816

Re: The Cincinnati Insurance Company
Market Conduct Survey

Dear Ms. Romero,

I'm writing in response to the Stipulation and Consent Order, Section II, paragraphs 2 and 3. We have reviewed our practices and procedures with respect to the areas of concern identified in the report. We addressed the concerns related to personal lines policies, commercial lines policies, and claims practices separately as follows:

Personal lines

The fines levied against Personal Lines fell into four categories:

1. Individual Producers Not Licensed
2. Individual Producers Not Appointed
3. Entity Producers Not Appointed; and
4. Premium Billing Notices were not sent within the required time frame

As it involves the first three categories, upon learning of the potential infractions, Personal Lines Department Underwriting reached out to all of the applicable agencies. We are requiring the agencies and producers to obtain licenses and appointments or the policies will be nonrenewed. Additionally, an e-mail was sent to the entire department referencing the recent audit and the need to verify that individual producers are licensed/appointed along with the proper appointment for entity producers. Northeast underwriting managers recently confirmed again that their teams have continued to stay abreast of this issue when new business is placed with us.

The final item on the list centered on premium billing notices not being sent out with the appropriate lead time. Cincinnati Insurance had a 30-day window programmed, but that included the print date. Therefore, by the time these were mailed it only provided a 29-day window. An immediate correction to this error was amended on Friday, January 13, 2017 providing 35 days advanced notice.

Commercial Lines

Individual Producers and Entity Producers Not Licensed and/or Appointed

We have reminded the commercial underwriters to check the agency directory to see if the agent for a given account has the necessary licensing and appointment unless the multi-state license exception

applies when writing an out-of-state exposure. This will be again addressed in the Manager Meeting Notes in the near future and distributed to underwriters. Individual producers are never appointed without an accompanying appointment for the entity producer.

We have been working with the underwriting managers to get the agents identified in this exam properly licensed and appointed.

We've initiated a semi-annual Producer License audit, on a countrywide basis, and the results are shared with the underwriting teams.

We're working with the Commercial Director of Commercial Systems, to look into the possibility of our e-CLAS policy management system being able to access the Agency License Data base to verify that an agent has the proper license, and if not, send an error message to the underwriter. Discussions have been optimistic to date, but further vetting still needs to take place.

Premium Billing Notices

Recently, our Connecticut underwriters began to automatically renew business, based on expiring coverages, 45 to 60 days before expiration. Premium notifications are sent within the required time frame anytime the premium increases 10% or more.

Claims

Failure to undertake to pay claims for loss of use

The procedures outlined in our survey response were covered with our Connecticut casualty adjusters by the Resident Field Claims Manager responsible for the oversight of Connecticut automobile claims. The manager will ensure third party loss of use claims are addressed as prescribed by the State of Connecticut Insurance Department.

Unlicensed individuals acting as Casualty Adjusters

Resident Field Claims Manager reviews and monitors all new claim assignments. If an independent adjuster is necessary, pre-approved and confirmed licensed independent adjusters are utilized. Otherwise, the claim will be assigned to a resident and confirmed licensed Connecticut adjuster. Resident Field Claims Manager retains evidence of licensure of all Connecticut adjusters. If any NY adjuster handles a Connecticut claim, it will be confirmed by Field Claims Manager review that the claim is assigned to a Connecticut nonresident licensed adjuster only.

Sincerely,



Jim Brown
Compliance Manager