

Market Conduct Report

**Trumbull Insurance Company**  
**Sentinel Insurance Company**  
**Hartford Accident and Indemnity Company**  
**Property Casualty Insurance Company of Hartford**  
**Hartford Casualty Insurance Company**

July 17, 2019

Connecticut Insurance Department

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Trumbull Insurance Company  
 Sentinel Insurance Company  
 Hartford Accident and Indemnity Company  
 Property Casualty Insurance Company of Hartford  
 Hartford Casualty Insurance Company

I. INTRODUCTION

A. Statutory Authority

By authority granted under Section 38a-15 of the Connecticut General Statutes, this examination was conducted by Market Conduct examiners of the State of Connecticut Insurance Department at the companies' office located in Windsor, Connecticut.

B. Scope of Examination

From September 11, 2017 to on or about December 4, 2018, the Market Conduct Division of the Connecticut Insurance Department examined the market conduct practices of the companies using a sample period of January 1, 2016 through December 31, 2016. The examination was limited to Connecticut business.

C. Company Profile

<u>Company</u>	<u>Commenced Business</u>	<u>State of Domicile</u>
Trumbull Insurance Company	November 6, 1986	CT
Sentinel Insurance Company	March 6, 1999	CT
Hartford Accident & Indemnity	August 12, 2013	CT
Property Casualty Insurance Company of Hartford	May 4, 1989	IN
Hartford Casualty Insurance Company	December 1, 1929	IN

Direct premiums written as of December 31, 2017 are as follows:

	<u>Connecticut</u>	<u>Total</u>
Trumbull Insurance Company	97,902,873	1,215,010,402
Sentinel Insurance Company	67,603,150	1,522,044,375
Hartford Accident & Indemnity	24,124,772	744,427,802
Property Casualty Insurance Company of Hartford	24,682,615	839,595,317
Hartford Casualty Insurance Company	42,400,737	1,105,433,558

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D. Market Conduct Reports

The examiners generated a listing of market conduct examination reports using National Association of Insurance Commissioners' I-Site. This information was used to request market conduct examination reports from the companies.

The examiners obtained copies of all relevant market conduct examination reports which had been issued to the companies during the three (3) years preceding the examination. The reports were reviewed to identify any recommendations that had been made by the respective Insurance Departments and to determine whether the companies had taken appropriate corrective action in response to those recommendations.

E. Privacy of Consumer Financial Information

**Standard 1: The companies have adequate procedures in place for the protection of consumer financial information.**

The companies appear to be in compliance.

**Standard 2: The companies provide each consumer with an initial privacy notice in accordance with statutes, rules and regulations.**

The companies appear to be in compliance.

**Standard 3: The companies provide each consumer with an annual privacy notice in accordance with statutes, rules and regulations but at a minimum annually.**

The companies appear to be in compliance.

**Standard 4: The companies provide each consumer with an opt out notice in accordance with statutes, rules and regulations.**

The companies appear to be in compliance.

**Standard 5: The companies provide each consumer with a revised privacy notice in accordance with statutes, rules and regulations.**

The companies appear to be in compliance.

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**Standard 6: All notices are provided in the required timeframe so as to minimize any improper intrusion into the privacy of consumers.**

The companies appear to be in compliance.

**Standard 7: The companies comply with all requirements for the disclosure of nonpublic personal financial information to nonaffiliated third parties so as to minimize any improper intrusion into the privacy of consumers.**

The companies appear to be in compliance.

**Standard 8: The companies comply with all requirements for the disclosure and redisclosure of nonpublic personal financial information so as to minimize any improper intrusion into the privacy of consumers.**

The companies appear to be in compliance.

**Standard 9: The companies have procedures for the sharing of consumer account numbers so as to minimize any improper intrusion into the privacy of consumers.**

The companies appear to be in compliance.

## II. ITEMS EXAMINED

### A. Operations and Management

**Standard 1: The companies have an up-to-date, valid internal or external audit program.**

The examiners reviewed the Hartford internal audit policy manual. Various types of audits are performed: full audits, limited scope, advisory, compliance and special project audits.

**Standard 2: The companies have appropriate controls, safeguards and procedures for protecting the integrity of computer information.**

The Hartford's Information Protection Plan has a comprehensive set of security policies and standards based on (ISO) 27001-2013 which specifies the requirements for establishing, implementing, maintaining and continually improving information security management and complies with federal and state data security regulations and to protect information. The Hartford implements many levels and forms of encryption to ensure confidentiality, integrity and availability of sensitive information.

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**Standard 3: The companies have an antifraud plan in place.**

The examiners reviewed the Hartford Financial Services Group Fraud Plan. The SIU unit began in 1979 and has grown substantially since to its current staff of sixty (60) investigators. The main goal of the unit is prevention of both premium and claim fraud. During the sample period, a total of 251 Automobile and GL cases and 133 Property cases were referred to the S.I.U. The documentation included a note that they do not track the number of prosecutions and convictions. It is the Hartford's policy, however, when appropriate, to report fraud and theft to law enforcement authorities and prosecute.

**Standard 4: The companies have a valid disaster recovery plan.**

The Hartford's Business Resilience Program was reviewed. The goals and objectives of the program are extensive and involve recovery from many different scenarios. Detailed plans are in place should a disaster of many types occur. The companies appear to have adequate plans in place.

**Standard 5: The companies adequately monitor the activities of the managing general agents.**

The companies do not have managing general agents.

**Standard 6: The companies' contract with managing general agents comply with applicable statutes, rules and regulations.**

See above.

**Standard 7: Records are adequate, accessible, consistent and orderly, and comply with State record retention requirements.**

The companies appear to be in compliance.

**Standard 8: The companies are licensed for the lines of business that are being written.**

The companies appear to be in compliance.

**Standard 9: The companies cooperate on a timely basis with examiners performing the examination.**

The companies appear to be in compliance.

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B. Complaint Handling

**Standard 1: All complaints are recorded in the required format on the companies' complaint register.**

The examiners reviewed the companies' complaint register. All DOI complaints were recorded and the register format was in compliance with Connecticut Regulations.

**Standard 2: The companies have adequate complaint handling procedures in place and communicate such procedures to policyholders.**

The companies appear to be in compliance.

**Standard 3: The companies take adequate steps to finalize and dispose of the complaint in accordance with applicable statutes, rules and regulations, and contract language.**

The companies appear to be in compliance.

**Standard 4: The time frame within which the companies respond is in accordance with applicable statutes, rules and regulations.**

The companies appear to be in compliance.

C. Marketing and Sales

**Standard 1: All advertising and sales materials are in compliance with applicable statutes, rules and regulations.**

The companies appear to be in compliance.

**Standard 2: The companies' internal producer training materials are in compliance with applicable statutes, rules and regulations.**

The companies appear to be in compliance.

**Standard 3: The companies' communications to producers are in compliance with applicable statutes, rules and regulations.**

The companies appear to be in compliance.

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**Standard 4: The companies' mass marketing of property and casualty insurance is in compliance with applicable statutes, rules and regulations.**

The companies appear to be in compliance.

D. Producer Licensing

**Standard 1: The companies' records of licensed and appointed producers agree with Insurance Department's records.**

The companies appear to be in compliance.

**Standard 2: The producers are properly licensed and appointed in the jurisdiction where the application was taken.**

The exam identified instances where Trumbull Insurance Company, Sentinel Insurance Company and Hartford Casualty Insurance Company were not in compliance with Connecticut General Statutes.

**Standard 3: Termination of producers complies with statutes regarding notification to the producer and notification to the State, if applicable.**

The companies appear to be in compliance.

**Standard 4: The companies' policy of producer appointments and terminations does not result in unfair discrimination against policyholders.**

The companies appear to be in compliance.

**Standard 5: Records of terminated producers adequately document the reasons for termination.**

The companies appear to be in compliance.

E. Policyholder Service

**Standard 1: Premium notices and billing notices are sent out with an adequate amount of advance notice.**

The companies appear to be in compliance.

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**Standard 2: Policy issuance and insured requested cancellations are timely.**

The companies appear to be in compliance.

**Standard 3: All correspondence directed to the companies is answered in a timely and responsive manner by the appropriate department.**

The companies appear to be in compliance.

F. Underwriting and Rating

**Standard 1: The rates charged for the policy coverage are in accordance with filed rates or the companies' rating plan.**

Private Passenger Automobile  
-Incorrect Territory Assignments

It was determined that several policies were assigned incorrect rating territories where the zip code for the insured's residence did not align to the insured's town of residence. The company was asked to do a complete review to determine the extent of the inaccurate rating issue. The company advised that the territory error was spread across ten (10) of the Hartford Group's writing companies. In all, it impacted 475 policies that totaled 696 vehicles. The resulting overcharges were \$19,190 with undercharges totaling \$93,961. The company advised it is actively working to revise its current methodology to eliminate this issue going forward.

During the new business review, it was determined that in fourteen (14) instances the file lacked necessary documentation regarding the Uninsured Motorist options selected. In one (1) instance, the insured should have been provided conversion coverage as requested. In two (2) instances, the file lacked necessary documentation regarding the Medical Payment coverage options and selections chosen.

Homeowners

During the manual review of the new business rating, the examiner provided feedback to the company about certain instances in which the company's rate and rule manual could more clearly state how premium charges would be calculated when there is an increase in coverage limits or the addition of a coverage endorsement. The company filed clarifications to its rate and rule manual effective April 25, 2019 (SERFF tracking number HART-131848028). The Department is satisfied with the company's response and no further action by the company is required.

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-Incorrect Territory Assignments

The company utilized a nine digit zip code based mapping tool for the assignment of territory assignment for homeowner's policies. It was determined during the review that a total of 358 policies were incorrectly assigned territories in instances where the zip code for the insured's residence did not align to the insured's town of residence. This resulted in overcharges of \$3,119 and undercharges of \$13,519. The company has advised it will implement a new methodology for determining territory assignment.

-Fire Protection Class System

The company advised it uses the most up-to-date fire protection data via the Location Service tool which is updated by ISO on a monthly basis. The examiner, during the review, determined that the information regarding company use of the Location tool did not match the company filing for use in Connecticut. The company addressed the Department's concern by filing clarifications to its rate and rule manual effective April 25, 2019 (SERFF tracking number HART-131848028). The Department is satisfied with the company's response and no further action by the company is required.

-Process Date / Effective Date

In a few instances, the company used rates that were in effect at the time the policy was processed and not the rates that were going to be in use as of the effective date of the policy. The company addressed the Department's concern by revising its filing explanatory process to clearly depict the process and effective dates of proposed changes.

**Standard 2: Disclosures to insureds concerning rates and coverages are accurate and timely.**

Private Passenger Automobile

Prior to the examination, the Consumer Affairs Division advised that it had received complaints that involved a process whereby the company added non-mandatory coverages not requested by insureds to new business private passenger automobile policies. Specifically, the company added optional Basic Reparations Benefits Coverage or Medical Payments Coverage to Connecticut policies if the policyholder did not return a signed Application for Supplemental Coverage Explanation Form confirming their declination of the coverage. A letter and endorsement were mailed to the insureds informing them of the coverage change made and informed them to contact the company if they did not want the coverage.

This practice is contrary to Bulletin S-10 which states that any addition or increase to a policy without prior knowledge and consent of the policyholder is prohibited.

The company acknowledged this practice has been in place for several years and advised that it discontinued the practice as of February 17, 2016. These past coverage additions were also the subject of a putative class action in

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Connecticut Superior Court, which has resulted in a settlement process preliminarily approved by the court.

The company provided exhibits per our request from policy year's 2010 through 2016 that listed policy counts and premium totals where either Medical Payments or Basic Reparations Benefits coverage was added in the absence of a signed form. These numbers are necessarily over-inclusive because there was no easy way to exclude instances where, for example, an insured discussed the coverages telephonically with the company.

The highest number of policies potentially impacted by this practice where Medical Payments coverage was added is 847 for Trumbull Insurance Company, 24 for Sentinel Insurance Company and Hartford Casualty Insurance Company, and 150 for Pacific Insurance Limited.

The highest number of policies potentially impacted by this practice where Basic Reparations Benefits was added totaled 2,574 for Trumbull Insurance Company, 360 for Sentinel Insurance Company and Hartford Casualty Insurance Company, and 207 for Pacific Insurance Limited.

**Standard 3: The companies do not permit illegal rebating, commission cutting or inducements.**

The companies appear to be in compliance.

**Standard 4: Credits and deviations are consistently applied on a non-discriminatory basis.**

The companies appear to be in compliance.

**Standard 5: Schedule rating or individual risk premium modification plans, where permitted, are based on objective criteria with usage supported by appropriate documentation.**

The companies appear to be in compliance.

**Standard 6: The companies' underwriting practices are not unfairly discriminatory. The companies adhere to applicable statutes, rules, regulations and companies' guidelines in the selection of risks.**

The companies appear to be in compliance.

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Hartford Casualty Insurance Company

**Standard 7: All forms and endorsements forming a part of the contract are listed on the declarations page and should be filed with the Department of Insurance.**

The companies appear to be in compliance.

**Standard 8: The producers are properly licensed and appointed in the jurisdiction where the application was taken.**

Private Passenger Automobile

Trumbull Insurance Company

One (1) producer was not licensed in accordance with Connecticut General Statutes Section, 38a-702b.

Commercial Lines

Hartford Casualty Insurance Company

Three (3) producers were not licensed in accordance with Connecticut General Statutes Section 38a-702b. Five (5) producers were not appointed in accordance with Connecticut General Statutes Section, 38a-702m.

Sentinel Insurance Company

Two (2) producers were not licensed in accordance with Connecticut General Statutes, Section 38a-702b.

**Standard 9: Underwriting, rating and classifications are based on adequate information developed at or near inception of the coverage rather than near expiration or following a claim.**

The companies appear to be in compliance.

**Standard 10: File documentation adequately supports decisions made.**

The companies appear to be in compliance.

**Standard 11: Policies and endorsements are issued or renewed accurately, timely and completely.**

The companies appear to be in compliance.

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**Standard 12: Audits, when required, are conducted accurately and timely.**

The companies appear to be in compliance.

**Standard 13: The companies verify that VIN number submitted with application is valid and that the correct symbol is utilized.**

The companies appear to be in compliance.

**Standard 14: The companies do not engage in collusive or anti-competitive underwriting practices.**

The companies appear to be in compliance.

**Standard 15: Rejections and declinations are not unfairly discriminatory.**

Private Passenger Automobile

Trumbull Insurance Company

In a sample of private passenger automobile declinations, thirteen (13) declinations used reasons that were not within the filed guidelines. Eleven (11) declinations used nonspecific reasons and one (1) declination lacked documentation.

Homeowners

Trumbull Insurance Company

In a sample of homeowner declinations, sixteen (16) declinations were non-specific, four (4) declination did not list the specific prior loss and one (1) declination reason was not in the companies filed guidelines.

**Standard 16: Cancellation/non-renewal notices comply with policy provisions and State laws, and companies' guidelines.**

Private Passenger Automobile

Trumbull Insurance Company

Cancellations

In a sample of private passenger automobile cancellations, the company did not have required proof of mailing for three (3) cancellation notices.

Non-Renewals

Two (2) non-renewals were short notices.

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Sentinel Insurance Company

Cancellations

In a sample of private passenger automobile cancellations, the company did not have required proof of mailing for four (4) cancellation notices.

Homeowners

Trumbull Insurance Company

Non-Renewals

In a sample of homeowner non-renewals, one (1) notice was nonspecific.

Hartford Accident & Indemnity Company

Non-Renewals

In a sample of homeowner non-renewals, one (1) notice was nonspecific.

Commercial Lines

Sentinel Insurance Company

Cancellations

Three (3) cancellations for nonpayment did not provide proof of mailing for review.

**Standard 17: Cancellation/non-renewal notices comply with policy provisions and State laws, including the amount of advance notice provided to the insured and other parties to the contract.**

The company self-disclosed that it had delivered cancellation notices for nonpayment of premium via email to customers who agreed to electronic delivery of policy materials. Cancellations for reasons other than nonpayment were mailed via U.S. certificate of mailing. This practice of sending nonpay cancellation notices by email started February 13, 2013. The company provided a table that showed it involved seventeen (17) of the Hartford Groups' writing companies. A total of 1,869 nonpay cancellations did not meet requirements for proof of mailing per Connecticut General Statutes, Section 38a-323 and clarified per Bulletin PC-66.

The Hartford Group has advised that beginning December 27, 2017, they began mailing nonpay cancellation notices and will have the ability to furnish proof of mailing documentation going forward.

**Standard 18: Unearned premiums are correctly calculated and returned to appropriate party in a timely manner, and in accordance with applicable statutes, rules and regulations.**

The companies appear to be in compliance.

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**Standard 19: Rescissions are not made for non-material misrepresentation.**

The companies appear to be in compliance.

**Standard 20: All policies are correctly coded.**

The companies appear to be in compliance.

G. Claims

The companies provided a listing of claims paid and denied during the period of examination. The claim files were reviewed to determine if they were handled in accordance with policy provisions, and applicable statutes and regulations.

**Standard 1: The initial contact by the companies with the claimant is within the required time frame.**

The companies appear to be in compliance.

**Standard 2: Timely investigations are conducted.**

The companies appear to be in compliance.

**Standard 3: Claims are resolved in a timely manner.**

The companies appear to be in compliance.

**Standard 4: The companies respond to claim correspondence in a timely manner.**

The companies appear to be in compliance.

**Standard 5: Claim files are adequately documented.**

The companies appear to be in compliance.

**Standard 6: Claim files are handled in accordance with policy provisions and applicable statutes, rules and regulations.**

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Private Passenger Automobile

Trumbull Insurance Company

In a sample of collision claims, it was determined that there were three (3) undue delays in settlement, one (1) delay in coverage determination and one (1) delay in claim denial. In a sample of property damage liability claims, it was determined that there were two (2) undue delays in settlement. There were two (2) claim files that lacked necessary documentation, one (1) delay in settlement. The company also was determined to have six (6) claim handling errors.

In a sample of comprehensive claims, it was determined that there was one (1) delay in settlement, three (3) claims lacked necessary documentation and one (1) claim handling error in which the company made restitution to insured of \$176.

In a sample of bodily injury liability claims, it was determined that one (1) claim was an early bodily injury settlement within 15 days of the tortious act. One (1) claim had an undue delay in accepting liability. One (1) claim had a delay in settlement. One (1) was found to be an unfair practice.

In a sample of subrogated claims, it was determined that there were two (2) claims that the company overpaid. Two (2) claim files in which the company was advised to reimburse insured deductible amounting to \$527.80. There was one (1) delay in payment, one (1) delay in appraisal and one (1) file in which the statute of limitation expired and company was not able to pursue subrogation. Five (5) files went to arbitration hearings when the company sent the other carrier a check in offer of settlement based on the company's evaluation of the claim and the other carrier elected to file an arbitration rather than submit further information in support of its demand. In all five cases, the company lost arbitration.

In a sample of litigated files, the examiner found instances where the company sent the other carrier a check in offer of settlement based on its evaluation of the claim and the other carrier elected to file arbitration rather than submit further information in support of its demand. In four of the cases, the company lost 100% and had to pay the other carrier the full demand. When asked about the process, the company explained that during the exam period it used a vendor to audit subrogation demands presented by other insurance carriers. During that period, the company would send the other carrier the undisputed amount together with a letter explaining the difference in the amount of the demand and the amount of its offer and invited the other carrier to submit additional information to support its demand. The company advised that it revised its process in May of 2018. While the company continues to use a vendor to audit subrogation demands, it now sends a check in offer of settlement to the other carrier when the undisputed amount is \$250 or less. The company also continues to send a letter explaining its settlement offer and

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inviting the other carrier to submit additional information to support its demand. The company has addressed the Department's concern and no further action is required by the company.

In a sample of closed without payment claims, there were two (2) claim handling errors.

Sentinel Insurance Company

In a sample of collision claims, there was one (1) undue delay.

In a sample of comprehensive claims, there was one (1) claim handling error. In that instance, the adjuster advised insured that repairs had to begin on a Monday and not during midweek.

In the review of property damage liability claims, the examiner found in the documentation that there was one (1) early bodily injury settlement within 15 days of the tortious act. One (1) claim did not consider loss of use in the settlement and returned \$67.43 to the claimant. There were two (2) claim handling errors. One (1) claim did not return insured's share of deductible, \$86.62 and was returned to insured by the company. One (1) claim had a delay in accepting liability. There was one (1) claim that had a delay in payment.

In review of bodily injury liability claims, the examiner found in the documentation that there was one (1) early bodily injury settlement within 15 days of the tortious act.

In a sample of litigated claims, in six (6) instances, the company sent the other carrier a check in offer of settlement based on its evaluation of the claim and the other carrier elected to file arbitration rather than submit further information in support of its demand. In all six (6) cases, the company lost arbitration. When asked about the process, the company explained that during the exam period it used a vendor to audit subrogation demands presented by other insurance carriers. During that period, the company would send the other carrier the undisputed amount together with a letter explaining the difference in the amount of the demand and the amount of its offer and invited the other carrier to submit additional information to support its demand. The company advised that it revised its process in May of 2018. While the company continues to use a vendor to audit subrogation demands, it now sends a check in offer of settlement to the other carrier when the undisputed amount is \$250 or less. The company also continues to send a letter explaining its settlement offer and inviting the other carrier to submit additional information to support its demand. The company has addressed the Department's concern and no further action is required by the company.

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Homeowners

Trumbull Insurance Company

In a sample of homeowner paid claims, it was determined that one (1) Hurricane deductible was applied in error. A total of \$3,985.77 was returned to the insured due to this error. Three (3) claims involving condominium losses were not settled according to Connecticut condo statutes.

In a sample of closed without payment claims, one (1) claim denial letter used incorrect reason. One (1) claim had a claim handling error in that the ensuing water damage should have been covered.

Hartford Accident & Indemnity

In a sample of paid claims, a total of three (3) claims were not settled per Connecticut condominium statutes. One (1) claim, the policy declarations had incorrectly typed wind/hail instead of hurricane deductible. The insured was refunded \$1,079.42.

In a sample of closed without payment claims, a total of four (4) claims were not settled per Connecticut condominium statutes.

Property Casualty Insurance Company of Hartford

In a sample of paid claims, one (1) claim had an undue delay. One (1) partial denial did not adequately reference policy clause. One (1) claim in which company should have covered payment for pool water. The company reimbursed insured \$25.45. A total of eight (8) condominium claims were not settled according to Connecticut condominium statutes.

In a sample of closed without payment claims, two (2) claims were not settled according to Connecticut condominium statutes.

In a sample of subrogated claims, one (1) claim was not settled according to Connecticut condominium statutes.

Commercial Lines

Hartford Casualty Insurance Company

In a sample of commercial paid claims, (1) claim had an undue delay in appraisal and one (1) claim had a claim handling error.

In a sample of litigated commercial claims, one (1) claim had a claim handling error.

In a sample of commercial subrogated claims, one (1) claim file had a claim handling error.

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Sentinel Insurance Company

In a sample of commercial closed without payment claims, one (1) claim denial letter had an incorrect reason listed.

In a sample of commercial subrogated claims, there were three (3) claim handling errors. The company returned the insured's deductible with interest for a total of \$1,038.

**Standard 7: The companies use the reservation of rights and excess of loss letters when appropriate.**

The companies appear to be in compliance.

**Standard 8: Deductible reimbursement to insureds upon subrogation recovery is made in a timely and accurate manner.**

The companies appear to be in compliance.

**Standard 9: The companies' claim forms are appropriate for the type of product.**

The companies appear to be in compliance.

**Standard 10: Claim files are reserved in accordance with the companies' established procedures.**

The companies appear to be in compliance.

**Standard 11: Denied and closed without payment claims are handled in accordance with policy provisions and State law.**

The companies appear to be in compliance.

**Standard 12: Cancelled benefit checks and drafts reflect appropriate claim handling procedures.**

The companies appear to be in compliance.

**Standard 13: Claim handling practices do not compel claimants to institute litigation, in cases of clear liability and coverage, to recover amounts due under policies by offering substantially less than is due under the policy.**

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The examiners had some concerns regarding certain of the company's practices related to its audit of subrogation demands presented by other carriers. As detailed under Standard 6, the company revised its process in May of 2018 to eliminate these issues going forward.

**Standard 14: The companies use licensed adjusters and (Connecticut) appraisers in the handling of casualty claims.**

Trumbull Insurance Company

In a review of private passenger automobile claims, it was determined that ten (10) motor vehicle physical damage appraisers were not licensed.

Sentinel Insurance Company

In a review of private passenger automobile claims, it was determined that six (6) motor vehicle physical damage appraisers were not licensed.

**Standard 15: Loss statistical coding is complete and accurate.**

The companies appear to be in compliance.

**Standard 16: Release by injured person voidable if obtained within fifteen days.**

Trumbull Insurance Company

During review of private passenger automobile claims, it was determined there were one (1) settlement of a bodily injury claim settled within fifteen (15) days in violation of Connecticut General Statutes, Section 38a-816.

Sentinel Insurance Company

During review of private passenger automobile claims, it was determined there were two (2) settlements of bodily injury claims settled within fifteen (15) days in violation of Connecticut General Statutes, Section 38a-816.

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III. SUMMARY OF RECOMMENDATIONS

Report  
Section

II. D. Producer Licensing:  
New Business

It is required that Hartford Casualty Insurance Company, Sentinel Insurance Company and Trumbull Insurance Company comply with Connecticut General Statutes, Section 38a-702b with regard to producer licensing.

II. D. Producer Licensing:  
New Business

It is required that Hartford Casualty Insurance Company, Sentinel Insurance Company and Trumbull Insurance Company comply with Connecticut General Statutes, Section 38a-702m with regard to producer appointments.

II. F. Underwriting and Rating:  
Personal Lines – Homeowner Rating

It is required that Trumbull Insurance Company comply with Connecticut General Statutes, Section 38a-688 with regard to homeowner rating.

II. F. Underwriting and Rating:  
Personal Lines – Automobile Rating

It is required that Trumbull Insurance Company comply with Connecticut Regulations Section 38a-686-2 with regard to automobile rating.

II. F. Underwriting and Rating:  
Automobile – Cancellations

It is required that Sentinel Insurance Company and Trumbull Insurance Company comply with Connecticut General Statutes, Section 38a-323 with regard to automobile cancellations.

II. F. Underwriting and Rating:  
Commercial – Cancellations

It is required that Sentinel Insurance Company comply with Connecticut General Statutes, Section 38a-343 with regard to commercial cancellations.

II. F. Underwriting and Rating:  
Automobile – Declinations

It is required that Trumbull Insurance Company comply with Connecticut General Statutes, Section 38a-343 regarding automobile declinations.

Trumbull Insurance Company  
Sentinel Insurance Company  
Hartford Accident and Indemnity Company  
Property Casualty Insurance Company of Hartford  
Hartford Casualty Insurance Company

- II. F. Underwriting and Rating:  
Homeowner – Declinations  
It is required that Trumbull Insurance Company comply with Connecticut General Statutes, Section 38a-985 regarding homeowner declinations.
- II. F. Underwriting and Rating:  
Homeowner - Non-Renewals  
It is required that the Trumbull Insurance Company comply with Connecticut General Statutes, Section 38a-323 and Bulletin PC-66 with regard to the non-renewal of homeowner policies.
- II. G. Claims:  
Automobile  
It is required that Trumbull Insurance Company comply with Connecticut Regulations 38a-334-(2)(c) and 38a-334-(5)(a) with regard to loss of use in the settlement of private passenger automobile property damage liability claims.
- II. G. Claims:  
Automobile  
It is required that Trumbull Insurance Company and Sentinel Insurance Company comply with Connecticut General Statutes, Section 38a-816 with regard to the settlement of automobile claims.
- II. G. Claims:  
Homeowner  
It is required that Trumbull Insurance Company and Hartford Accident and Indemnity Company comply with Connecticut General Statutes, Section 38a-816 with regard to the settlement of homeowner claims.
- II. G. Claims:  
Commercial  
It is required that Hartford Casualty Insurance Company and Sentinel Insurance Company comply with Connecticut General Statutes, Section 38a-816 with regard to the settlement of commercial claims.
- II. G. Claims:  
Motor Vehicle Physical Damage Appraisers  
It is required that Trumbull Insurance Company and Sentinel Insurance Company comply with Connecticut General Statutes, Section 38a-790 with regard to licensing of motor vehicle physical damage appraisers.

Trumbull Insurance Company  
Sentinel Insurance Company  
Hartford Accident and Indemnity Company  
Property Casualty Insurance Company of Hartford  
Hartford Casualty Insurance Company

II. G. Claims:

Automobile

It is required that Trumbull Insurance Company and Sentinel Insurance Company comply with Connecticut General Statutes, Section 38a-816 with regard to the settlement of automobile bodily injury claims.

Trumbull Insurance Company  
Sentinel Insurance Company  
Hartford Accident and Indemnity Company  
Property Casualty Insurance Company of Hartford  
Hartford Casualty Insurance Company

#### IV. ACKNOWLEDGMENT

The courtesy and cooperation of the Hartford Group during the course of this examination is acknowledged.

Mark J. Duffy, Karen A. Romero, Nicholas Gill and James Stowe participated in the examination and preparation of this report.



STATE OF CONNECTICUT  
INSURANCE DEPARTMENT

----- X  
IN THE MATTER OF:  
TRUMBULL INSURANCE COMPANY:  
----- X

DOCKET MC 19-07

STIPULATION AND CONSENT ORDER

It is hereby stipulated and agreed between Trumbull Insurance Company and the State of Connecticut Insurance Department by and through Andrew N. Mais, Insurance Commissioner, to wit:

I

WHEREAS, pursuant to a Market Conduct examination, the Insurance Commissioner alleges the following with respect to Trumbull Insurance Company:

1. The Trumbull Insurance Company, hereinafter referred to as Respondent, is domiciled in the State of Connecticut and is licensed to transact property and casualty insurance in the State of Connecticut. The NAIC company code number is 27120.
2. From September 11, 2017 through May 4, 2018, the Department conducted an examination of Respondent's market conduct practices in the State of Connecticut covering the period from January 1, 2016 through December 31, 2016.
3. The Department asserts that during the period under examination, Respondent failed to follow established practices and procedures to ensure compliance with statutory requirements resulting in instances of:
  - a) unlicensed individuals or entities acting as agents
  - b) unlicensed individuals acting as motor vehicle physical damage appraisers
  - c) improper rating of automobile policies
  - d) improper rating of homeowner policies
  - e) improper declination of automobile policies
  - f) improper declination of homeowner policies
  - g) improper cancellation of automobile policies
  - h) improper cancellation of homeowner policies

- i) improper settlement of automobile claims
  - j) improper settlement of homeowner claims
  - k) improper settlement of bodily injury liability claims
4. The Department asserts that the conduct described in paragraph three is in violation of Sections 38a-307, 38a-323, 38a-343, 38a-686, 38a-702b, 38a-790 and 38a-816 of the Connecticut General Statutes, and constitutes cause for the imposition of a fine or other administrative penalty under Sections 38a-2, 38a-41 and 38a-817 of the Connecticut General Statutes.

## II

1. WHEREAS, Respondent neither admits nor denies the allegations in paragraphs three and four of Article I of this Stipulation and Consent Order and wishes to enter into this Stipulation and Consent Order to resolve disputed factual and legal allegations arising out of the above referenced examination; and
2. WHEREAS, Respondent agrees to undertake a complete review of its practices and procedures, with respect to those areas of concern, as described in the Market Conduct Report and this Stipulation, so that those areas of concern are compliant with Connecticut Statutes; and
3. WHEREAS, Respondent agrees to provide the Insurance Commissioner with a full report of findings and a summary of actions taken to comply with the requirements of paragraph two of this Section within ninety (90) days of the date of this document; and
4. WHEREAS, Respondent agrees to pay a fine in the amount of \$91,500 for the violations described herein; and
5. WHEREAS, Respondent agrees to deposit the amount of \$50,000 in the Insurance Department Education Account for education and training and;
6. WHEREAS, Respondent, being desirous of terminating administrative action without the necessity of a formal hearing or further litigation, does consent to the making of this Consent Order and voluntarily waives:
  - a. any right to notice and a hearing; and
  - b. any requirements that the Insurance Commissioner's decision contain a statement of findings of fact and conclusions of law; and
  - c. any and all rights to object to or challenge before the Insurance Commissioner or in any judicial proceeding any aspect, provision or requirement of this Stipulation

NOW THEREFORE, upon the consent of the parties, it is hereby ordered and adjudged:

1. That the Insurance Commissioner has jurisdiction of the subject matter of this administrative proceeding.
2. That Respondent is fined the sum of Ninety-One Thousand Five Hundred Dollars (\$91,500).
3. The Respondent shall deposit the sum of Fifty Thousand Dollars (\$50,000) in the Insurance Department Education Account for education and training.

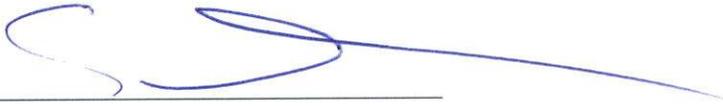
TRUMBULL INSURANCE COMPANY

By: \_\_\_\_\_

(Representative of Insurance Company)

CERTIFICATION

The undersigned deposes and says that she/he has duly executed this Stipulation and Consent Order on this 14th day of August 2019, for and on behalf of Trumbull Insurance Company; that she/he is the Assistant Vice President of such company, and she/he has authority to execute and file such instrument.

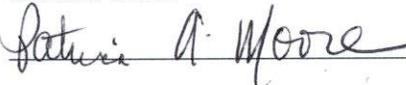
By: \_\_\_\_\_  


STATE OF CONNECTICUT

SS Hartford

COUNTY OF HARTFORD

On the 14th day of August 2019, before me personally appeared Stephanie Raymond, sealer of the foregoing Stipulation and Consent Order, acknowledged same to be her/his act and deed.

 \_\_\_\_\_

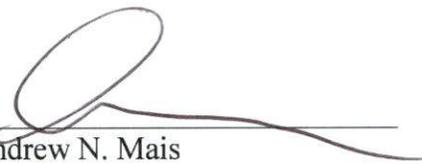


Notary Public/Commissioner of The Superior Court

*Section Below To Be Completed by State of Connecticut Insurance Department*

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Dated at Hartford, Connecticut this 4<sup>th</sup> day of September 2019.

  
\_\_\_\_\_  
Andrew N. Mais  
Insurance Commissioner