

## STATE CORPORATION COMMISSION

AT RICHMOND, APRIL 20, 2020

*Document Control Center 04/20/20@1.07 PM*COMMONWEALTH OF VIRGINIA, *ex rel.*

STATE CORPORATION COMMISSION

v.

CASE NO. INS-2020-00059

THE TRAVELERS INDEMNITY COMPANY  
OF AMERICA,  
TRAVCO INSURANCE COMPANY,  
and  
TRAVELERS PERSONAL SECURITY INSURANCE COMPANY,  
Defendants

SETTLEMENT ORDER

Based on a market conduct examination performed by the Bureau of Insurance ("Bureau"), it is alleged that The Travelers Indemnity Company of America, TravCo Insurance Company, and Travelers Personal Security Insurance Company (collectively, the "Defendants"), duly licensed by the State Corporation Commission ("Commission") to transact the business of insurance in the Commonwealth of Virginia ("Virginia"), violated: §§ 38.2-231 C and 38.2-2114 C of the Code of Virginia ("Code") by failing to have compliant termination notices; § 38.2-305 B of the Code by failing to provide the Important Information notice to policyholders; § 38.2-604 B of the Code by failing to have an Information Collection and Disclosure Practices notice that complies with the statute; § 38.2-502 (1) of the Code by failing to properly represent the benefits, advantages, conditions or terms of an insurance policy; § 38.2-510 A 1 of the Code by misrepresenting pertinent facts or insurance policy provisions relating to coverages at issue; § 38.2-610 A of the Code by failing to have an adverse underwriting decision notice that complies with the statute; § 38.2-1809 B of the Code by failing to retain records relative to insurance transactions for three previous calendar years; § 38.2-1822 A of the Code by allowing

an entity to act as an agent without first obtaining a license from the Commonwealth of Virginia; § 38.2-1833 of the Code by failing to appoint an agent within thirty (30) days of the date of the insurance application; § 38.2-1905 A of the Code by failing to provide the Accident Surcharge Point notice; § 38.2-1906 D of the Code by failing to use the rules/rates on file with the Bureau; §§ 38.2-2114 E, 38.2-2212 E and 38.2-2212 F of the Code by failing to accurately terminate insurance policies; § 38.2-2118 of the Code by failing to have a compliant Replacement Cost Benefits notice; § 38.2-2120 of the Code by failing to provide the Water which Backs Up through Sewers or Drains notice; § 38.2-2124 C of the Code by failing to have an Ordinance or Law notice available for use; § 38.2-2126 A of the Code by failing to have a compliant Insurance Credit Disclosure notice; § 38.2-2201 D of the Code by failing to obtain a valid Assignment of Benefits from the insured authorizing direct payment to the medical provider; § 38.2-2202 A of the Code by failing to provide the Medical Expense Coverage Options notice; § 38.2-2202 B of the Code by failing to provide the Uninsured Motorist Optional Limits notice; § 38.2-2214 of the Code by failing to use the Rate Classification Statement in language approved by the Commission; § 38.2-2220 of the Code by failing to use forms in the precise language of standard auto forms; § 38.2-2223 of the Code by using broadenings of standard forms without obtaining approval from the Commission prior to use; and §§ 38.2-2234 A and 38.2-2234 B of the Code by failing to have a compliant Automobile Insurance Credit Disclosure Notice; as well as 14 VAC 5-400-30 C, 14 VAC 5-400-40 A, and 14 VAC 5-400-70 D of the Commission's Rules Governing Unfair Claim Settlement Practices, 14 VAC 5-400-10 *et seq.* ("Rules"), by failing to properly handle claims with such frequency as to indicate a general business practice.

The Commission is authorized by §§ 38.2-218, 38.2-219, and 38.2-1040 of the Code to impose certain monetary penalties, issue cease and desist orders, and suspend or revoke a

defendant's license upon a finding by the Commission, after notice and opportunity to be heard, that a defendant has committed the aforesaid alleged violations.

The Defendants have been advised of the right to a hearing in this matter whereupon the Defendants, without admitting nor denying any violation of Virginia law, have made an offer of settlement to the Commission wherein the Defendants have agreed to comply with the corrective action plan outlined in company correspondence dated October 29, 2019, February 24, 2020, March 6, 2020, and March 12, 2020; have confirmed restitution was made to 77 consumers in the amount of Twenty-one Thousand Seven Hundred Seven Dollars and Ninety-eight Cents (\$21,707.98); have tendered to the Treasurer of Virginia the sum of Forty-Nine Thousand Five Hundred Dollars (\$49,500); and have waived the right to a hearing.

The Bureau has recommended that the Commission accept the offer of settlement of the Defendants pursuant to the authority granted the Commission in § 12.1-15 of the Code.

NOW THE COMMISSION, having considered the record herein, the offer of settlement of the Defendants, and the recommendation of the Bureau, is of the opinion that the Defendants' offer should be accepted.

Accordingly, IT IS ORDERED THAT:

(1) The offer of the Defendants in settlement of the matter set forth herein is hereby accepted.

(2) This case is dismissed, and the papers herein shall be placed in the file for ended causes.

A COPY of this order shall be sent electronically by the Clerk of the Commission to:  
Lauri Wichtowski, Compliance Director, Travelers Group, at [LWICHTOW@travelers.com](mailto:LWICHTOW@travelers.com), One  
Tower Square, Hartford, Connecticut 06183; and a copy shall be delivered to the Commission's  
Office of General Counsel and the Bureau of Insurance in care of Deputy Commissioner  
Rebecca Nichols.