



Illinois Department of Insurance

JB Pritzker
Governor

Dana Popish Severinghaus
Director

February 5, 2024

Doug Elliot, President
c/o Julie Riddle
The Hartford Companies
4245 Meridian Parkway, Suite 200
Aurora, IL. 60504

Re: Sentinel Insurance Company, Ltd., NAIC 11000
Hartford Fire Insurance Company, NAIC 19682
Hartford Accident & Indemnity Company, NAIC 22357
Trumbull Insurance Company, NAIC 27120
Hartford Casualty Insurance Company, NAIC 29424
Twin City Fire Insurance Company, NAIC 29459
Hartford Underwriters Insurance Company, NAIC 30104
Property & Casualty Insurance Company of Hartford, NAIC 34690
Hartford Insurance Company of the Midwest, NAIC 37478
Hartford Insurance Company of the Southeast, NAIC 38261
Hartford Insurance Company of Illinois, NAIC 38288
Nutmeg Insurance Company, NAIC 39608
Market Conduct Examination Report Closing Letter

Dear Doug Elliot:

The Department has received your Company's proof of compliance. Therefore, the Department is closing its file on this exam.

I intend to ask the Director to make the Examination Report and Stipulation and Consent Order available for public inspection as authorized by 215 ILCS 5/132. At the Department's discretion, specific content of the report may be subject to redaction for private, personal, or trade secret information prior to making the report public. However, any redacted information will be made available to other regulators upon request.

Please contact me if you have any questions.

Sincerely,

Erica Weyhenmeyer
Chief Market Conduct Examiner
Illinois Department of Insurance
320 West Washington St., 5th Floor
Springfield, IL 62767
Phone: 217-782-1790
E-mail: Erica.Weyhenmeyer@Illinois.gov

Illinois Department of Insurance

Market Conduct Examination

of

**Sentinel Insurance Company
Hartford Fire Insurance Company
Hartford Accident & Indemnity Company
Trumbull Insurance Company
Hartford Casualty Insurance Company
Twin City Fire Insurance Company
Hartford Underwriter's Insurance Company
Property & Casualty Insurance Company of Hartford
Hartford Insurance Company of The Midwest
Hartford Insurance Company of The Southeast
Hartford Insurance Company of Illinois
Nutmeg Insurance Company**

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: August 15, 2022, through May 31, 2023

EXAMINATION OF: Sentinel Insurance Company, NAIC 11000
Hartford Fire Insurance Company, NAIC 19682
Hartford Accident & Indemnity Company, NAIC 22357
Trumbull Insurance Company, NAIC 29424
Hartford Casualty Insurance Company, NAIC 29424
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Hartford Insurance Company of the Southeast, NAIC 38261
Hartford Insurance Company of Illinois, NAIC 38288
Nutmeg Insurance Company, NAIC 39608

LOCATION: One Tower Square, MS08
Hartford, CT. 06183

PERIOD COVERED: July 1, 2021, to June 30, 2022, and January 1, 2020, to June 30, 2022, for complaints

EXAMINERS: Lisa Crump, CIE, AMCM, FLMI, ACS, ALHC, AIAA
Bradley Shoop, MCM
Tony J. Taylor, DM, MBA, PMP, CSM, SA
Scott Hanshaw, MCM
Lucinda Woods, CPCU, MCM, CIE, ARM, ARC, Examiner-in-Charge
Shelly Schuman, ACS, AIE, AMCM, CICSR, FLMI, HIA, PAHM, Supervisory Insurance Examiner

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I. FOREWORD

This is a market conduct examination report of the Hartford Financial Services Group, Inc., and its workers' compensation subsidiaries in Illinois (the "Company"). This examination was conducted remotely, at authorized offsite locations.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures or files does not constitute approval thereof by the Illinois Department of Insurance ("DOI" or "Department").

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

II. SCOPE OF THE EXAMINATION

The Department has the authority to conduct this examination pursuant to Sections 132, 401, 401.5, 402, 403 and 425 of the Illinois Insurance Code (5/132, 5/401, 5/401.5, 5/402, 5/403 and 5/425).

The purpose of the examination was to determine if the Company complied with the Illinois Insurance Code (215 ILCS 5/1 et seq.), (820 ILCS 305/1 et seq.), the Illinois Administrative Code (50 Ill. Admin. Code 2902 and 9110), and to consider whether the Company's operations are consistent with the public interest for workers' compensation. The primary period covered by this review is April 1, 2020, to March 31, 2021, and October 1, 2019, to March 31, 2021, for complaints, unless otherwise noted. Errors outside of this time discovered during the examination, however, may also be included in the report.

The examination involved the following business functions: Department of Insurance and consumer complaints, Company operations and management, producer licensing, underwriting, rating, and claims handling practices for the Company's workers' compensation line of business.

In performing this examination, the examiners reviewed a sample of the Company's practices, procedures, products, forms, extra-contractual claim adjudication guidelines, and files. Therefore, some noncompliant events may not have been discovered. As such, this report may not fully reflect all the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

III. SUMMARY

The following represent general findings, however specific details are found in each section of the report.

| TABLE OF TOTAL VIOLATIONS | | | | | |
|---------------------------|---|---|--------|-----------------|---------|
| Criticism # | Statute/Rule | Description of Violation | Sample | # of Violations | Error % |
| 1 | 50 Ill. Adm. Code 919.50(a)(1) and 50 Ill. Adm. Code 919.40 | Failure to include the two DOI addresses within the Notice of Availability | 79 | 29 | 36% |
| 2 | 50 Ill. Adm. Code 919.50(a)(1) and 50 ILL Adm. Code 919.40 | Failed to include the correct Springfield DOI addresses within the Notice of Availability | 79 | 17 | 21% |
| 3 | 215 ILCS 5/154.6 | Failure to provide a reasonable and accurate explanation of denial | 79 | 23 | 29% |
| 4 | 215 ILCS 5/462b | Improper application of Broad Form Endorsement Rule | 116 | 11 | 9% |
| 5 | 215 ILCS 5/462b | Improper application of Broad Form Endorsement Rule | 116 | 12 | 10% |
| 6 | 215 ILCS 5/143.17a. (a) and (d) | Failure to provide the proof of mailing for the nonrenewal notice or provide 60 days | 59 | 1 | 2% |
| 7 | 215 ILCS 5/143.14 | Failure to provide proof of mailing and/or cancellation notice | 114 | 1 | 1% |

IV. BACKGROUND

The Hartford Financial Services Group, Inc. (“The Hartford”) is a holding company for a group of subsidiaries that provide property and casualty (“P&C”) insurance, group benefits insurance and services, and mutual funds and exchange-traded products to individual and business customers in the United States as well as in the United Kingdom and other international locations. The Hartford is headquartered in Connecticut and its oldest subsidiary, Hartford Fire Insurance Company, dates back to 1810. As of December 31, 2021, total assets and total stockholders’ equity of The Hartford were \$76.6 billion and \$17.8 billion, respectively.

V. METHODOLOGY

The market conduct examination covered business for the period of July 1, 2021, to June 30, 2022, and January 1, 2020, to June 30, 2022, for complaints. Specifically, the examination focused on a review of the following areas:

- a. Department of Insurance and Consumer Complaints
- b. Company Operations and Management
- c. Producer Licensing
- d. Marketing and Sales
- e. Underwriting and Rating
- f. Claims

The review of the categories was accomplished through the examination of policyholder, claims, and complaint files. Each of the categories were examined for compliance with Department regulations and applicable state laws.

The report states whether improper practices performed by the Company resulted in the failure to comply with Illinois statutes and/or administrative rules. Criticisms were prepared and communicated to the Company addressing violations discovered in the review process. All valid violations were cited in the report. The following methods were used to obtain the required samples and to assure a methodical selection:

Department and Consumer Complaints

The Department requested the Company provide all files relating to workers' compensation complaints received via the Department and those received directly from consumers. No exceptions were noted.

Producer Licensing

New business was reviewed to determine if solicitations had been made by duly licensed persons. No exceptions were noted.

Marketing and Sales

Documents pertaining to the marketing and sales of workers' compensation products were reviewed. No exceptions were noted.

Underwriting and Rating

The underwriting of applicants for workers' compensation coverage was selected based on inception date of the policy falling within the period of the examination. Policies were reviewed for rating accuracy, use of filed rates, and use of filed forms, for compliance with Company and National Council on Compensation Insurance underwriting guidelines.

Cancellation and non-renewals of policyholders were requested based on the effective date of the transaction falling within the examination period. Cancellation and non-renewals were reviewed for their compliance with statutory requirements, the accuracy of reason given, and for any possible discrimination. Exceptions were noted in the report.

Claims

All claims were reviewed for compliance with policy contracts and applicable sections of the Illinois Insurance Code (215 ILCS 5/1 et seq. and 820 ILCS 305/1 et seq.) and the Illinois Administrative Code (50 Ill. Admin. Code 2902 and 9110). Exceptions were noted in the report.

VI. SAMPLE SELECTION

| Survey | Reviewed | % Reviewed |
|--|----------|------------|
| CLAIMS ANALYSIS | | |
| Paid Claims | 108 | 3.25% |
| Denied Claims | 79 | 26.51% |
| Claims Closed without Payment | 105 | 8.43% |
| COMPLAINTS | | |
| Consumer Complaints | 10 | 100.00% |
| Department of Insurance Complaints | 7 | 100.00% |
| Provider Complaints | 4 | 100.00% |
| UNDERWRITING AND RATING | | |
| New Business | 116 | 2.92% |
| Renewal Business | 116 | 0.60% |
| Non-Renewals | 59 | 100.00% |
| Rating (New Business and Renewal Business) | 50 | 0.21% |
| Insured Requested Cancellations | 113 | 13.29% |
| Company Initiated Cancellations | 114 | 6.63% |

VII. FINDINGS

A. Complaints

1. Consumer Complaints
 - a. There were 10 files reviewed.
 - b. No exceptions were noted.
2. Department of Insurance Complaints
 - a. There were 7 files reviewed.
 - b. No exceptions were noted.
3. Provider Complaints
 - a. There were 4 files reviewed.
 - b. No exceptions were noted.

B. Company Operations and Management

1. There were no criticisms in the review of operations and management.

C. Underwriting and Rating

1. New Business – Voluntary
 - a. There were 116 files reviewed.
 - b. Criticism #5 - In 12 instances of the 116 new business files reviewed, for an error percentage of 10%, the Company's Broad Form Endorsement Rule as written can generate the associated fee different than if applied as written. The Rule Manual should be refiled correcting the language for proper application. This is a violation of 215 ILCS 5/462b.
2. Renewals
 - a. There were 116 files reviewed.
 - b. Criticism #4 - In 11 instances of the 116 renewal files reviewed, for an error percentage of 9%, the Company's Broad Form Endorsement Rule as written can generate the associated fee different than if applied as written. The Rule Manual should be refiled correcting the language for proper application. This is a violation of 215 ILCS 5/462b.
3. Nonrenewal
 - a. There were 59 files reviewed.
 - b. Criticism #6 - In one (1) out of 59 files reviewed, for an error percentage of 2%, the Company failed to provide the proof of mailing for the nonrenewal notice.
4. Rating – New Business and Renewals
 - a. There were 50 files reviewed.
 - b. No exceptions were noted.
5. Insured Requested Canceled – Voluntary
 - a. There were 113 files reviewed.
 - b. No exceptions were noted.
6. Company Initiated Canceled – Voluntary
 - a. There were 114 files reviewed.
 - b. Criticism #7 - In one (1) out of the 114 files reviewed, for an error percentage of less than 1%, the Company failed to provide a correct proof of mailing.

D. Claims

1. Paid Claims – Voluntary
 - a. There were 108 files reviewed.
 - b. No exceptions were noted.
2. Denied Claims – Voluntary
 - a. There were 79 files reviewed.
 - b. Criticism #2 - In 17 out of the 79 files reviewed, for an error percentage of 22%, the Notice of Availability was not included with the correct Springfield Division of Insurance addresses.
 - c. Criticism #1 - In 29 out of the 79 files reviewed, for an error percentage of 37%, the Notice of Availability did not include the correct DOI address.
 - d. Criticism #3 - In 23 out of the 79 files reviewed, for an error percentage of 29%, the claim denial reason did not provide a reasonable and accurate explanation for the denial.
3. Claims Closed without Payment – Voluntary and Involuntary
 - a. There were 105 files reviewed.
 - b. No exceptions were noted.

EXAMINATION DRAFT REPORT SUBMISSION

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged and appreciated.

Lisa Crump
Bradley Shoop
Tony J. Taylor
Scott Hanshaw
Lucinda Woods, Examiner-in-Charge
Shelly Schuman, Supervisory Insurance Examiner

Respectfully submitted,

Lucinda Woods

LUCINDA WOODS
EXAMINER-IN-CHARGE

Shelly Schuman

SHELLY SCHUMAN
SUPERVISING EXAMINER

STATE OF ILLINOIS

DEPARTMENT OF INSURANCE



IN THE MATTER OF:

**THE HARTFORD FIRE & CASUALTY GROUP
ONE TOWER SQUARE, MS-08
HARTFORD, CT. 06183**

STIPULATION AND CONSENT ORDER

WHEREAS, the Director of the Illinois Department of Insurance ("Department") is a duly authorized and appointed official of the State of Illinois, having authority and responsibility for the enforcement of the insurance laws of this State; and

WHEREAS, The Hartford Fire & Casualty Group, ("the Company"), Sentinel Insurance Company, Ltd., NAIC 11000, Hartford Fire Insurance Company, NAIC 19682, Hartford Accident & Indemnity Company, NAIC 22357, Trumbull Insurance Company, NAIC 27120, Hartford Casualty Insurance Company, NAIC 29424, Twin City Fire Insurance Company, NAIC 29459, Hartford Underwriters Insurance Company, NAIC 30104, Property & Casualty Insurance Company of Hartford, NAIC 34690, Hartford Insurance Company of the Midwest, NAIC 37478, Hartford Insurance Company of the Southeast, NAIC 38261, Hartford Insurance Company of Illinois, NAIC 38288, and Nutmeg Insurance Company, NAIC 39608, are authorized under the insurance laws of this State and by the Director to engage in the business of soliciting, selling and issuing insurance policies; and

WHEREAS, a Market Conduct Examination of the Company was conducted by a duly qualified examiner of the Department pursuant to Sections 132, 401, 402, 403, and 425 of the Illinois Insurance Code (215 ILCS 5/132, 5/401, 5/402, 5/403, and 5/425); and

WHEREAS, as a result of the Market Conduct Examination, the Department examiner filed a Market Conduct Examination Report covering the examination period of January 1, 2020, through June 30, 2022, which is an official document of the Department; and

WHEREAS, the Market Conduct Examination Report cited various areas in which the Company was not in compliance with the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and Department Regulations (50 Ill. Adm. Code 101 *et seq.*); and

WHEREAS, nothing herein contained, nor any action taken by the Company in connection with this Stipulation and Consent Order, shall constitute, or be construed as, an admission of fault, liability or wrongdoing of any kind whatsoever by the Company; and

WHEREAS, the Company is aware of and understands their various rights in connection with the examination and report, including the right to counsel, notice, hearing and appeal under Sections 132, 401, 402, 407, and 407.2 of the Illinois Insurance Code and 50 Ill. Adm. Code 2402; and

WHEREAS, the Company understands and agrees that by entering into this Stipulation and Consent Order, they waive any and all rights to notice and hearing; and

WHEREAS, the Company and the Director, for the purpose of resolving all matters raised by the report and in order to avoid any further administrative action, hereby enter into this Stipulation and Consent Order.

NOW, THEREFORE, IT IS AGREED by and between the Company and the Director as follows:

1. The Market Conduct Examination indicated various areas in which the Company was not in compliance with provisions of the Illinois Insurance Code and Department Regulations; and
2. The Director and the Company consent to this Order requiring the Company to take certain actions to come into compliance with provisions of the Illinois Insurance Code and Department Regulations.

THEREFORE, IT IS HEREBY ORDERED by the undersigned Director that the Company shall:

1. Institute and maintain policies and procedures whereby the Company shall provide the correct addresses for the Department of Insurance Consumer Divisions. 50 Ill. Adm. Code 919.50(a)(1) and 50 Ill. Adm. Code 919.40
2. Institute and maintain policies and procedures whereby the Company shall provide a reasonable and accurate explanation for the denial. 215 ILCS 5/154.6
3. Institute and maintain policies and procedures whereby the Company shall apply classifications, payrolls and other factors of a rating system to compute premiums consistent with filed rules. 215 ILCS 5/462b
4. Submit an updated rule filing in order to come into compliance with order number 3.
5. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above four (4) orders within thirty (30) days of execution of this Order.
6. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$25,000.⁰⁰ to be paid within ten (10) days of execution of this Order.

NOTHING contained herein shall prohibit the Director from taking any and all appropriate regulatory action as set forth in the Illinois Insurance Code including, but not limited to, levying additional forfeitures, should the Company violate any of the provisions of this Stipulation and Consent Order or any provisions of the Illinois Insurance Code or Department Regulations.

On behalf of SENTINEL INSURANCE COMPANY, HARTFORD FIRE INSURANCE COMPANY, HARTFORD ACCIDENT & INDEMNITY COMPANY, TRUMBULL INSURANCE COMPANY, HARTFORD CASUALTY INSURANCE COMPANY, TWIN CITY FIRE INSURANCE COMPANY, HARTFORD UNDERWRITER'S INSURANCE COMPANY, PROPERTY & CASUALTY INSURANCE COMPANY OF HARTFORD, HARTFORD INSURANCE COMPANY OF THE MIDWEST, HARTFORD INSURANCE COMPANY OF THE SOUTHEAST, HARTFORD INSURANCE COMPANY OF ILLINOIS, and NUTMEG INSURANCE COMPANY.

[Handwritten signature of Stephanie Raymond]

Signature

Stephanie Raymond

Name

Claim Compliance Officer / AUP

Title

Subscribed and sworn to before me this 4th day of January 2023

[Handwritten signature of Maureen A. Armstrong]

Notary Public

MAUREEN A. ARMSTRONG
NOTARY PUBLIC
MY COMMISSION EXPIRES SEP. 30, 2026

DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 1/4/2023

[Handwritten signature of Dana Popish-Severinghaus]

Dana Popish-Severinghaus
Director

