



Illinois Department of Insurance

BRUCE RAUNER
Governor

JENNIFER HAMMER
Director

VIA ELECTRONIC MAIL

August 8, 2018

Mr. Douglas G. Elliot
President
Trumbull Insurance Company
One Hartford Plaza
Hartford, CT 06155

Re: Trumbull Insurance Company, NAIC 27120
Market Conduct Examination Report Closing Letter

Dear Mr. Elliot:

The Department has reviewed your Company's proof of compliance and deems it adequate and sufficient. 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
Temporary Assistant Deputy Director - Market Conduct
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
TRUMBULL INSURANCE COMPANY

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION: July 12, 2017 through March 2, 2018

EXAMINATION OF: Trumbull Insurance Company
(NAIC #27120)

LOCATION: One Harford Plaza
Hartford, CT 06155

PERIOD COVERED BY
EXAMINATION: July 1, 2016 through June 30, 2017
(Complaints reviewed for the period January 1, 2016
through June 30, 2017)

EXAMINERS: Sheri L. Kenney, MCM, CFE (Examiner in Charge)
Michael Currier, MCM
Timothy Kelley, CIE, MCM, JD
Cara Phillips, AIE, MCM, FLMI
Miryam Ramirez, MCM

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I. SUMMARY

A targeted market conduct examination of Trumbull Insurance Company was performed to determine compliance with Illinois statutes and the Illinois Administrative Code.

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

TABLE OF VIOLATIONS						
Crit #	Statute/Rule	Description of Violation	Population	Files Reviewed	Number of Violations	Error %
1	215 ILCS 5/143d(b)	Complaint Handling: Consumer Complaints – Failure to respond to the complaint within 21 days of receipt.	150	79	2	2.5%
2	50 Ill. Adm. Code 926.40(a)	Complaint Handling: Department of Insurance (“DOI”) – Failure to respond to the complaint by the due date specified by the Department.	65	65	1	1.5%
3	215 ILCS 5/143c	Complaint Handling: Consumer and DOI Complaints – Failure to include a street address for the Company's complaint department and the address of the Public Service Division of the Department.	215	144	144	100.0%
4	50 Ill. Adm. Code 919.50(a)(1)	Claims: Private Passenger Automobile First-Party Paid – Failure to provide a denial letter to the insured.	7,366	109	1	0.9%
5	50 Ill. Adm. Code 919.80(c)	Claims: Automobile Total Losses – Failure to provide accurate Exhibit A information, or to provide in a timely manner.	1,392	107	12	11.2%
6	50 Ill. Adm. Code 919.80(d)(7)(B)	Claims: Homeowners Paid – Failure to provide a reasonable written explanation for a claim delay or provide notice timely.	985	105	3	2.9%
8	50 Ill. Adm. Code 919.50(a)(1)	Claims: Homeowners Paid – Failure to issue a denial letter, to issue a denial letter in a timely manner, or to include the Notice of Availability of the Department of Insurance.	985	105	6	5.7%
9	50 Ill. Adm. Code 919.30(c)	Claims: Homeowners Paid – Failure to maintain detailed documentation in claim file in order to permit reconstruction of the Company's activities relative to each claim file.	985	105	1	1%
10	50 Ill. Adm. Code 919.80(d)(7)(B)	Claims: Homeowners CWP – Failure to provide a reasonable written explanation for the delay.	826	105	1	1%

TABLE OF VIOLATIONS

Crit #	Statute/Rule	Description of Violation	Population	Files Reviewed	Number of Violations	Error %
11	50 Ill. Adm. Code 919.50(a)(1)	Claims: Homeowners CWP – Failure to issue a denial letter, to include the Notice of Availability of the Department of Insurance, or to include the definition or exclusion upon which the denial was based in the denial letter.	826	105	4	3.8%
13	50 Ill. Adm. Code 919.80(b)(2)	Claims: Private Passenger Automobile First-Party CWP – Failure to provide a reasonable written explanation for the delay.	1,567	107	1	0.9%
15	50 Ill. Adm. Code 919.50(a)(1)	Claims: Private Passenger Automobile First-Party CWP – Failure to include the deductible amount in the denial letter for damages that were below the deductible amount.	1,567	107	1	0.9%
16	50 Ill. Adm. Code 919.50(a)(2)	Claims: Private Passenger Automobile Third-Party CWP – Failure to provide a reasonable written explanation of the denial.	804	105	6	5.7%
17	50 Ill. Adm. Code 919.80(b)(3)	Claims: Private Passenger Automobile Third-Party CWP – Failure to provide a reasonable written explanation for the delay.	804	105	3	2.9%

II. BACKGROUND

Trumbull Insurance Company (the “Company”) is an affiliate of The Hartford Financial Services Group, Inc., a publicly traded company on the NYSE founded in 1810. In addition to Private Passenger Automobile and Homeowners lines of business, the Company writes Workers’ Compensation, Commercial Multi-Peril and diminishing amounts of other common property and casualty lines. The Company provides personal lines coverages to individuals in all 50 states through the use of independent agents as well as through personal line sales associated with an exclusive licensing arrangement with AARP.

The Company’s corporate offices are located at One Hartford Plaza, Hartford, CT 06155.

Trumbull Insurance Company’s 2016 NAIC Annual Statement (Statutory Page 14) reflects the following for Illinois:

Line of Business	Direct Premium Written	Direct Premium Earned	Direct Losses Paid	Direct Losses Incurred
Allied Lines	175,224	167,485	0	-75,000
Homeowners Multiple Peril	20,351,678	19,163,564	9,757,039	9,305,847
Commercial Multiple Peril (Non-Liability Portion)	322,008	263,106	169,526	164,179
Commercial Multiple Peril (Liability Portion)	817,598	720,717	167,351	288,154
Inland Marine	150,496	143,622	3,225	3,634
Earthquake	114,820	105,329	0	0
Workers' Compensation	13,915,558	14,070,895	5,062,959	7,013,037
Other Liability Occurrence	550,582	534,973	0	168,802
Other Liability Claims Made	0	0	0	-24,682
Private Passenger Automobile No-Fault (Personal Injury Protection)	-33	-33	930	-4,065
Other Private Passenger Automobile Liability	41,754,455	40,440,320	25,175,449	32,017,908
Commercial Automobile No-Fault (Personal Injury Protection)	0	0	0	9
Other Commercial Automobile Liability	448,451	313,491	49,067	95,972
Private Passenger Automobile Physical Damage	23,563,300	22,459,745	16,972,977	17,218,812
Commercial Automobile Physical Damage	152,313	101,675	31,264	33,041
Boiler and Machinery	540	588	0	0
Totals	102,316,990	98,485,477	57,389,787	66,205,648

III. METHODOLOGY

The market conduct examination places emphasis on an insurer's systems and procedures used in dealing with insureds and claimants. The period under review was July 1, 2016 through June 30, 2017, with the exception of January 1, 2016 through June 30, 2017 for Complaints.

The examination is targeted to the Private Passenger Automobile (“PPA”) and Homeowners lines of business written by the Company in Illinois during the examination period.

The following categories were the general areas examined:

- A. Complaint Handling
- B. Claims

Review of these categories was accomplished through examination of complaint and claim files, review of the Company’s procedures and interviews with Company personnel. Both areas were examined for compliance with Illinois Department of Insurance rules and regulations, and applicable state laws.

Criticisms were provided to the Company addressing violations discovered during the review process. All valid criticisms have been incorporated into this report.

The following methodologies were utilized to obtain required samples and to assure a statistically accurate selection. Samples were selected from Company-generated data. The sample size was based on the most recent NAIC *Market Regulation Handbook*. Random samples were generated using Audit Command Language software. Selected samples were subsequently provided to the Company for retrieval.

Complaint Handling

Department of Insurance and Consumer Complaints for the period of January 1, 2016 through June 30, 2017, were reviewed for compliance with applicable state laws and Company guidelines.

Department of Insurance (“DOI”) Complaints – The population request for this category consisted of complaints received from the Illinois Department of Insurance during the examination period. The Company complaint registry was reconciled with the individual file information and DOI records to determine completeness and accuracy of the data recorded. Each complaint file, along with the underlying claim or underwriting file, was reviewed for compliance with regulatory requirements.

Consumer Complaints – The population request for this category consisted of complaints received directly from consumers during the examination period. The Company complaint registry was reconciled with the individual file information to determine completeness and accuracy of the data recorded. Each complaint file, along with the underlying claim or underwriting file, was reviewed for compliance with regulatory requirements.

Claims

Claims samples were selected based on settlements occurring within the examination period. Claims were reviewed for compliance with policy contracts and endorsements, applicable sections of the Illinois Insurance Code (215 ILCS 5/1 *et seq.*) and the Illinois Administrative Code (50 Ill. Adm. Code 101 *et seq.*). Reviews were conducted of both claims paid and those closed without payment (“CWP”).

SELECTION OF SAMPLES

	<u>Population</u>	<u># Reviewed</u>	<u>% Percentage</u>
<u>Complaint Handling</u>			
DOI Complaints	65	65	100%
Consumer Complaints	150	79	53%
<u>Claims</u>			
PPA First-Party Paid Claims	7,366	109	1%
PPA First-Party CWP Claims	1,567	107	7%
PPA Third-Party Paid Claims	2,719	108	4%
PPA Third-Party CWP Claims	804	105	13%
PPA First-Party Total Loss Claims	1,392	107	8%
PPA Subrogation Claims	786	105	13%
Homeowners Paid Claims	985	105	11%
Homeowners CWP Claims	826	105	13%

IV. FINDINGS

A. Complaint Handling

1. Department of Insurance Complaints

The Company failed to respond to one (1) complaint by the due date specified by the Department, as required by 50 Ill. Adm. Code 926.40(a).

2. Consumer Complaints

The Company failed to provide a written response to two (2) complaints within 21 days of receipt, as required by 215 ILCS 5/143d(b).

In all 144 complaints reviewed, the Company failed to provide the address of the Company's complaint department and the address of the Public Service Division of the Department of Insurance as required by 215 ILCS 5/143c.

B. Claims

1. Private Passenger Automobile First-Party Paid Claims

The Company failed to provide a denial letter to the insured in one (1) instance, as required by 50 Ill. Adm. Code 919.50(a)(1).

2. Private Passenger Automobile First-Party Closed Without Payment Claims

In one (1) instance, the Company failed to provide a reasonable written explanation for the delay to the named insured when the claim remained unresolved for more than 40 calendar days, as required by 50 Ill. Adm. Code 919.80(b)(2).

The Company failed to provide the deductible amount in the denial letter for damages that were below the deductible amount in one (1) instance, as required by 50 Ill. Adm. Code 919.50(a)(1).

3. Private Passenger Automobile Third-Party Paid Claims

No violations were noted.

4. Private Passenger Automobile Third-Party Closed Without Payment Claims

The Company failed, in six (6) instances, to provide a reasonable written explanation of the denial within thirty days after the determination of liability, as required by 50 Ill. Adm. Code 919.50(a)(2).

In three (3) instances, the Company failed to provide a reasonable written explanation for the delay to the third-party claimant when the claim remained unresolved for more than 60 calendar days, as required by 50 Ill. Adm. Code 919.80(b)(3).

5. Private Passenger Automobile Total Loss Claims

In 12 instances, the Company either failed to provide an Exhibit A which contained the required minimum information or failed to provide it within 7 days of total loss determination, as required by 50 Ill. Adm. Code 919.80(c).

6. Private Passenger Automobile Subrogation Claims

No violations were noted.

7. Homeowners Paid Claims

Three (3) of the Company's claim files were in violation of Ill. Adm. Code 919.80(d)(7)(B). In two (2) instances, the Company failed to provide a reasonable written explanation to the named insured for the delay in the claim when the claim remained unresolved for more than 75 days; and in one (1) instance, the letter was not sent in a timely manner as required.

Six (6) of the Company's claim files were in violation of 50 Ill. Adm. Code 919.50(a)(1). In three (3) instances, there was no issuance of a denial letter; in two (2) instances, a denial letter was not issued within 30 days after the determination of liability; and in one (1) instance, the letter failed to include the Notice of Availability of the Department of Insurance as required.

The Company failed, in one (1) instance, to provide documentation in the claim file to explain the delay between the scheduled inspection and the actual inspection of the property, as required by 50 Ill. Adm. Code 919.30(c).

8. Homeowners Closed Without Payment Claims

The Company failed, in one (1) instance, to provide a reasonable written explanation to the named insured when the claim remained unresolved for more than 75 days, as required by 50 Ill. Adm. Code 919.80(d)(7)(B).

Four (4) of the Company's claim files were in violation 50 Ill. Adm. Code 919.50(a)(1). The Company failed to provide a reasonable written explanation to the named insured, in one (1) instance where the Notice of Availability of the Department of Insurance was not included in the denial letter, in two (2) instances the denial letter was not sent, and in one (1) instance the notice failed to include the definition or exclusion upon which the denial was based as required.

V. INTERRELATED FINDING

During review of Homeowner Paid Claim files, examiners noted one (1) instance where the Company was charging an incorrect rate. The rate charged was based on a 19-year old roof when in fact the Company was aware that the roof was replaced in 2015 through a paid claim made at that time. The Company has processed the correct rate for the consumer and credited \$270.00 to the 2018 policy renewal premium amount.

Policy Term	Consumer Credit
2015 - 2016	\$18.00
2016 - 2017	\$82.00
2017 - 2018	\$103.00
2018 - 2019	\$67.00
Total	\$270.00

Not charging the correct premium would be a violation of 50 Ill. Adm. Code 754.10(a)(2).

STATE OF IDAHO
COUNTY OF ADA

Sheri L. Kenney, being first duly sworn upon his/her oath, deposes and says:

That she was appointed by the Director of Insurance of the State of Illinois (the "Director") as Examiner-In Charge to examine the insurance business and affairs of Trumbull Insurance Company (the "Company"), NAIC #27120.

That the Examiner-In-Charge was directed to make a full and true report to the Director of the examination with a full statement of the condition and operation of the business and affairs of the Company with any other information as shall in the opinion of the Examiner-In-Charge be requisite to furnish the Director with a statement of the condition and operation of the Company's business and affairs and the manner in which the Company conducts its business;

That neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is an officer of, connected with, or financially interested in the Company nor any of the Company's affiliates other than as a policyholder or claimant under a policy or as an owner of shares in a regulated diversified investment company, and that neither the Examiner-In-Charge nor any other persons so designated nor any members of their immediate families is financially interested in any other corporation or person affected by the examination;

That an examination was made of the affairs of the Company pursuant to the authority vested in the Examiner-In-Charge by the Director of Insurance of the State of Illinois;

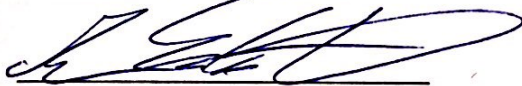
That she/he was the Examiner-in-Charge of said examination and the attached report of examination is a full and true statement of the condition and operation of the insurance business and affairs of the Company for the period covered by the Report as determined by the examiners;

That the Report contains only facts ascertained from the books, papers, records, or documents, and other evidence obtained by investigation and examined or ascertained from the testimony of officers or agents or other persons examined under oath concerning the business, affairs, conduct, and performance of the Company.

Sheri L. Kenney
Examiner-In-Charge

S.L.K. 3.9.18

Subscribed and sworn to before me
this 9th day of March, 2018.



Notary Public



exp. 3/16/23

STATE OF ILLINOIS
DEPARTMENT OF INSURANCE



IN THE MATTER OF:

TRUMBULL INSURANCE COMPANY
ONE HARTFORD PLAZA
HARTFORD, CT 06155

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, Trumbull Insurance Company ("the Company"), NAIC 27120, is 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 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 ensure policy forms provide the address of the complaint department of the Company and the address of the Public Service Division of the Department of Insurance as required by 215 ILCS 5/143c.
2. Institute and maintain policies and procedures whereby the Company shall provide the insured with, at a minimum, the information contained in Exhibit A, within seven (7) days of determination of the total loss as required by 50 Ill. Adm. Code 919.80(c).
3. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above two (2) orders within 30 days of execution of this Order.
4. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of \$14,000 to be paid within 30 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 TRUMBULL INSURANCE COMPANY

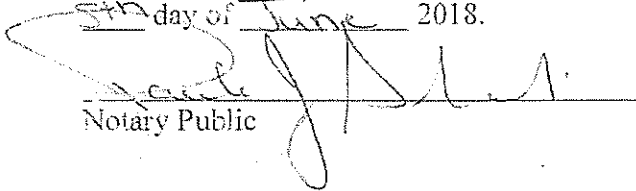


Signature
Stephanie Raymond

Name
AVP

Title

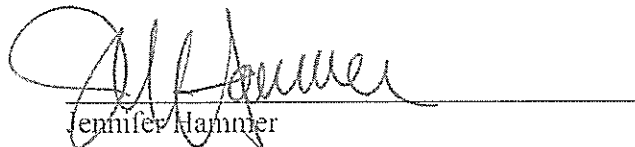
Subscribed and sworn to before me this
5th day of June 2018.



Notary Public

DEPARTMENT OF INSURANCE of the
State of Illinois:

DATE 6/18/18 _____



Jennifer Hammer
Director

