Illinois Department of Insurance

JB Pritzker
Governor

Dana Popish Severinghaus
Director

VIA ELECTRONIC MAIL

August 5, 2022

Mr. Nicholas Seminara, President
c/o Christine Palmieri
The Traveler's Group
One Tower Square, MS08
Hartford, CT. 06183

Re: Travelers Property Casualty Company of America, NAIC 25674
The Phoenix Insurance Company, NAIC 25623
The Travelers Indemnity Company of America, NAIC 25666
The Charter Oak Fire Insurance Company, NAIC 25615
The Travelers Indemnity Company, NAIC 25658
Travelers Casualty and Surety Company, NAIC 19038
The Travelers Indemnity Company of Connecticut, NAIC 25682
Travelers Casualty Insurance Company of America, NAIC 19046
Farmington Casualty Company, NAIC 41483
The Standard Fire Insurance Company, NAIC 19070
Market Conduct Examination Report Closing Letter

Dear Mr. Seminara:

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

Erica Weyhenmeyer
Chief Market Conduct Examiner
Illinois Department of Insurance
320 West Washington St., 5th Floor
Springfield, IL 62767
Phone: 217-782-1790
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ILLINOIS DEPARTMENT OF INSURANCE
MARKET CONDUCT EXAMINATION

Travelers Property Casualty Company of America
The Phoenix Insurance Company
The Travelers Indemnity Company of America
The Charter Oak Fire Insurance Company
The Travelers Indemnity Company
Travelers Casualty and Surety Company
The Travelers Indemnity Company of Connecticut
Travelers Casualty Insurance Company of America
Farmington Casualty Company
The Standard Fire Insurance Company

MARKET CONDUCT EXAMINATION REPORT

DATE OF EXAMINATION:	May 13, 2021 – October 1, 2021
EXAMINATION OF:	Travelers Property Casualty Company of America, NAIC 25674 The Phoenix Insurance Company, NAIC 25623 The Travelers Indemnity Company of America, NAIC 25666 The Charter Oak Fire Insurance Company, NAIC 25615 The Travelers Indemnity Company, NAIC 25658 Travelers Casualty and Surety Company, NAIC 19038 The Travelers Indemnity Company of Connecticut, NAIC 25682 Travelers Casualty Insurance Company of America, NAIC 19046 Farmington Casualty Company, NAIC 41483 The Standard Fire Insurance Company, NAIC 19070
LOCATION:	One Tower Square, MS08 Hartford, CT. 06183
PERIOD COVERED:	April 1, 2020 to March 31, 2021 Complaints - October 1, 2019 to March 31, 2021
EXAMINERS:	Karina Ruthenberg, MCM Lisa Crump, CIE, AMCM, FLMI, ACS, ALHC, AIAA Bradley Shoop, MCM Tony J. Taylor, DM, MBA, PMP, CSM, SA George Kalargyros, MCM, LPCS, 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 Travelers Companies, 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 and lines of business: Department of Insurance and consumer complaints, company operations and management, producer licensing, underwriting, and 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. See each client's Director memo for error percentages.

TABLE OF TOTAL VIOLATIONS					
Criticism #	Statute/Rule	Description of Violation	Sample	# of Violations	Error %
001	215 ILCS 5/143d and 50 ILL Adm. Code 919.40	Failure to include the two DOI addresses within the Notice of Availability - Complaints	17	17	100%
002	215 ILCS 5/143.14	Failed to maintain a proof of mailing for cancellations.	16	9	56%
003	215 ILCS 5/143c	Failure to include the two DOI addresses within the Notice of Availability - Renewals	116	116	100%
004	215 ILCS 5/462 a	Failure to send the required increase in premium notice.	116	7	6%
005	50 ILL Adm. Code 919.40	Failure to include the two DOI addresses within the Notice of Availability - Cancellations	16	16	100%
006	215 ILCS 5/143.17a. and d.	Failure to provide 60 days' notice of non-renewal.	76	3	4%
007	215 ILCS 5/143.17a. (b) and (d)	Failure to provide the proof of mailing for the nonrenewal notice.	76	12	16%
008	215 ILCS 5/143c	Failure to include the two DOI addresses within the Notice of Availability – New Business	116	116	100%

IV. BACKGROUND

Travelers Property Casualty Corp., a direct, wholly owned subsidiary of The Travelers Companies, Inc., is a property-casualty insurance holding company engaged, through its subsidiaries, in two business segments: Commercial Lines and Personal Lines.

On April 2, 1996, Travelers Property Casualty Corp. purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates. On April 1, 2004, Travelers Property Casualty Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc. On February 26, 2007, The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

Each company taking part in this market conduct examination is a wholly owned subsidiary of Travelers Insurance Group Holdings Inc., which is a wholly owned subsidiary of Travelers Companies, Inc.

V. METHODOLOGY

The market conduct examination covered business for the period of April 1, 2020 to March 31, 2021 and October 1, 2019 to March 31, 2021 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.

Producer Licensing
New business was reviewed to determine if solicitations had been made by duly licensed persons.

Marketing and Sales
Documents pertaining to the marketing and sales of workers compensation products was requested.

Underwriting and Rating
The underwriting of applicants for both voluntary and involuntary 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 NCCI 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, NCCI rules (for involuntary business), and for any possible discrimination. *The Company indicated that there were no non-renewal policies for the involuntary business.*

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).

VI. SAMPLE SELECTION

Survey	Reviewed	% Reviewed
CLAIMS ANALYSIS		
Paid Claims	124	2.07%
Denied Claims	115	11.2%
Claims Closed without Payment	114	14.4%
COMPLAINTS		
Consumer Complaints	10	100%
Department of Insurance Complaints	7	100%
UNDERWRITING AND RATING		
New Business	116	1.24%
Renewal Business	116	1.35%
Non-Renewal Business	76	51.7%
Rating (New Business & Renewal Business)	50	0.28%
Cancelations	16	100%

VII. FINDINGS

a. Complaints
   i. Consumer and Department of Insurance Complaints
      1. There were 17 files reviewed.
      2. Crit #001 - In all 17 files, the Notice of Availability did not include the correct DOI addresses. The Company identified this prior to the examination and implemented a fix, effective September, 2021.

b. Producer Licensing
      1. There were 116 files reviewed.
      2. No issues were noted within the documents provided.

c. Marketing and Sales
      1. The Company provides access to pre-approved materials for agent use.
      2. Advertising, training materials and producer procedures were reviewed, and no issues were noted.

d. Underwriting and Rating
   i. New Business – Voluntary
      1. There were 116 files reviewed.
      2. Crit #008 - In all 116 files, the Notice of Availability did not include the correct DOI addresses, in accordance with 215 ILCS 5/143c. The Company identified this prior to the examination and implemented a fix, effective September, 2021.

   ii. Renewals – Voluntary and Involuntary
      1. There were 116 files reviewed.
      2. Crit #003 - In all 116 files, the Notice of Availability did not include the correct DOI addresses, in accordance with 215 ILCS 5/143c. The Company identified this prior to the examination and implemented a fix, effective September, 2021.
      3. Crit #004 - In 7 out of 116 files, the Company failed to send the required 5% increase in premium notice.

   iii. Nonrenewal – Voluntary
      1. There were 76 files reviewed.
      2. Crit #006 - In three files reviewed, the Company failed to provide 60 days' notice of non-renewal.
      3. Crit #007 - In 12 out of 76 files reviewed, the Company failed to provide the proof of mailing for the nonrenewal notice.

   iv. Rating – Voluntary (New Business & Renewals)
      1. There were 50 files reviewed.
      2. No issues were noted with the documents provided.

   v. Canceled – Voluntary
      1. There were 16 files reviewed.
      2. Crit #005 - In all 16 files, the Notice of Availability did not include the correct DOI addresses, in accordance with 50 Ill. Adm Code 919.40. The Company identified this prior to the examination and implemented a fix, effective September, 2021.

e. Claims
    i. Paid Claims – Voluntary and Involuntary
        1. There were 124 files reviewed.
        2. No issues were noted with the documents provided.

    ii. Closed Claims – Voluntary and Involuntary
        1. There were 115 files reviewed.
        2. No issues were noted with the documents provided.

    iii. Claims Closed Without Payment – Voluntary and Involuntary
        1. There were 114 files reviewed.
        2. No issues were noted with the documents provided.

EXAMINATION DRAFT REPORT SUBMISSION

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

Karina Ruthenberg
Lisa Crump
Bradley Shoop
Tony J. Taylor
George Kalargyros, Examiner-in-Charge
Shelly Schuman, Supervisory Insurance Examiner

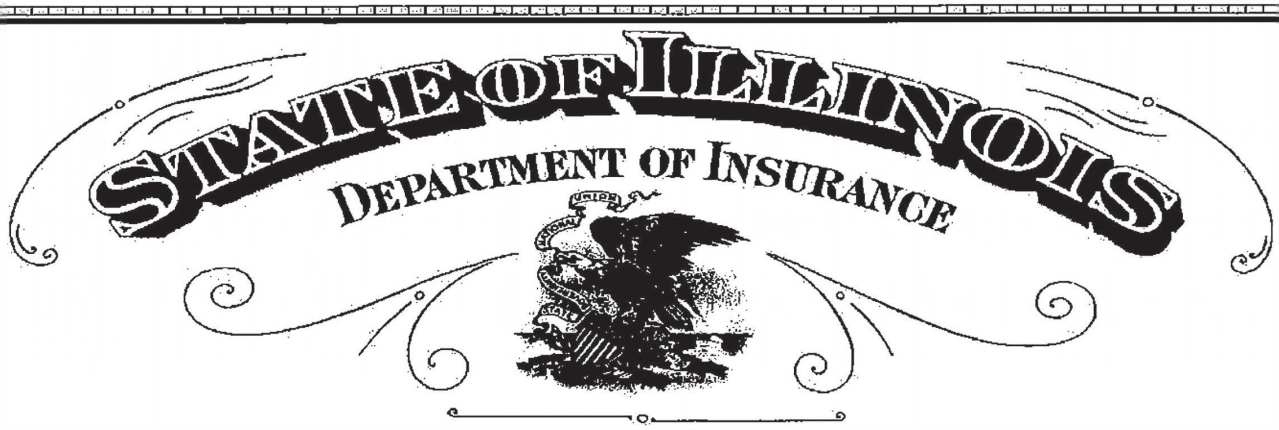
Respectfully submitted,

George Kalargyros

GEORGE KALARGYROS
EXAMINER-IN-CHARGE

Shelly Schuman

SHELLY SCHUMAN
SUPERVISING EXAMINER



IN THE MATTER OF:

THE TRAVELER'S GROUP
ONE TOWER SQUARE, MS08
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, Travelers Property Casualty Company of America, NAIC 25674, The Phoenix Insurance Company, NAIC 25623, The Travelers Indemnity Company of America, NAIC 25666, The Charter Oak Fire Insurance Company, NAIC 25615, The Travelers Indemnity Company, NAIC 25658, Travelers Casualty and Surety Company, NAIC 19038, The Travelers Indemnity Company of Connecticut, NAIC 25682, Travelers Casualty Insurance Company of America, NAIC 19046, Farmington Casualty Company, NAIC 41483, The Standard Fire Insurance Company, NAIC 19070 ("the Company"), 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 covering the examination period of October 1, 2019 to March 31, 2021, 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 include both Illinois Department of Insurance addresses within the Notice of Availability – Complaints. 215 ILCS 5/143d and 50 ILL Adm Co 919.40

2. Institute and maintain policies and procedures whereby the Company shall maintain a proof of mailing for cancellations. 215 ILCS 5/143.14

3. Institute and maintain policies and procedures whereby the Company shall include both Illinois Department of Insurance addresses within the Notice of Availability – Renewals. 215 ILCS 5/143c

4. Institute and maintain policies and procedures whereby the Company shall include both Illinois Department of Insurance addresses within the Notice of Availability – Cancellations. 50 Ill Adm Code 919.40

5. Institute and maintain policies and procedures whereby the Company shall provide the proof of mailing for the nonrenewal notice. 215 ILCS 5/143.17a (b) and (d)

6. Institute and maintain policies and procedures whereby the Company shall include both Illinois Department of Insurance addresses within the Notice of Availability – New Business. 215 ILCS 5/143c

7. Submit to the Director of Insurance, State of Illinois, proof of compliance with the above six (6) orders within thirty (30) days of execution of this Order.

8. Pay to the Director of Insurance, State of Illinois, a civil forfeiture in the amount of $27,300.00 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 TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA, THE PHOENIX INSURANCE COMPANY, THE TRAVELERS INDEMNITY COMPANY OF AMERICA, THE CHARTER OAK FIRE INSURANCE COMPANY, THE TRAVELERS INDEMNITY COMPANY, TRAVELERS CASUALTY AND SURETY COMPANY, THE TRAVELERS INDEMNITY COMPANY OF CONNECTICUT, TRAVELERS CASUALTY INSURANCE COMPANY OF AMERICA, FARMINGTON CASUALTY COMPANY, and THE STANDARD FIRE INSURANCE COMPANY

Christine Palmieri
Signature

Christine Palmieri
Name

Vice President
Title

Subscribed and sworn to before me this
29th day of June 2022.

Lori H. Cabrila
Notary Public

LORI H. CABRILA
Notary Public, State of Connecticut
My Commission Expires Mar. 31, 2026

DEPARTMENT OF INSURANCE of the State of Illinois:

Dana Popish-Severinghaus

Digitally signed by Dana Popish-Severinghaus
Date: 2022.07.06 15:56:37 -05'00'

Dana Popish-Severinghaus
Director

DATE 07/06/2022