

**FILED**

JUL 20 2016

COMMISSIONER OF INSURANCE  
STATE OF KANSAS

**BEFORE THE COMMISSIONER OF INSURANCE  
OF THE STATE OF KANSAS**

In the Matter of )  
 )  
HARTFORD ACCIDENT )  
AND INDEMNITY )  
 )  
NAIC #22357 )

Docket No. 4880-SO

**SUMMARY ORDER**

(Pursuant to K.A.R. 40-1-39, K.S.A. 40-2406, K.S.A. 40-2407 and  
K.S.A. 2015 Supp. 77-537)

Pursuant to the authority granted to the Commissioner of Insurance ("Commissioner") by K.A.R. 40-1-39, K.S.A.40, 2406, and K.S.A. 40-2407 and in accordance with K.S.A. 2015 Supp. 77-537, the Commissioner orders that Hartford Accident and Indemnity ("Hartford") cease and desist from violating an applicable provision of the Kansas Insurance Code and further admonishes and assesses a penalty against Hartford. This Summary Order shall become effective as a Final Order, without further notice, upon the expiration of the fifteen (15) day period if no request for a hearing is made, pursuant to K.S.A. 77-542.

**Findings of Fact**

The Commissioner has been shown the following facts:

1. Hartford is located at One Hartford Plaza, Hartford, CT 06155.
2. Hartford has been authorized to transact and has continuously transacted insurance business in the State of Kansas since October 8, 1914.
3. On February 1, 2016, KID received a complaint alleging that Hartford had added a covered person and had increased the premium during the term of the policy without the insured's consent.
4. The policy term was from December 9, 2015 to December 9, 2016.
5. Hartford's insured vehicle was in an accident on October 29, 2015.
6. At the time of the accident, a sister of the insured was driving the vehicle with the permission of the insured.
7. The driver (sister) had the same last name as the insured.

8. Hartford mailed two inquiries to the insured asking, among other things, if the driver resided in the insured's home or drove the vehicle on a regular basis.
9. The insured ignored both inquiries.
10. Based solely on the accident report with the driver's last name and the insured's failure to respond to the inquiries, Hartford changed the policy to cover the sister and increased the premium without the consent of the insured.
11. Hartford had no information that the driver resided with the insured or that she operated the vehicle on a regular basis.
12. Hartford paid the claim arising out of the October 29, 2015 accident.
13. When Hartford learned that the sister did not reside with the insured and did not drive the car on a regular basis, Hartford deleted her coverage and adjusted the premium.
14. In a letter dated May 25, 2016, counsel for KID invited Hartford to reply in writing if it disputed the statements of fact set out above.
15. In a letter dated June 14, 2016, Ms. Angel P. Mattioli responded on behalf of Hartford that an Amendatory Endorsement given to the insured at the issuance of the policy and upon each renewal provided that:

If there is a change to the information used to develop the policy premium, we may adjust your premium. Changes during the policy term that may result in a premium increase or decrease include, but are not limited to, changes in:

1. The number, type or use classification of insured vehicles;
  2. Operators using insured vehicles;
  3. The place of principal garaging of insured vehicles;
  4. Coverage, deductible or limits.
16. In the June 14, 2016 letter, Ms. Mattioli also stated that K.A.R. 40-1-39 did not apply because the company covered the accident of October 29, 2015. No coverage had been added.
  17. In the June 14, 2016 letter, Ms. Mattioli also stated that the third exception in K.A.R. 40-1-39 applies because Rule 4.A.3 of the company's Personal Vehicle Manual states that premium adjustments may be made on a pro rata basis when changes in Classifications are made, including "the addition or deletion of an operator and/or vehicle during the policy term."
  18. Hartford takes the position that its actions were proper.

### Applicable Public Policy

The purpose of this action is to effectuate the policy set forth in K.A. R. 40-1-39.

### Applicable Law

19. K.A.R. 40-1-39 provides:

- (a) No company, or company representative shall be permitted to add coverage to new, renewal, or existing policies if the insured or policy owner has not consented to additional coverage.
- (b) This regulation does not apply if a coverage addition is
  1. Provided without any additional premium charge;
  2. mandated by law; or
  3. required by filings approved for the company's use

20. K.S.A. 40-2406(a) provides:

Whenever the commissioner has reason to believe that any such person has been engaged or is engaging in this state in any unfair method of competition or any unfair or deceptive act or practice, whether or not defined in K.S.A. 40-2404, and amendments thereto, and that a proceeding by the commissioner in respect thereto would be in the interest of the public, the commissioner shall issue and serve upon such person a statement of the charges in that respect and conduct a hearing thereon in accordance with the provisions of the Kansas administrative procedure act.

21. K.S.A. 40-2407(a)(1) provides:

- (a) If, after such hearing, the commissioner shall determine that the person charged has engaged in an unfair method of competition or an unfair or deceptive act or practice, the commissioner shall render an order requiring such person to cease and desist from engaging in such method of competition, act or practice and if the act or practice is a violation of K.S.A. 40-2404, and amendments thereto, the commissioner may in the exercise of discretion order any one or more of the following:
  - (1) Payment of a monetary penalty of not more than \$1,000 for each and every act or violation, but not to exceed an aggregate penalty of \$10,000, unless the person knew or reasonably should have known such person was in violation of this act, in which case the penalty shall be not more than \$5,000 for each and every

act or violation, but not to exceed an aggregate of \$50,000 in any six-month period;

**Conclusions of Law**

Based on the Findings of Fact enumerated in paragraphs 1 through 18, the applicable public policy, and the applicable law, the Commissioner finds as follows:

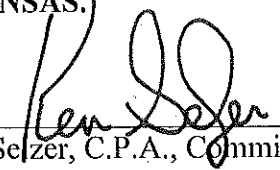
- 22. The Commissioner has jurisdiction over Hartford and the subject matter of this proceeding and such proceeding is held in the public interest.
- 23. Hartford has violated K.A.R. 40-1-39 by adding coverage with an additional premium charge during the term of the policy without the policy owner's consent.

**IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE**

- 24. Pursuant to K.S.A. 40-2407(a)(1), Hartford shall pay a fine of \$1,000.00 for violation of K.A.R. 40-1-39.
- 25. The Commissioner shall retain jurisdiction over this matter to issue any orders deemed necessary.

IT IS SO ORDERED THIS 20<sup>th</sup> DAY OF JULY, 2016 IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.)



  
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Ken Seizer, C.P.A., Commissioner  
Commissioner of Insurance

BY:   
\_\_\_\_\_  
John Wine  
Assistant Commissioner

**NOTICE OF RIGHTS**  
(Pursuant to K.S.A. 77-542)

Hartford Life Insurance Company is entitled to a hearing pursuant to K.S.A. 77-537 and K.S.A. 77-542, the Kansas Administrative Procedure Act. If Hartford Accident and Indemnity desires a hearing, the company must file a written request for a hearing with:

Diane Minear, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> Street  
Topeka, Kansas 66612

This request must be filed within fifteen (15) days from the date of service of this Order. If Hartford Life Insurance Company requests a hearing, the Kansas Insurance Department will notify the company of the time and place of the hearing and information on procedures, right of representation, and other rights of parties relating to the conduct of the hearing, before commencement of the same.

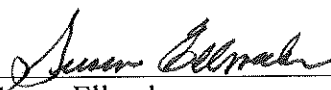
If a hearing is not requested in the time and manner stated above, this Summary Order shall become effective as a Final Order upon the expiration of time for requesting a hearing, pursuant to K.S.A. 77-613(e), the agency officer to be served on behalf of the Kansas Insurance Department is:

Diane Minear, General Counsel  
Kansas Insurance Department  
420 S.W. 9<sup>th</sup> Street  
Topeka, Kansas 66612

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that she served the above and foregoing Summary Order and Notice of Rights on this 20<sup>th</sup> day of July, 2016, by causing the same to be deposited in the United States Mail, first-class postage prepaid, addressed to the following:

Ms. Angel P. Mattioli  
Associate Counsel  
Property and Casualty Law  
One Hartford Plaza  
Hartford, CT 06155

  
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Susan Ellmaker  
Staff Attorney