



Consent Order

1300 SW Arrowhead Rd., Topeka, KS 66604
785-296-3071 – <https://insurance.kansas.gov>

In the Matter of
THE TRAVELERS HOME AND
MARINE INSURANCE COMPANY,
NAIC # 27998

and

TRAVELERS PROPERTY CASUALTY
INSURANCE COMPANY,
NAIC # 36161

and

TRAVELERS PERSONAL
INSURANCE COMPANY,
NAIC # 38130

Docket No. 96194

Pursuant to K.S.A. 40-103, K.S.A. 40-222, K.S.A. 40-2,125 and in accordance with K.S.A. 77-501 *et seq.*, the Commissioner of Insurance has the general supervision, control and regulation of corporations, companies, associations, societies, exchanges, partnerships, or persons authorized to transact the business of insurance, indemnity or suretyship in this state and shall have the power to make all reasonable rules and regulations necessary to enforce the laws of this state relating thereto. The Commissioner is authorized, at the Commissioner's discretion, to make or direct to be made, a market regulation examination of any insurance company doing business in this state. If any person has engaged in or is engaging in any act or practice constituting a violation of the any provision of Kansas insurance statutes or any rule and regulation or order thereunder, the Commissioner may, in the exercise of discretion order such remedies as payment of monetary penalties, suspension or revocation of licenses or certificates, or issuing cease and desist order or such other affirmative action to carry out the purposes of the violated provision. The companies named above are currently licensed as insurance companies in the State of Kansas.

Now, in lieu of further civil administrative proceedings and to resolve this matter, the Commissioner and the companies listed below hereby agree to the following:

1. The Travelers Home and Marine Insurance Company, Travelers Property Casualty Insurance Company, and Travelers Personal Insurance Company (together "Travelers") named above have been advised that, pursuant to K.S.A. 77-537 and K.S.A. 77-542, a company has a right to a hearing before the Commissioner may impose any sanctions or penalties; at a hearing, the company would be entitled to appear in person, to be represented by an attorney or other representative who is permitted to practice before the agency, to present its position, arguments or contentions in writing and to present evidence and examine witnesses appearing for and against it. Travelers hereby waives all such rights.

2. Travelers hereby waives any and all rights it may have under the Kansas Administrative Procedure Act, K.S.A. 77-501 *et seq.* and the Kansas Judicial Review Act, K.S.A. 77-601 *et seq.* to seek administrative or judicial review of this Consent Order.
3. Travelers consents to the jurisdiction of the Commissioner and the Kansas Insurance Department ("Department") to determine the issues set forth herein. Travelers expressly waives any prerequisites to jurisdiction that may exist.
4. Travelers neither admits nor denies the following statement of facts, but acknowledges that the Commissioner has sufficient evidence to introduce at an administrative hearing that the following facts occurred or are occurring:
 - A. The Travelers Home and Marine Insurance Company ("Travelers H&M") is domiciled in Connecticut and has been authorized to do business in Kansas since June 5, 1997.
 - B. Travelers Property Casualty Insurance Company ("Travelers Property") is domiciled in Connecticut and has been authorized to do business in Kansas since July 26, 1990.
 - C. Travelers Personal Insurance Company ("Travelers Personal") is domiciled in Connecticut and has been authorized to do business in Kansas since January 26, 2009.
 - D. During a routine audit conducted on or before January 5, 2022, Travelers identified an issue in certain products that warranted immediate corrective action. This issue was present in both the Quantum Home product, utilized by Travelers H&M and Travelers Property, and the Quantum Home 2.0 product, utilized by Travelers Personal ("Products").
 - E. The Products utilize the age of the policyholders' roof as a rating variable to determine premiums due for the policy. When a claim results in a roof replacement, Travelers' process is meant to update that policyholders' information and provide rate reduction on renewal.
 - F. An automated report is generated as part of this process. There was a defect in the report that resulted in a failure to properly update policies pursuant to the process.
 - G. On April 22, 2022, Travelers self-reported the issue to the Department, believing that violations of Kansas law may have occurred.
 - H. On or around June 27, 2022, Travelers promptly, and without the direction of the Department, issued refunds for the impacted policyholders, the total amount refunded to 1,639 policyholders was \$802,515.99.
 - I. Each of these policy mistakes represents a violation of K.S.A. 40-963, for each violation the Department may impose a penalty of up to \$500 for each unintentional violation. In this case the Department may impose a penalty of \$819,500.00.
 - J. Violations attributed to:
 1. Travelers H&M: 1,312
 2. Travelers Property: 28
 3. Travelers Personal: 299

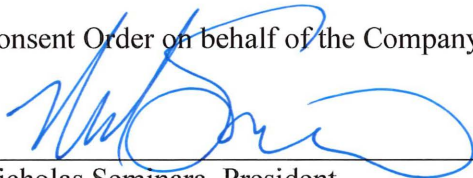
- K. The Department considers certain facts that weigh in Travelers favor. Namely that Travelers: (1) acted promptly to (2) self-report this oversight, (3) take corrective action to redress impacted policyholders, (4) implement steps to prevent a future occurrence, and (5) incorporate the Department's guidance regarding other resolution related matters.
5. Travelers neither admits nor denies the following statutes were violated, but acknowledges the applicability of the same:
- K.S.A. 40-955 – requiring insurers to file with the Commissioner every manual of classifications, rules and rates, every rating plan, policy form and every modification of any of the foregoing which it proposes to use. Every such filing shall indicate the proposed effective date and the character and extent of the coverage contemplated and shall be accompanied by the information upon which the insurer supports the filings.
 - K.S.A. 40-963– The Commissioner, if the Commissioner finds any person or organization has violated any provision of this act, may impose a penalty of not more than \$500 for each violation, but, if the Commissioner finds such violation to be willful, may impose a penalty of not more than \$2,000 for each such violation. Such penalties may be in addition to any other penalty provided by law. The Commissioner may suspend the license of any rating organization or insurer which fails to comply with an order of the Commissioner within the time limited by such order, or any extension thereof which the Commissioner may grant.
6. Travelers agrees to pay the monetary penalty listed below. Payment is due within thirty (30) days after the effective date of this Consent Order.
- Travelers H&M Monetary Penalty: \$26,240.00
 - Travelers Property Monetary Penalty: \$560.00
 - Travelers Personal Monetary Penalty: \$5,980.00
7. In addition, Travelers agrees to take such other affirmative action as specified below:
- Not Applicable
8. Travelers has read and understands this Consent Order. Travelers further understands that it has the right to retain counsel of its choice and have counsel review this Consent Order.
9. Traveler agrees that if it fails to comply with the terms of this Consent Order, the Commissioner may take action to gain compliance with the Consent Order including, but not limited to: issuing such ancillary orders and suspending Traveler's licenses until they have complied.
10. Travelers waives any and all causes of action, claims or rights, known and unknown, which it may have against the Department, and any employees, agents, consultants, contractors

or officials of the Department, in their individual and official capacities, as a result of any acts or omissions on the part of such persons or firms.

11. Travelers agrees to be served a copy of this fully executed Consent Order electronically or by regular U.S. Mail.
12. Travelers acknowledges that this Consent Order may be published on the website of Kansas Insurance Department. Travelers understands and acknowledges that this Consent Order is a public document pursuant to the Kansas Open Records Act, K.S.A. 45-215 *et seq.*

The undersigned stipulates and agrees to the above findings, facts, and conclusions of law and waives their rights to an administrative hearing and judicial review of the Commissioner's Order.

The undersigned further represents that they have permission and authority to enter into this Consent Order on behalf of the Company.



Nicholas Seminara, President
The Travelers Home and Marine Insurance Company
Travelers Property Casualty Insurance Company
Travelers Personal Insurance Company
One Tower Square
Hartford, CT 06183

Date

10/31/22

ORDER

IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. Travelers H&M shall pay a monetary penalty of \$26,240.00.
2. Travelers Property shall pay a monetary penalty of \$560.00.
3. Travelers Personal shall pay a monetary penalty of \$5,980.00.
4. The monetary penalties shall be paid in full within 30 days of the effective date of this Order. Failure to pay will result in the issuance of such further action or orders as the Commissioner deems necessary.
5. This Order shall take effect when signed by all parties and the Commissioner or the Commissioner's designee and filed of record with the Kansas Insurance Department.

IT IS SO ORDERED THIS 7 ^{NOVEMBER} ~~OCTOBER~~ ^{CET} 2022, IN THE CITY OF
TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



VICKI SCHMIDT
COMMISSIONER OF INSURANCE

BY:

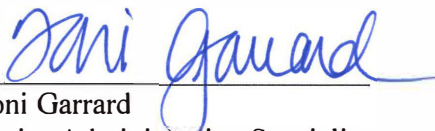
Charles E. Thomas II
Charles E. Thomas II
Insurance Attorney

Certificate of Service

The undersigned hereby certifies that she served the above and foregoing Consent Agreement and Final Order on this 7th day of November 2022, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

Nicholas Seminara
The Travelers Home and Marine Insurance Company
Travelers Property Casualty Insurance Company
Travelers Personal Insurance Company
One Tower Square
Hartford, CT, 06183

And was provided via electronic mail to: CPALMIER@travelers.com



Toni Garrard
Senior Administrative Specialist

RECEIVED

NOV 07 2022

KANSAS INSURANCE DEPT.