



Kansas Department of Insurance
Commissioner Vicki Schmidt

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

and)

HARTFORD CASUALTY)
INSURANCE COMPANY,)
NAIC # 29424)

and)

PROPERTY AND CASUALTY)
COMPANY OF HARTFORD,)
NAIC # 34690)

and)

TWIN CITY FIRE)
INSURANCE COMPANY,)
NAIC # 29459)

and)

SENTINEL)
INSURANCE COMPANY,)
NAIC # 11000)

Docket No. 107066

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 Hartford Accident and Indemnity Company, Hartford Casualty Insurance Company, Property and Casualty Insurance Company of Hartford, Twin City Fire Insurance Company, and Sentinel Insurance Company (together "Hartford Companies" or "Hartford") 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. Hartford Companies hereby waive all such rights.
2. Hartford Companies hereby waive 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. Hartford Companies consent to the jurisdiction of the Commissioner and the Kansas Insurance Department ("Department") to determine the issues set forth herein. Hartford Companies expressly waive any prerequisites to jurisdiction that may exist.
4. Hartford Companies neither admit nor deny 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. Hartford Accident and Indemnity Company ("Hartford A&I") is domiciled in Connecticut and has been authorized to do business in Kansas since October 8, 1914.
 - B. Hartford Casualty Insurance Company ("Hartford Casualty") is domiciled in Indiana and has been authorized to do business in Kansas since July 1, 1987.

- C. Property and Casualty Insurance Company of Hartford (“Hartford P&C”) is domiciled in Indiana and has been authorized to do business in Kansas since February 14, 1997.
- D. Twin City Fire Insurance Company (“Twin City”) is domiciled in Indiana and has been authorized to do business in Kansas since July 1, 1987.
- E. Sentinel Insurance Company (“Sentinel”) is domiciled in Connecticut and has been authorized to do business in Kansas since September 19, 2000.
- F. On or around August 6, 2021, Hartford Casualty and Hartford A&I filed a joint SERFF filing, HART-132911777, the primary purpose of this filing was to shift the “Policy Expense Fee,” from a fee which is earned as the policy matures to a fee which is earned at inception of the policy. The filing was approved on August 11, 2021, with effective date September 18, 2021.
- G. The filing contained an acknowledgement that “This change will be effective for new business and renewal policies on September 18, 2021.”
- H. In 2021, the Department received a complaint related to Hartford A&I’s retention of a Policy Expense Fee (“Fee”). The complainant had decided to cancel their policy with Hartford A&I and was displeased with the refund amount.
- I. While processing the complaint, the Department discovered that the refund was calculated pursuant to the new refund policy and that the policy was issued in August, prior to the effective date of Hartford A&I’s amendatory SERFF filing.
- J. When asked about this apparent discrepancy, Hartford confirmed that the refund was calculated pursuant to the new refund policy, despite the policy inception date being prior to the effective date of the amendatory filing.
- K. A total of 830 policies that were incepted or renewed prior to the effective date of the amendatory filing had the entire Policy Expense Fee improperly withheld. Of those 830, 194 policies had the entire expense fee withheld before September 18, 2021, which is to say those 194 policies had the amount withheld prior to the change being in any way effective.
- L. For these 830 policies, such a change to their in-force policies without the consent of policy holder would result in an improper reduction of benefits.
- M. On or around May 9, 2022, Hartford determined to reverse course, making another filing to revert the changes and refunding the difference to all impacted policyholders.

N. In addition, Hartford refunded \$55,164 in retained expense fees to impacted policyholders.

5. Hartford 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. Hartford agrees to pay the monetary penalty listed below. Payment is due within thirty (30) days after the effective date of this Consent Order.

- \$37,950.00

7. In addition, Hartford agrees to take such other affirmative action as specified below:

- Not Applicable

8. Hartford has read and understands this Consent Order. Hartford further understands that it has the right to retain counsel of its choice and have counsel review this Consent Order.

9. Hartford 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 Hartford's licenses until they have complied.

10. Hartford 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. Hartford agrees to be served a copy of this fully executed Consent Order electronically or by regular U.S. Mail.
12. Hartford acknowledges that this Consent Order may be published on the website of Kansas Insurance Department. Hartford 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.



M. Fisher, President
Hartford Accident and Indemnity Company
Hartford Casualty Insurance Company
Property and Casualty Company of Hartford
Twin City Fire Insurance Company
Sentinel Insurance Company
One Hartford Plaza
Hartford, CT 06155

May 30, 2024

Date

ORDER


IT IS THEREFORE ORDERED BY THE COMMISSIONER OF INSURANCE THAT:

1. Hartford shall pay a monetary penalty of \$37,950.
2. The monetary penalty 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.
3. 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 31st DAY OF May 2024, IN THE CITY OF TOPEKA,
COUNTY OF SHAWNEE, STATE OF KANSAS.



VICKI SCHMIDT
COMMISSIONER OF INSURANCE

BY: 
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 4th day of June 2024, by causing the same to be deposited in the United States Mail, first class postage prepaid, addressed to the following:

M. Fisher, President
Hartford Accident and Indemnity Company
Hartford Casualty Insurance Company
Property and Casualty Company of Hartford
Twin City Fire Insurance Company
Sentinel Insurance Company
One Hartford Plaza
Hartford, CT 06155

And was provided via electronic mail to:
LawCustomerRelations@thehartford.com



Toni Garrard
Legal Assistant