

No. 10-0603

**OFFICIAL ORDER**  
*of the*  
**COMMISSIONER OF INSURANCE**  
*of the*  
**STATE OF TEXAS**  
**AUSTIN, TEXAS**

Date: JUN 30 2010

**Subject Considered:**

PROPERTY AND CASUALTY INSURANCE COMPANY OF HARTFORD  
One Hartford Plaza T 16 85  
Hartford, Connecticut 06155

**CONSENT ORDER**  
**DISCIPLINARY ACTION**  
TDI ENFORCEMENT FILE NO. 57797

**General remarks and official action taken:**

On this date came on for consideration by the Commissioner of Insurance, the Texas Department of Insurance's ("Department") and the Office of Public Insurance Counsel's ("OPIC") complaints against Property and Casualty Insurance Company of Hartford. The Department alleges that Property and Casualty Insurance Company of Hartford violated the insurance laws of the State of Texas and that such conduct constitutes grounds for disciplinary action pursuant to TEX. INS. CODE ANN. §§ 82.051-82.055 and 84.021-84.044. OPIC alleges that Property and Casualty Insurance Company of Hartford's rate filings do not meet the requirements of Chapter 2251 of the Texas Insurance Code and that such conduct constitutes grounds for a hearing under TEX. INS. CODE ANN. § 2251.105.

The Department, OPIC and Property and Casualty Insurance Company of Hartford, by their respective signatures hereto, announce that they have compromised and settled all claims raised by the Department and OPIC and agree to the entry of this Consent Order. The Department, OPIC and Property and Casualty Insurance Company of Hartford request that the Commissioner informally dispose of this case pursuant to the provisions of TEX. GOV'T CODE ANN. § 2001.056, TEX. INS. CODE ANN. § 82.055 and 28 TEX. ADMIN. CODE § 1.47.

## JURISDICTION

The Commissioner has jurisdiction over this matter pursuant to the TEX. INS. CODE ANN. §§ 82.051–82.055, 84.021–84.044, 801.051-801.053, and TEX. INS. CODE ANN. Ch. 2251 & 2254.

## WAIVER

Property and Casualty Insurance Company of Hartford acknowledges the existence of its rights to the issuance and service of a notice of hearing, a public hearing, a proposal for decision, rehearing by the Commissioner, and judicial review of the Order as provided for in TEX. GOV'T CODE ANN. §§ 2001.051-2001.178 and hereby expressly waives each and every one of said rights and acknowledges the jurisdiction of the Commissioner.

## FINDINGS OF FACT

The Commissioner makes the following findings of fact:

1. Property and Casualty Insurance Company of Hartford is a foreign property and casualty company holding a certificate of authority to transact the business of insurance in Texas pursuant to TEX. INS. CODE ANN. §§ 801.051-801.053.
2. On November 6, 2009, the Department received a homeowners insurance rate filing from Property and Casualty Insurance Company of Hartford, bearing Company Filing No. FN 14.799/RWG.200901. This filing was assigned TDI Filing No. 9212511696 and TDI Link No. 105256.
3. This filing contained a rate increase of 15.0% for policy forms HO-2 and HO-3, and was effective November 7, 2009 for new business and December 24, 2009 for renewals.
4. This filing was reviewed by staff of the Department and OPIC, which concluded the rate contained in the filing was excessive.
5. On January 29, 2010, the Texas Department of Insurance provided Property and Casualty Insurance Company of Hartford with formal written notice that the rate contained in this filing was excessive.
6. On March 11, 2010, OPIC requested that the Commissioner issue an Order requiring a refund of excessive rates contained in this filing.
7. Property and Casualty Insurance Company of Hartford agrees to reduce the overall rate found in this filing by 10.0% relative to the November 7, 2009 rate level, resulting in a 3.5% increase rather than a 15.0% increase.

8. Property and Casualty Insurance Company of Hartford also agrees to increase the credit for the wind/hail exclusion from 30% to 40%.
9. Property and Casualty Insurance Company of Hartford agrees to implement this rate reduction and wind/hail exclusion credit increase through a rate filing made with the Department no later than 30 days after the date of entry of this Order, with an effective date of August 7, 2010 for new business and September 23, 2010 for renewal business. Property and Casualty Insurance Company of Hartford agrees that it will not increase the homeowners insurance rates of Property and Casualty Insurance Company of Hartford for policy forms HO-2 and HO-3 before January 29, 2011, except upon a showing of extraordinary unforeseen circumstances negatively affecting the company's projected losses and expenses.
10. Property and Casualty Insurance Company of Hartford agrees to provide refunds to each affected policyholder in the amount of the excessive portion of the premium as described above, plus interest at 9.25%, for the period beginning January 29, 2010 until paid.
11. Property and Casualty Insurance Company of Hartford agrees to state the deductible amount for each Property and Casualty Insurance Company of Hartford policy in terms of dollars, rather than exclusively as a percentage, when communicating deductible information to its policyholders. Property and Casualty Insurance Company of Hartford agrees to implement this change within 180 days after the entry of this Order.

### Reservations

12. Property and Casualty Insurance Company of Hartford agrees to the entry of this Consent Order with the express reservation that Property and Casualty Insurance Company of Hartford does not admit to any violation of the Texas Insurance Code or rule and the existence of a violation is in dispute.
13. The Department agrees to the entry of this Consent Order with the express reservation that this Order does not constitute approval of the assumptions or methodologies used by Property and Casualty Insurance Company of Hartford in any rate filing, and does not limit TDI's authority to review the reasonability of rate indications, rate selections, assumptions or methodologies contained in any future rate filings, or the Commissioner's authority to disapprove a rate based upon such a review. The entry of this Order does not limit the Commissioner's authority to require Property and Casualty Insurance Company of Hartford to obtain prior approval of rates based upon rating practices if the elements of TEX. INS. CODE ANN. § 2251.151 are satisfied.
14. OPIC agrees to the entry of this Consent Order with the express reservation that this Order does not constitute approval of the assumptions or methodologies used by Property and Casualty Insurance Company of Hartford in any rate filing, and

does not limit OPIC's authority to review the reasonability of rate indications, rate selections, assumptions or methodologies contained in any future rate filings, or OPIC's ability to seek disapproval of a rate based upon such a review.

## CONCLUSIONS OF LAW

Based upon the agreement of the parties and the foregoing findings of fact, the Commissioner of Insurance makes the following conclusions of law:

1. The Commissioner has jurisdiction over this matter pursuant to the TEX. INS. CODE ANN. §§ 82.051–82.055, 84.021–84.044, 801.051-801.055, and TEX. INS. CODE ANN. Ch. 2251 & 2254.
2. The Commissioner has the authority to informally dispose of this matter as set forth herein under TEX. GOV'T CODE ANN. § 2001.056, TEX. INS. CODE ANN. § 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. Property and Casualty Insurance Company of Hartford has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this Order, including, but not limited to, issuance and service of a notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the Commissioner, and judicial review.
4. Property and Casualty Insurance Company of Hartford charged homeowners insurance rates that were excessive in violation of TEX. INS. CODE ANN. § 2251.052.

IT IS THEREFORE ORDERED by the Commissioner of Insurance that Property and Casualty Insurance Company of Hartford shall comply with the agreements set forth above.

IT IS FURTHER ORDERED by the Commissioner of Insurance that Property and Casualty Insurance Company of Hartford shall file all rates in accordance with Texas law.

IT IS FURTHER ORDERED by the Commissioner of Insurance that, pursuant to TEX. INS. CODE ANN. § 2254.003, within one hundred eighty (180) days of the entry of this Order, Property and Casualty Insurance Company of Hartford shall provide to each affected policyholder a refund, including interest, in the amounts described in the Findings of Fact.

IT IS FURTHER ORDERED by the Commissioner of Insurance that within two hundred ten (210) days of the entry of this Order, Property and Casualty Insurance Company of Hartford shall provide a report describing their actions taken in compliance with this Order, and produce a list identifying by name and address each affected policyholder who

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received a refund and on what date, and each affected policyholder who did not receive a refund. All documents and reports shall be sent to Texas Department of Insurance, Attn: Catherine Bell, Enforcement Division, MC 110-1A, P.O. Box 149104, Austin, Texas 78714-9104.

IT IS FURTHER ORDERED by the Commissioner of Insurance that if, under the provisions of TEX. INS. CODE ANN. § 82.054 and after public hearing, it is found that Property and Casualty Insurance Company of Hartford has failed to pay the refunds in the full amount within the time specified herein, or has otherwise failed to comply with the terms of this Order, the certificate of authority held by Property and Casualty Insurance Company of Hartford shall be revoked.

  
MIKE GEESLIN  
COMMISSIONER OF INSURANCE

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FOR THE STAFF:



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Michael Rigby  
Staff Attorney, Enforcement Division  
Texas Department of Insurance

FOR THE OFFICE OF PUBLIC INSURANCE COUNSEL:



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Deeia Beck  
Public Counsel  
Office of Public Insurance Counsel

AGREED, ACCEPTED, AND EXECUTED by Property and Casualty Insurance Company of Hartford:

By: [Signature]  
Authorized Representative of Property and Casualty Insurance Company of Hartford

STATE OF Connecticut §  
COUNTY OF Hartford §  
Mary K White mKW

BEFORE ME, ~~JAMES J FLYNN JR~~ a notary public in and for the State of Connecticut on this day personally appeared JAMES J FLYNN JR known to me or proven to me through \_\_\_\_\_ to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that (he/she) executed the same for the purposes and consideration therein expressed, who being by me duly sworn, deposed as follows:

1. "My name is James J. Flynn, Jr.. I am of sound mind, capable of making this statement, and personally acquainted with the facts herein stated.
2. I hold the office of Vice President. I am the authorized representative of Property and Casualty Insurance Company of Hartford, which currently holds a Certificate of Authority to transact the business of insurance in the State of Texas, and I am duly authorized by Property and Casualty Insurance Company of Hartford to execute this statement.
3. Property and Casualty Insurance Company of Hartford has knowingly and voluntarily entered into this Consent Order and agrees with and consents to the issuance and service of the foregoing Consent Order by the Commissioner of Insurance of the State of Texas."

[Signature]  
Signature  
James J. Flynn, Jr.  
Typed/Printed Name

SWORN TO AND SUBSCRIBED before me on this 18<sup>th</sup> day of June, 2010.

Mary K White  
Signature of Notary Public  
**MARY K. WHITE**  
**NOTARY PUBLIC**  
MY COMMISSION EXPIRES FEB. 28, 2014

[seal]

Printed Name of Notary Public