

No. 10-0602

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

Date: JUN 30 2010

Subject Considered:

HARTFORD LLOYD'S INSURANCE COMPANY
785 Greens Parkway Suite 200
Houston, Texas 77067-4409

CONSENT ORDER
DISCIPLINARY ACTION
TDI ENFORCEMENT FILE NO. 57796

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") complaint against Hartford Lloyd's Insurance Company ("Hartford Lloyd's"). The Department alleges that Hartford Lloyd's 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 Hartford Lloyd'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 Hartford Lloyd's, 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 Hartford Lloyd's 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

Hartford Lloyd's 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. Hartford Lloyd's Insurance Company is a domestic 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 October 1, 2009, the Department received a homeowners insurance rate filing from Hartford Lloyd's Insurance Company with respect to its Agency Program, bearing Company Filing No. FN 14.799.2009.02. This filing was assigned TDI Filing No. 9212510599 and TDI Link No. 104658.
3. This filing contained a rate increase of 6.8% for policy forms HO-A and HO-B, and was effective October 3, 2009 for new business and November 25, 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 October 21, 2009, OPIC, pursuant to TEX. INS. CODE ANN. § 2251.106, filed a written objection with the Department regarding this filing.
6. On January 29, 2010, the Texas Department of Insurance provided Hartford Lloyd's with formal written notice that the rate contained in this filing is excessive.
7. Hartford Lloyd's agrees to reduce the overall rate found in this filing by 3.1% relative to the October 3, 2009 rate level, resulting in a 3.5% increase rather than a 6.8% increase.
8. Hartford Lloyd's agrees to implement this rate reduction 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 September 29, 2010 for all business. Hartford Lloyd's agrees that it will not increase the homeowners insurance rates of Hartford Lloyd's Insurance Company with respect to its Agency Program for policy forms HO-A and HO-B before January 29, 2011, except upon a showing of extraordinary unforeseen circumstances negatively affecting the company's projected losses and expenses.

9. Hartford Lloyd's 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.
10. Hartford Lloyd's agrees to henceforth state the deductible amount for each Hartford Lloyd's Insurance Company policy in terms of dollars, rather than exclusively as a percentage, when communicating deductible information to its policyholders. Hartford Lloyd's agrees to implement this change within 180 days after the entry of this Order.

Reservations

11. Hartford Lloyd's agrees to the entry of this Consent Order with the express reservation that Hartford Lloyd's does not admit to any violation of the Texas Insurance Code or rule and the existence of a violation is in dispute.
12. 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 Hartford Lloyd's 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 Hartford Lloyd's to obtain prior approval of rates based upon rating practices if the elements of TEX. INS. CODE ANN. § 2251.151 are satisfied.
13. 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 Hartford Lloyd's 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. Hartford Lloyd's 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. Hartford Lloyd's Insurance Company 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 Hartford Lloyd's Insurance Company shall comply with the agreements set forth above.

IT IS FURTHER ORDERED by the Commissioner of Insurance that Hartford Lloyd's Insurance Company 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 Hartford Lloyd's Insurance Company 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, Hartford Lloyd's Insurance Company 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 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 Hartford Lloyd's Insurance Company 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

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Hartford Lloyd's Insurance Company

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Order, the certificate of authority held by Hartford Lloyd's Insurance Company shall be revoked.

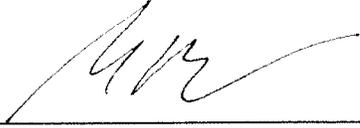


MIKE GEESLIN
COMMISSIONER OF INSURANCE

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FOR THE STAFF:



Michael Rigby
Staff Attorney, Enforcement Division
Texas Department of Insurance

FOR THE OFFICE OF PUBLIC INSURANCE COUNSEL:



Deeia Beck
Public Counsel
Office of Public Insurance Counsel

AGREED, ACCEPTED, AND EXECUTED by Hartford Lloyd's Insurance Company:

By: James J. Flynn, Jr.
Authorized Representative of Hartford Lloyd's Insurance Company

STATE OF Connecticut §
COUNTY OF Hartford §

BEFORE ME, Mary K. White, 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 Hartford Lloyd's Insurance Company, which currently holds a Certificate of Authority to transact the business of insurance in the State of Texas, and I am duly authorized by Hartford Lloyd's Insurance Company to execute this statement.
3. Hartford Lloyd's Insurance Company 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."

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

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

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

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