

**IN THE DEPARTMENT OF INSURANCE, FINANCIAL
INSTITUTIONS AND PROFESSIONAL REGISTRATION
STATE OF MISSOURI**

<i>In Re:</i>)	
)	
TRAVELERS INDEMNITY COMPANY OF AMERICA (NAIC # 25666))	Market Conduct Exam No. 1201-04-TGT
)	
TRAVELERS PROPERTY AND CASUALTY COMPANY OF AMERICA (NAIC #25674))	Market Conduct Exam No. 1201-05-TGT
)	
PHOENIX INSURANCE COMPANY (NAIC #25623))	Market Conduct Exam No. 1202-06-TGT
)	
FIDELITY AND GUARANTY INSURANCE COMPANY (NAIC #35386))	Market Conduct Exam No. 1202-07-TGT
)	

ORDER OF THE DIRECTOR

NOW, on this 23RD day of NOVEMBER, 2016, Director John M. Huff, after consideration and review of the market conduct examination reports of Travelers Indemnity Company of America (NAIC #25666) (hereafter referred to as “Travelers Indemnity”), report number 1201-04-TGT, Travelers Property and Casualty Company of America (NAIC #25674) (hereafter referred to as “Travelers Property”), report number 1201-05-TGT, Phoenix Insurance Company (NAIC #25623) (hereafter referred to as “Phoenix), report number 1202-06-TGT, and Fidelity and Guaranty Insurance Company (NAIC #35386) (hereafter referred to as “Fidelity), report number 1202-07-TGT, prepared and submitted by the Division of Insurance Market Regulation pursuant to §374.205.3(3)(a), does hereby adopt such reports as filed. After consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (“Stipulation”), reports, relevant work papers, and any written submissions or rebuttals, the findings and conclusions of such reports are deemed to be the Director’s findings and conclusions accompanying this order pursuant to §374.205.3(4).

This order, issued pursuant to §374.205.3(4), §374.280, and §374.046.15. RSMo (Cum. Supp. 2013), is in the public interest.

IT IS THEREFORE ORDERED that Travelers Indemnity, Travelers Property, Phoenix, Fidelity and the Division of Insurance Market Regulation having agreed to the Stipulation, the Director does hereby approve and agree to the Stipulation.

IT IS FURTHER ORDERED that Travelers Indemnity, Travelers Property, Phoenix and Fidelity shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place Travelers Indemnity, Travelers Property, Phoenix and Fidelity in full compliance with the requirements in the Stipulation and to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation

IT IS FURTHER ORDERED that Travelers Indemnity shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$20,000.00 payable to the Missouri State School Fund.

IT IS FURTHER ORDERED that Travelers Property shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$19,000.00 payable to the Missouri State School Fund.

IT IS FURTHER ORDERED that Phoenix shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$21,000.00 payable to the Missouri State School Fund.

IT IS FURTHER ORDERED that Fidelity shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$115,250.00 payable to the Missouri State School Fund.

IT IS SO ORDERED.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of my office in Jefferson City, Missouri, this 23RD day of NOVEMBER, 2016.



John M. Huff
Director

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)	

STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter "the Division") and Travelers Indemnity Company of America (NAIC #25666) (hereinafter "Travelers Indemnity"), Travelers Property and Casualty Company of America (NAIC #25674) (hereinafter "Travelers Property"), Phoenix Insurance Company (NAIC #25623) (hereinafter "Phoenix"), and Fidelity and Guaranty Insurance Company (NAIC #35386) (hereinafter "Fidelity"), as follows:

WHEREAS, the Division is a unit of the Missouri Department of Insurance, Financial Institutions and Professional Registration (hereinafter, "the Department"), an agency of the State of Missouri, created and established for administering and enforcing all laws in relation to insurance companies doing business in the State in Missouri;

WHEREAS, Travelers Indemnity, Travelers Property, Phoenix, and Fidelity have been granted certificates of authority to transact the business of insurance in the State of Missouri;

WHEREAS, the Division conducted a Market Conduct Examination of Travelers Indemnity, Travelers Property, Phoenix, and Fidelity; and

WHEREAS, the Market Conduct Examination report of Travelers Indemnity revealed that:

1. Travelers Indemnity failed to apply the Second Injury Fund Surcharge rate to the correct premium for twenty-seven (27) policies in violation of §287.310.9¹ and §287.715.2.
2. In one (1) instance, Travelers Indemnity failed to include the entire amount of the payroll for class code 8742 in determining premium in violation of §287.955.3.
3. In one (1) instance, Travelers Indemnity failed to document that officer's payroll was included in the payroll amount listed on the final audit in violation of §287.020.1.
4. In one (1) instance, Travelers Indemnity failed to provide a Rejection of Coverage form to the insured in violation of §287.037.
5. In fifty (50) instances, Travelers Indemnity misrepresented the terms of the premium adjustment notices in violation of §375.936(4) and (6) (a).
6. In four (4) instances, Travelers Indemnity did not document the file with the basis for the change in the Schedule Modification rate from the previous year in violation of §287.950.1 and 20 CSR 500-4.100(7)(D).
7. In two (2) instances, Travelers Indemnity failed to apply the correct Experience Modification rate to premium on the NCCI algorithm in violation of §287.955.1.
8. Travelers Indemnity failed to apply the Administrative Surcharge rate to the correct premium for sixteen (16) policies resulting in overcharges and undercharges to the Fund in violation of §287.310.9 and §287.716.2.
9. In one (1) instance, Travelers Indemnity failed to apply the correct Premium Discount rate to the total standard premium on the NCCI algorithm in violation of §287.947.1 and §287.955.3.

10. Travelers Indemnity incorrectly applied the deductible credit rate to a premium subtotal on the NCCI algorithm in twenty-one (21) policies in violation of §287.955.3.

11. In one (1) instance, Travelers Indemnity failed to verify at audit that the information reported to the NCCI on the MOCCPAP credit application was accurate in violation of §287.955.3.

WHEREAS, the Market Conduct Examination report of Travelers Property revealed that:

1. Travelers Property erroneously applied a waiver of subrogation endorsement to one (1) policy containing construction group codes in violation of §287.150.6.

2. Travelers Property incorrectly attached a withdrawn endorsement to one (1) policy in violation of §287.310.1.

3. Travelers Property failed to apply the Second Injury Fund Surcharge rate to the correct premium for twenty-two (22) policies in violation of §287.310.9 and §287.715.2.

4. Travelers Property failed to apply the Administrative Surcharge rate to the correct premium for ten (10) policies resulting in violation of §287.310.9 and §287.716.2.

5. In one (1) instance, Travelers Property failed to apply the Increased Limits Factor to the correct premium resulting in a premium overcharge in violation of §287.955.3.

6. In one (1) instance, Travelers Property failed to apply the correct payroll amount on the final audit resulting in an overcharge in violation of §287.955.3.

7. In one (1) instance, Travelers Property failed to include the officer payroll on the final audit in violation of §287.020.1. and §287.955.3.

8. In one (1) instance, Travelers Property failed to retain the NCCI Experience Modification worksheet in the file in violation of §287.937.2.

9. In one (1) instance, Travelers Property failed to apply the correct Premium Discount rate in violation of §287.955.3.

10. In one (1) instance, Travelers Property failed to verify at audit that the information reported to the NCCI on the MOCCPAP credit application was accurate in violation of §287.955.3.

11. Travelers Property failed to apply the correct Short Rate Surcharge on two (2) policies resulting in overcharges in violation of §287.955.3.

12. In one (1) instance, Travelers Property failed to exclude the correct amount of overtime pay from the workers compensation final audit in violation of §287.955.3.

13. In one (1) instance, Travelers Property failed to allocate 10% of the officer payroll to Class Code 8810 resulting in an overcharge in violation of §287.955.3.

14. In one (1) instance, Travelers Property failed to apply the correct Terrorism rate to premium in violation of §287.947.1.

15. In one (1) instance, Travelers Property failed to retain documentation regarding a reduction of the credit on the Schedule Modification worksheet in violation of §287.350, §287.937.2, and 20 CSR 100-8.040(3)(A).

16. In two (2) instances, Travelers Property failed to apply the correct Experience Modification rate to premium in violation of §287.955.1.

17. Travelers Property failed to apply the deductible credit rate to the total manual premium on the NCCI algorithm for nineteen (19) policies in violation of §287.955.3.

18. In one (1) instance, Travelers Property failed to apply the correct payroll to the final audit in violation of §287.955.3.

WHEREAS, the Market Conduct Examination report of Phoenix revealed:

1. Phoenix failed to file individual risk rating plans and supplementary rate information for three (3) large deductible workers compensation insurance policies in violation of §287.947.1.

2. In one (1) instance, Phoenix failed to file all rates and supplementary rate information

in violation of §287.947.1, 20 CSR 500-6.950(3)(B)3, 20 CSR 500-6.950(5)(B), and 20 CSR 500-6.950(7).

3. In one (1) instance, Phoenix failed to attach a mandatory form to the policy in violation of §287.310.

4. Phoenix failed to apply the deductible credit rate to the total manual premium on the NCCI algorithm for twenty-one (21) policies in violation of §287.955.3.

5. In one (1) instance, Phoenix failed to apply the Short Rate Cancellation Factor in violation of §287.955.3.

6. In one (1) instance, Phoenix incorrectly applied the Increased Limits Factor to the premium in violation of §287.955.3.

7. Phoenix failed to verify at audit that the information reported to the NCCI on the MOCCPAP credit application for ten (10) policies were accurate in violation of §287.955.3.

8. Phoenix failed to apply the Second Injury Fund Surcharge rate to the correct premium for twenty-three (23) policies in violation of §287.310.9 and §287.715.2.

9. In one (1) instance, Phoenix failed to document the basis for the Schedule Modification rate in violation of §287.350, §287.950.1, 20 CSR 100-8.040(3)(A), and 20 CSR 500-4.100(7)(D).

10. Phoenix failed to apply the Administrative Surcharge rate to the correct premium for eighteen (18) policies resulting in violation of §287.310.9 and §287.716.2.

11. In one (1) instance, Phoenix failed to maintain information necessary for the reconstruction of the rating and underwriting of the policy in violation of §287.937.2, §374.205.2(2), and 20 CSR 100-8.040(3)(A).

WHEREAS, the Market Conduct Examination report of Fidelity revealed that:

1. In five (5) instances, Fidelity utilized forms that were attached to policies, but either not filed with the Department or were withdrawn from use in violation of §287.310.1 and CSR 500-6.100(1).
2. Fidelity failed to complete, bill and return premium to the insured within 120 days of policy expiration or cancellation for six (6) policies in violation of §287.310.1, §287.955.3 and 20 CSR 500-6.500(2)(A).
3. Fidelity failed to apply the Second Injury Fund Surcharge rate to the correct premium for six (6) policies in violation of §287.310.9 and §287.715.2.
4. In twenty-two (22) instances, Fidelity failed to maintain reasonable records necessary to reconstruct how policy premium was determined in violation of §287.937.2, §374.205.2(2), and 20 CSR 100-8.040(3)(A).
5. Fidelity failed to utilize the correct class code base rates on the premium adjustment notice for three (3) policies resulting in premium overcharges in violation of §287.947.1.
6. In one (1) instance, Fidelity failed to apply the Schedule Modification credit rate from the previous year to the premium when there was no change in the risk resulting in an overcharge in violation of §287.950.1 and 20 CSR 500-4.100(7)(D).
7. In one (1) instance, Fidelity failed to use the correct Experience Modification factor of .75 resulting in a premium overcharge in violation of §287.955.1.
8. In four (4) instances, Fidelity failed to use the correct Scheduled Modification factor resulting in two premium overcharges in violation of §287.955.3.
9. In one (1) instance, Fidelity failed to utilize the correct Terrorism rate in violation of §287.947.1.

10. Fidelity failed to file individual risk rating plans and supplementary rate information for three hundred twelve (312) large deductible workers compensation insurance policies in violation of §287.947.1.

WHEREAS, Travelers Indemnity, Travelers Property, Phoenix, and Fidelity do not agree with certain findings in the Market Conduct Examination and it is the position of Travelers Indemnity, Travelers Property, Phoenix, and Fidelity that this Stipulation of Settlement and Voluntary Forfeiture is a compromise of disputed facts and legal allegation and that the signing of this Stipulation of Settlement and Voluntary Forfeiture and Travelers Indemnity's, Travelers Property's, Phoenix's, and Fidelity's consent to take the remedial actions required by it and to pay the voluntary forfeiture set forth herein does not constitute an admission of wrongdoing or liability on its part and is done to fully and completely resolve and settle the allegations found in the Market Conduct Examination.

WHEREAS, the Division, Travelers Indemnity, Travelers Property, Phoenix, and Fidelity have agreed to resolve the issues raised in the Market Conduct Examination as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture embodies the entire agreement and understanding of the signatories with respect to the subject matter contained herein. The signatories hereby declare and represent that no promise, inducement or agreement not herein expressed has been made, and acknowledge that the terms and conditions of this agreement are contractual and not a mere recital.

B. **Remedial Action.** Travelers Indemnity, Travelers Property, Phoenix, and Fidelity agree to take remedial action bringing each into compliance with the statutes and regulations of Missouri and agree to maintain those remedial actions at all times. Such remedial actions shall include, but not be limited to, the following:

1. Travelers Indemnity, Travelers Property, Phoenix, and Fidelity agree to file an amendment to their waiver of subrogation endorsement form to include language that the endorsement does not apply to any construction classifications in the State of Missouri. The amendment is subject to prior approval from the Division.

2. Travelers Indemnity, Travelers Property, Phoenix and Fidelity agree that they will make individual risk filings with the Director for all large deductible workers compensation insurance policies with Missouri premium or exposure. Such filings shall be made within 30 days of the effective date of the policy.

3. Travelers Indemnity, Travelers Property, and Phoenix agree to randomly select 10 small deductible workers compensation insurance policies with Missouri premium or exposure with effective dates spread through policy years from 2012 to the date of the Order closing this examination to determine if the Second Injury Fund Surcharge and Administrative Surcharge were calculated correctly or if its calculation resulted in any overcharges to policyholders or underpayments to either the Second Injury Fund Surcharge or the Administrative Surcharge Fund. If this test results in no additional Second Injury Fund Surcharge or Administrative Surcharge Fund calculation errors, then no additional review of small deductible policies will be required. However, if errors are found then the Companies agree to review all small deductible policies with Missouri premium or exposure from 2012 to the date of the Order closing this examination. If the policyholder is entitled to a refund of premium as a result of any errors in calculating the Second Injury Fund Surcharge or the Administrative Surcharge, the Company must issue any refund due to the insured, including interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that "as a result of a Missouri Market Conduct Examination," it was found that a refund was due to the insured. If the Second Injury Fund Surcharge was

underpaid, such payments that are owed will be paid to the Division of Workers Compensation together with any applicable interest or penalties, and any amended return that may be required by the Division. If the Administrative Surcharge was underpaid, such payments that are owed shall be paid to the Department of Revenue together with any applicable interest or penalties, and any amended returns that may be required by the Premium Tax Section of the Department.

4. Fidelity agrees to review all workers compensation insurance policies with Missouri premium or exposure issued from January 1, 2011 to the date of the Order closing this examination to determine if the Second Injury Fund Surcharge and Administrative Surcharge were calculated correctly or if its calculation resulted in any overcharges to policyholders or underpayments to either the Second Injury Fund Surcharge or the Administrative Surcharge Fund. If the policyholder is entitled to a refund of premium as a result of any errors in calculating the Second Injury Fund Surcharge or the Administrative Surcharge, the Company must issue any refund due to the insured, including interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund was due to the insured. If the Second Injury Fund Surcharge was underpaid, such payments that are owed will be paid to the Division of Workers Compensation together with any applicable interest or penalties, and any amended return that may be required by the Division. If the Administrative Surcharge was underpaid, such payments that are owed shall be paid to the Department of Revenue together with any applicable interest or penalties, and any amended returns that may be required by the Premium Tax Section of the Department.

5. Travelers Indemnity, Travelers Property, Phoenix, and Fidelity agree to review and revise their premium adjustment notices to correctly label the standard premium amounts.

6. Travelers Indemnity and Fidelity agree to review their standard rating policies with

Missouri premium or exposure that were issued effective January 1, 2011 to the date of the Order closing this examination to determine if the insured is entitled to any adjustment of premium as a result of the failure to document the basis for change in the scheduled modification rate. If a refund is due the insured, the Companies will pay restitution to the affected policyholder (including interest at 9% per annum pursuant to §408.020). A letter will be included with any restitution payments indicating that “as a result of a Missouri Market Conduct Examination, it was found that a refund was owed to the insured.”

7. Travelers Indemnity, Travelers Property, Phoenix and Fidelity agree to review and generate a listing of policies with Missouri premium or exposure with Foreign Reimbursement coverage effective from January 1, 2011 to the date of the Order closing this examination to determine if the Second Injury Fund Surcharge and Administrative Surcharge were calculated correctly or if its calculation resulted in any overcharges to policyholders or underpayments to either the Second Injury Fund Surcharge or the Administrative Surcharge Fund. The Companies agree to report their findings to the Division within 120 days of the entry of a final Order. If the policyholder is entitled to a refund of premium as a result of any errors in calculating the Second Injury Fund Surcharge or the Administrative Surcharge, the Company must issue any refund due to the insured, including interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund was due to the insured. If the Second Injury Fund Surcharge was underpaid, such payments that are owed will be paid to the Division of Workers Compensation together with any applicable interest or penalties, and any amended return that may be required by the Division. If the Administrative Surcharge was underpaid, such payments that are owed shall be paid to the Department of Revenue together with any applicable interest or penalties, and any

amended returns that may be required by the Premium Tax Section of the Department.

8. Travelers Indemnity, Travelers Property, Phoenix and Fidelity agree that where a census study was conducted, there were 11 policies with Missouri USL&H premium or exposure from 2012 through 2016 found. The Companies agree to review these 11 policies to determine if the Second Injury Fund Surcharge and Administrative Surcharge were calculated correctly or if its calculation resulted in any overcharges to policyholders or underpayments to either the Second Injury Fund Surcharge or the Administrative Surcharge Fund. If the policyholder is entitled to a refund of premium as a result of any errors in calculating the Second Injury Fund Surcharge or the Administrative Surcharge, the Company must issue any refund due to the insured, including interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund was due to the insured. If the Second Injury Fund Surcharge was underpaid, such payments that are owed will be paid to the Division of Workers Compensation together with any applicable interest or penalties, and any amended return that may be required by the Division. If the Administrative Surcharge was underpaid, such payments that are owed shall be paid to the Department of Revenue together with any applicable interest or penalties, and any amended returns that may be required by the Premium Tax Section of the Department.

9. Travelers Indemnity agrees to issue a refund for premium overcharges to the policyholders (IHUB0947Y216, and 1HUB-7869L71A) listed on page 12 of the Final Market Conduct Examination Report, and to the policyholder (YHUB4837A29010) listed on page 17 of the Final Market Conduct Examination Report. All refunds provided will include interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund

was due to the insured.

10. Travelers Property agrees to issue a refund for premium overcharges to the policyholder (YJUB-4837A290-09) listed on page 15 of the Final Market Conduct Examination Report, including interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund was due to the insured.

11. Phoenix agrees to issue a refund for premium overcharges to the policyholder (5681B468) listed on page 10 of the Final Market Conduct Examination Report, and to the policyholder (YNUB894J297310) listed on pages 12 of the Final Market Conduct Examination Report. All refunds provided will include interest of nine per cent (9%) interest per annum pursuant to §408.020. A letter must be included with the payment, indicating that “as a result of a Missouri Market Conduct Examination,” it was found that a refund was due to the insured.

C. **Compliance.** Travelers Indemnity, Travelers Property, Phoenix, and Fidelity agree to file documentation with the Division within 90 days of the entry of a final Order of all remedial action taken to implement compliance with the terms of this stipulation and to document the payment of restitution required by this Stipulation.

D. **Voluntary Forfeiture.** Travelers Indemnity agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$20,000, such sum payable to the Missouri State School Fund in accordance with §374.280, RSMo. Supp. 2013. Travelers Property agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$19,000, such sum payable to the Missouri State School Fund in accordance with §374.280, RSMo. Supp. 2013. Phoenix agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$21,000, such sum payable to the Missouri State School Fund in accordance with §374.280, RSMo. Supp. 2013. Fidelity agrees, voluntarily and

knowingly, to surrender and forfeit the sum of \$115,250, such sum payable to the Missouri State School Fund in accordance with §374.280, RSMo. Supp. 2013.

E. **Other Penalties.** The Division agrees that it will not seek penalties against Travelers Indemnity, Travelers Property, Phoenix, and Fidelity, other than those agreed to in this Stipulation, for the conduct found in Market Conduct Exam Reports 1201-04-TGT, 1201-05-TGT, 1202-06-TGT and 1202-07-TGT.

F. **Waivers.** Travelers Indemnity, Travelers Property, Phoenix, and Fidelity, after being advised by legal counsel, do hereby voluntarily and knowingly waive any and all rights for procedural requirements, including notice and an opportunity for a hearing, and review or appeal by any trial or appellate court, which may have otherwise applied to the above referenced Market Conduct Examinations.

G. **Changes.** No changes to this stipulation shall be effective unless made in writing and agreed to by all signatories to the stipulation.

H. **Governing Law.** This Stipulation of Settlement and Voluntary Forfeiture shall be governed and construed in accordance with the laws of the State of Missouri.

I. **Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation of Settlement and Voluntary Forfeiture, on behalf of the Division, Travelers Indemnity, Travelers Property, Phoenix, and Fidelity respectively.

J. **Effect of Stipulation.** This Stipulation of Settlement and Voluntary Forfeiture shall not become effective until entry of a Final Order by the Director of the Department of Insurance, Financial Institutions and Professional Registration (hereinafter the "Director") approving this Stipulation.

K. **Request for an Order.** The signatories below request that the Director issue an

Order approving this Stipulation of Settlement and Voluntary Forfeiture and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

DATED: 11/21/2016

Angela L. Nelson
Angela L. Nelson
Director, Division of Insurance
Market Regulation

DATED: 11/21/2016

Stewart Freilich
Stewart Freilich
Senior Regulatory Affairs Counsel
Division of Insurance Market Regulation

DATED: 11/8/16

Christine Palmieri
[Christine Palmieri, Vice President]
Travelers Indemnity Company of America

DATED: 11/8/16

Christine Palmieri
[Christine Palmieri, Vice President]
Travelers Property and Casualty Company of
America

DATED: 11/8/16

Christine Palmieri
[Christine Palmieri, Vice President]
Phoenix Insurance Company

DATED: 11/8/16

Christine Palmieri
[Christine Palmieri, Vice President]
Fidelity and Guaranty Insurance Company

STATE OF MISSOURI
DEPARTMENT OF INSURANCE, FINANCIAL INSTITUTIONS
AND
PROFESSIONAL REGISTRATION



FINAL MARKET CONDUCT EXAMINATION REPORT
of the Property and Casualty Business of

Travelers Indemnity Company of America
NAIC Group #3548
NAIC #25666

MISSOURI EXAMINATION # 1201-04-TGT

NAIC EXAM TRACKING SYSTEM # MO341-M87

November 22, 2016

Travelers Indemnity Company of America
One Tower Square
Hartford, Connecticut 06183

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FOREWORD

This is a targeted market conduct examination report of Travelers Indemnity Company of America (NAIC Code #25666). This examination was conducted at the Missouri Department of Insurance, Financial Institutions, and Professional Registration's Kansas City office at 615 East 13th Street, Room 506, Kansas City, Missouri 64106.

This examination report is generally a report by exception. However, failure to criticize specific practices, procedures, products or files does not constitute approval thereof by the DIFP.

During this examination, the examiners cited errors made by the Company. Statutory citations were as of the examination period unless otherwise noted.

When used in this report:

- “Company” refers to Travelers Indemnity Company of America;
- “CSR” refers to the Missouri Code of State Regulation;
- “DIFP” refers to the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- “Director” refers to the Director of the Missouri Department of Insurance, Financial Institutions and Professional Registration;
- “TIA” refers to Travelers Indemnity Company of America;
- “NAIC” refers to the National Association of Insurance Commissioners;
- “RSMo” refers to the Revised Statutes of Missouri;
- “MOCCPAP” refers to Missouri Contracting Classification Premium Adjustment Program;
- “NCCI” refers to the National Council on Compensation Insurance;
- “ELPPF” refers to Excess Loss Pure Premium Factor;
- “SIF” refers to Second Injury Fund.

SCOPE OF EXAMINATION

The DIFP has authority to conduct this examination pursuant to, but not limited to, §§374.110, 374.190, 374.205, 375.445, 375.938, and 375.1009, RSMo.

The purpose of this examination was to determine if the Company complied with Missouri statutes and DIFP regulations and to consider whether the Company's operations are consistent with the public interest. The primary period covered by this review is January 1, 2006 through the present unless otherwise noted. Errors outside of this time period discovered during the course of the examination may also be included in the report.

The examination included a review of the following areas of the Company's operations for the lines of business reviewed:

Workers' Compensation Underwriting, Rating, Policyholder Services and Complaints.

The examination was conducted in accordance with the standards in the NAIC's *Market Regulation Handbook*. As such, the examiners utilized the benchmark error rate guidelines from the *Market Regulation Handbook* when conducting reviews that applied a general business practice standard. The NAIC benchmark error rate for claims practices is seven percent (7%) and for other trade practices is ten percent (10%). *Note: Most Workers' Compensation laws do not apply a general business practice standard. No error rates were contemplated in these reviews unless the violation(s) were applicable to Missouri's Unfair Trade Practices Act.*

In performing this examination, the examiners only reviewed a sample of the Company's practices, procedures, products and files. Therefore, some noncompliant practices, procedures, products and files may not have been discovered. As such, this report may not fully reflect all of the practices and procedures of the Company. As indicated previously, failure to identify or criticize improper or noncompliant business practices in this state or other jurisdictions does not constitute acceptance of such practices.

Policies with multiple violations were also accounted for in other sections of the report. The policies listed with no overpayment or underpayment may have amounts listed elsewhere in the report. In addition, premium overcharge amounts of \$5 or less are not tracked by the Missouri DIFP for insured reimbursement purposes. Some policies may have SIF and Administrative Surcharge undercharge and overcharge amounts that may not be shown in one section of the report, but may be listed in other sections of the report to avoid duplication.

COMPANY PROFILE

The following company profile was provided to the examiners by the Company.

Travelers Indemnity Company of America

The Travelers Indemnity Company of America was incorporated on January 2, 1946 and commenced business on May 1, 1946 under the laws of Georgia. The Company re-domesticated to the state of Connecticut effective July 1, 1997. The company is wholly-owned by The Phoenix Insurance Company, a wholly-owned subsidiary of Travelers Indemnity Company, a wholly-owned subsidiary of Travelers Insurance Group Holdings Inc., a wholly owned subsidiary of Travelers Property Casualty Company Corporation.

Travelers Property Casualty Corporation, a direct, wholly-owned subsidiary of The Travelers Companies, Incorporated, is a property-casualty insurance holding company engaged, through its subsidiaries, in two segments: Commercial Lines and Personal Lines.

On April 2, 1996, The Travelers Property Casualty Corporation purchased the property and casualty business of The Aetna Casualty and Surety Company and its property-casualty affiliates.

On April 1, 2004 Travelers Property Casualty Corporation merged with The Saint Paul Companies and became known as The Saint Paul Travelers Companies, Incorporated.

On February 26, 2007 The Saint Paul Travelers Companies, Incorporated changed its name to The Travelers Companies, Incorporated.

EXECUTIVE SUMMARY

The DIFP conducted a targeted market conduct examination of Travelers Indemnity Company of America (TIA). The examiners found the following principal areas of concern:

Large Deductible Policies

- The examiners found one instance where the Company failed to include the entire amount of the payroll for class code 8742 in determining the premium, resulting in a premium undercharge.

Standard Policies

- The examiners found one instance where the Company failed to include all officers' payroll in the calculation of the final audit.
- The examiners found one instance where the Company failed to provide a Rejection of Coverage form, showing that members of insured LLC had opted out of workers compensation coverage.
- The examiners found four instances where the Company failed to apply the Second Injury Fund Surcharge rate to the correct premium, resulting in premium undercharges.
- The examiners found 25 instances where the Company misrepresented the terms of the premium adjustment notices leading to the belief that the Company was incorrectly applying the premium discount rate.
- The examiners found 3 instances where the Company failed to document the basis for a change in the schedule modification rate from the previous year.
- The examiners found 2 instances where the Company failed to apply the correct Experience Modification Rate to the Total Subject Premium on the NCCI algorithm, resulting in premium overcharges.

Small Deductible Policies

- The examiners found 23 instances where the Company failed to apply the Second Injury Fund Surcharge rate to the correct premium, resulting in Second Injury Fund underpayments and contributing to premium undercharges.
- The examiners found 16 instances where the Company failed to apply the Administrative Surcharge rate to the correct premium, resulting in premium over and undercharges.
- The examiners found 25 instances where the Company misrepresented the terms of the premium adjustment notices leading to the belief that the Company was incorrectly applying the premium discount rate.
- The examiners found one instance where the Company failed to apply the correct premium discount Rate to the total standard premium on the NCCI algorithm that contributed to a premium undercharge.

- The examiners found one instance where the Company failed to document the basis for a change in the schedule modification rate from the previous year.
- The examiners found 21 instances where the Company applied the deductible credit rate to an incorrect premium Sub-total on the NCCI algorithm.
- The examiners found one instance where the Company failed to verify at audit that the information concerning the MOCCPAP credit reported to the NCCI was accurate.

The examiners requested that the Company make refunds concerning underwriting premium overcharges found for amounts greater than \$5.00 during the examination.

Various non-compliant practices were identified, some of which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business according to the Missouri insurance laws and regulations. When applicable, corrective action for the jurisdictions should be addressed.

The examiners tracked and were mindful of the results, Company responses and public disciplinary action(s) of prior examinations concerning Travelers Indemnity Company of America. The DIFP examination tracking system indicated no Missouri market conduct examinations had been performed for this company.

EXAMINATION FINDINGS

I. UNDERWRITING AND RATING PRACTICES

This section of the report is designed to provide a review of the Company's underwriting and rating practices. These practices included the use of policy forms, adherence to underwriting guidelines, assessment of premium, and procedures to decline or terminate coverage. Examiners reviewed how the Company handled new and renewal policies to ensure that the Company underwrote and rated risks according to their own underwriting guidelines, filed rates, and Missouri statutes and regulations.

The examiners discussed the examination reviews with the Company. The Company requested and was granted a reduction in policy file reviews. The following was an agreement reached with the Company: From a total population of 2,980 Large Deductible Individual risk policies, the examiners selected a random sample of 115 policy files. From those, a sample of 25 was selected by the examiners for review. From a field size of 62 Small Deductible policy files, the examiners selected a sample of 25 for review. From a total population of 4,308 Standard policies, the examiners selected a random sample of 115 policies. A sample of 25 policy files was reviewed from the random sample. A policy/underwriting file is reviewed in accordance with 20 CSR 100-8.040 and the NAIC *Market Regulation Handbook*. Error rates are established when testing for compliance with laws that apply a general business practice standard (e.g., §§375.930 – 375.948 and 375.445 RSMo.) and compared with the NAIC benchmark error rate of ten percent (10%). Error rates in excess of the NAIC benchmark error rate are presumed to indicate a general business practice contrary to the law. Most Workers' Compensation laws do not apply a general business practice standard. For this reason, no error rates were contemplated in these reviews unless the violation(s) discovered fell within the scope of Missouri's Unfair Trade Practices Act.

The examiners requested the Company's underwriting and rating manuals for the line of business under review. This included all rates, guidelines, and rules that were in effect on the first day of the examination period and at any point during that period to ensure that the examiners could properly rate each policy reviewed.

The examiners also reviewed the Company's procedures, rules, and forms filed by or on behalf of the Company with the DIFP. The examiners reviewed all Missouri files from a listing furnished by the Company.

The examiners also requested a written description of significant underwriting and rating changes that occurred during the examination period for underwriting files that were maintained in an electronic format.

An error can include, but is not limited to, any miscalculation of the premium based on the information in the file, an improper acceptance or rejection of an application, the misapplication of the company's underwriting guidelines, incomplete file information

preventing the examiners from readily ascertaining the company's rating and underwriting practices, and any other activity indicating a failure to comply with Missouri statutes and regulations.

A. Forms and Filings

The examiners reviewed the Company's policy and contract forms to determine its compliance with filing, approval, and content requirements to ensure that the contract language was not ambiguous or misleading and is adequate to protect those insured.

The examiners discovered no issues or concerns.

B. Workers Compensation Policies Reviews

The examiners reviewed applications for coverage that were issued or modified by the Company to determine the accuracy of rating and adherence to prescribed and acceptable underwriting criteria.

The examiners reviewed 75 files from a total population of 7,350 Travelers Indemnity Insurance Company of America Workers' Compensation policies issued during the examination period. In three separate reviews the examiners reviewed 25 large deductible policy files taken from a random sample of 115 files; 25 small deductible policy files taken from a census of 62 files; and 25 standard policy files selected from a random sample of 115 files.

<u>Name of Review</u>	<u>Type of Sample</u>	<u>Population Size</u>	<u># of Files Reviewed</u>
Large Deductible	Random	2,980	25
Small Deductible	Random	62	25
Standard	Random	4,308	25

Total: 75 policy files.

1. Underwriting and Rating Practices:

The examiners requested policy files as described in the previously captioned Workers Compensation Policies Reviews.

The following are the results of the reviews:

Large Deductible Policies

1. The examiners found one instance where the Company failed to include the entire amount of the payroll for class code 8742 in determining the premium, resulting in a premium undercharge.

Policy #	eff. Date	Prem U/C
TC2JUB407J688A06	4/1/2006	\$381

Reference: §287.955.3 RSMo & NCCI Rule 2-A

Standard Policies

1. The examiners found one instance where the Company failed to document that the officers' payroll was included in the payroll amount listed on the final audit.

Policy #	eff. Date
IHUB5365X41911	2/16/2011

Reference: §287.020.1 RSMo & NCCI Basic Manual Rule 2-E-1

2. The examiners found one instance where the Company failed to provide a Rejection of Coverage form, showing that members of insured LLC had opted out of workers compensation coverage.

Policy #	eff. Date	Prem U/C
IHUB4649R14710	7/27/2010	\$1,589

Reference: §287.037 RSMo & NCCI Basic Manual Rule 2-E.2

3. The examiners found four instances where the Company failed to apply the Second Injury Fund Surcharge rate to the correct premium, resulting in three SIF underpayments and one SIF overpayment, and a premium undercharge on one of the files.

Policy #	eff. Date	SIF overpayment	SIF underpayment	Premium Undercharge
PHUB664K952206	1/1/2006		\$33	\$33
HCUB4771C773	4/1/2007		\$7	
IHUB0947Y216	5/14/2010		\$65	
IHUB9931Y051	5/18/2009	\$634		

Reference: §§287.310.9 & 287.715.2 RSMo

The examiners requested a sample from the total population of Missouri Workers Compensation standard policy files during the examination period.

Field Size: 4,308 total
 Sample Size: 25 total
 Type of Sample: Random
 Number of Errors: 25 total
 Error Ratio: 100% total
 Within DIFP Guidelines: No

The examiners noted the following exceptions during their review:

4. The examiners found 25 instances where the Company misrepresented the terms of the Premium Adjustment Notices leading to the belief that the Company was incorrectly applying the premium discount rate. In two instances reliance on the standard premium as stated by the Company would have resulted in a larger premium discount rate resulting in a lower premium.

#	Policy #	eff. Date
1	4TKUB5472N14710	5/20/2010
2	DTHBUB1729C52806	10/1/2006
3	HCUB4771C77307	4/1/2007
4	HOUB6246C11406	6/1/2006
5	IHUB0947Y21610	5/14/2010
6	IHUB2056N80411	2/18/2011
7	IHUB2138T23109	1/1/2009 3/14/2009
8	IHUB3326T94609	8/28/2009
9	IHUB3682X07311	1/20/2011
10	IHUB4516L99510	6/30/2010
11	IHUB4649R14710	7/27/2010
12	IHUB5365X41911	2/16/2011
13	IHUB6481M04208	8/25/2008
14	IHUB7869L71A09	12/18/2009
15	IHUB8074M21109	2/6/2009

#	Policy #	eff. Date
16	IHUB8382N22709	8/1/2009
17	IHUB8970H45409	2/13/2009
18	IHUB946D907106	1/1/2006
19	IHUB9931Y05109	5/18/2009
20	PHUB276J363411	1/1/2011
21	PHUB664K952206	1/1/2006
22	TRJUB1760B75708	4/1/2008
23	TRJUB6074C93808	11/8/2008
24	YFUB7131L24110	11/1/2010
25	YHUB1196C11707	10/1/2007

Reference: §375.936(4) & (6) (a) RSMo

5. The examiners found 3 instances where the Company failed to document the basis for a change in the schedule modification rate from the previous year, resulting in premium overcharges.

Policy #	eff. Date	Prem O/C	Est. Int. as of Date of Criticism	Total O/C	Paid/Not Paid
IHUB0947Y216	5/14/2010	\$1,903	\$244.96	\$2,147.96	Not Paid
IHUB9931Y051	5/18/2009	\$21,774	\$4,768.09	\$26,542.09	Paid
IHUB-7869L71A	12/18/2009	\$215	\$42.84	\$257.84	Not Paid

Reference: §287.950.1 RSMo & 20 CSR 500-4.100(7)(D)

6. The examiners found two instances where the Company failed to apply the correct Experience Modification Rate to the Total Subject Premium on the NCCI algorithm, resulting in a premium overcharge on one of the files. On the second file listed, the Experience Modification error caused a small reduction in premium, but the combination of errors on the Company's audit produced a premium overcharge (See Small Deductible Policies, page 11, point #5, Schedule Modification documentation error #3, for overcharge totals).

Policy #	eff. Date	Exp. Mod. Rate used on Audit	Correct Exp. Mod. Rate	Prem O/C	Est. Int. as of Date of Criticism	Total O/C	Paid/Not Paid
HCUB4771C773	4/1/2007	1.00	0.67	\$235	\$96.20	\$331.20	Paid
IHUB7869L71A	12/18/2009	0.87	0.88				

Reference: §287.955.1 RSMo

Small Deductible Policies

1. The examiners found 23 instances where the Company failed to apply the Second Injury Fund Surcharge rate to the correct premium, resulting in SIF underpayments, and contributing to premium undercharges.

Exhibit/Crit #	Policy #	Separate Audits Performed at Two Different Locations	eff. Date	The location of any under- or over-charge of Premium is listed below, if resulting from an error reported elsewhere in this report.	Prem U/C	SIF Undr Pymt
15/1	1	DTHUB6576B17A	4/30/2006		\$527	\$377
16/2	2	DTHUB6576B17A	4/30/2007		\$414	\$404
16/2	3	DTHUB7164B14710	5/1/2010		\$383	\$282
16/2	4	DTHUB7164B14710	1/1/2011		\$208	\$148
16/2	5	DTHUB7164B14710	5/1/2011	point # 4, item # 1		\$154
16/2	6	HHUB8091M74209	location 1 & 2	10/29/2009	\$8	\$19
16/2	7	HHUB8091M74210	location 1 & 2	10/29/2010	\$40	\$42
16/2	8	YSUB6617L56810		11/15/2010	\$41	\$17
13/3	9	YHUB4837A29008		11/1/2008	point # 1, item # 1	\$73

Exhibit/Crit	#	Policy #	Separate Audits Performed at Two Different Locations	eff. Date	The location of any under- or over-charge of Premium is listed below, if resulting from an error reported elsewhere in this report.	Prem U/C	SIF Undr Pymt
17/6	10	DTUCB2788C920		6/1/2009		\$17	\$17
17/6	11	DTUCB2788C920		6/1/2008		\$51	\$46
17/6	12	DTHUB2568C204		12/31/2007		\$102	\$80
17/6	13	DTHUB2568C204		12/31/2008		\$24	\$23
17/6	14	DTHUB2568C204		12/31/2009		\$14	\$12
17/6	15	DTHUB3175C210		2/14/2007		\$70	\$50
17/6	16	DTHUB3175C210		2/14/2008		\$49	\$38
17/6	17	YKUB516K5695		11/1/2009		\$377	\$33
17/6	18	YKUB516K5695		11/1/2010		\$24	\$20
17/6	19	YNUB2495P046		11/27/2011	point # 6, item # 20		\$244
17/6	20	YNUB6934B787		3/21/2007		\$41	\$31
6/7	21	PHUB664K952206		1/1/2006		\$33	\$33
18/13	22	YHUB750K416A08		12/31/2008		\$314	\$239
14/15	23	YHUB4837A29010		11/1/2010	point #5, item # 1		\$90

Reference: §§287.310.9 & 287.715.2 RSMo

- The examiners found 16 instances where the Company failed to apply the Administrative Surcharge rate to the correct premium, resulting in Administrative Surcharge overcharges and undercharges as listed on the accompanying chart.

#	Policy #	eff. Date	Admin Overcharge	Admin Undercharge
1	DTHUB6576B17A	4/30/2007		\$12
2	DTHUB7164B14710	5/1/2010		\$9
3	DTHUB7164B14711	5/1/2011		\$12
4	HHUB8091M74210	10/29/2010	\$2	
5	YSUB6617L56810	11/15/2010		\$3
6	YHUB4837A29008	11/1/2008	\$13	
7	DTUCB2788C920	6/1/2009	\$6	
8	DTUCB2788C920	6/1/2008	\$14	
9	DTHUB2568C204	12/31/2008	\$3	
10	DTHUB2568C204	12/31/2009	\$2	
11	DTHUB3175C210	2/14/2008	\$3	
12	YKUB516K5695	11/1/2009	\$2	
13	YKUB516K5695	11/1/2010	\$1	
14	YNUB2495P046	11/27/2011	\$15	
15	YHUB750K416A08	12/31/2008	\$20	
16	YHUB4837A29010	11/1/2010	\$7	

Reference: §§287.716.2 & 287.310.9 RSMo

The examiners requested a sample from the total population of Missouri Workers Compensation small deductible policy files during the examination period.

Field Size:	62 total
Sample Size:	25 total
Type of Sample:	Random
Number of Errors:	25 total
Error Ratio:	100% total
Within DIFP Guidelines:	No

The examiners noted the following exceptions during their review:

3. In 24 of the following policies the examiners found the Company misrepresented the terms of the premium adjustment notices leading to the belief that the Company was incorrectly applying the premium discount rate.

#	Policy #	eff. Date
1	DTCUB2788C92008	6/1/2008
2	DTCUB4883C35307	6/1/2007
3	DTHUB2568C20406	12/31/2006
4	DTHUB2568C20407	12/31/2007
5	DTHUB2568C20408	12/31/2008
6	DTHUB3175C21006	2/14/2006
7	DTHUB3175C21007	2/14/2007
8	DTHUB6576B17A06	4/30/2006
9	DTHUB6576B17A07	4/30/2007
10	DTHUB7164B14710	5/1/2010
11	DTHUB7164B14711	5/1/2011
12	HHUB8091M74209	10/29/2009
13	HHUB8091M74210	10/29/2010
14	IEUB4563Y10706	6/1/2006
15	YHUB4837A29008	11/1/2008
16	YHUB4837A29010	11/1/2010
17	YHUB5716P33810	4/1/2010
18	YHUB750K416A08	12/31/2008
19	YKUB516K569508	11/1/2008

#	Policy #	eff. Date
20	YKUB516K569509	11/1/2009
21	YKUB516K569510	11/1/2010
22	YNUB2495P04610	11/27/2010
23	YNUB6934B78706	3/21/2006
24	YOUB4892X97711	3/1/2011

Reference: §375.936(4) (6) (a) RSMo

In the following instance, the examiners found that the Company misrepresented the terms of the premium adjustment notice leading to the belief that the Company was incorrectly applying the premium discount rate. The premium discount rates are based on standard premiums only.

Additionally, the examiners found where the Company failed to apply the correct Premium Discount Rate to the Total Standard Premium on the NCCI algorithm that contributed to a premium undercharge. The Company used .039 when the correct premium discount rate was .038.

#	Policy #	eff. Date	Correct Discount Rate	Incorrect Discount Rate Used
25	YSUB6617L5681010	11/15/2010	0.38	0.39

Reference: §§287.947.1 & 375.936(4)(5) RSMo

- The examiners found one instance where the Company failed to document the basis for a change in the schedule modification rate from the previous year, resulting in a premium overcharge.

Policy #	eff. Date	Prem O/C	Est. Int. as of Date of Criticism	Total O/C	Paid/Not Paid
YHUB4837A29010	11/1/2010	\$2,478	\$298.82	\$2,776.82	Not/Paid

Reference: §287.950.1 RSMo & 20 CSR 500-4.100(7)(D)

5. The examiners found 21 instances where the Company applied the deductible credit rate to an incorrect premium sub-total on the NCCI algorithm.

#	Policy #	Separate Audits Performed at Two Different Locations	eff. Date	The location of any under- or over-charge of Premium is listed below, if resulting from an error reported elsewhere in this report.	Prem U/C
1	DTHUB6576B17A		4/30/2006	point # 2, item # 1	
2	DTHUB6576B17A		4/30/2007	point # 2, item # 2	
3	DTHUB7164B14710		5/1/2010	point # 2, item # 3	
4	DTHUB7164B14710		5/1/2011	point # 2, item # 5	
5	HHUB8091M74209	location 1 & 2	10/29/2009	point # 2, 4, item # 2, 7	
6	HHUB8091M74210	location 1 & 2	10/29/2010	point # 2, item # 8, 9	
7	YSUB6617L56810		11/15/2010	point # 2, item # 10	
8	YHUB4837A29008		11/1/2008	point # 2, item # 11	
9	DTUCB2788C920		6/1/2009	point # 2, item # 12	
10	DTUCB2788C920		6/1/2008	point # 2, item # 13	
11	DTHUB2568C204		12/31/2007	point # 2, item # 14	
12	DTHUB2568C204		12/31/2008	point # 2, item # 15	
13	DTHUB2568C204		12/31/2009	point # 2, item # 16	
14	DTHUB3175C210		2/14/2007	point # 2, item # 17	
15	DTHUB3175C210		2/14/2008	point # 2, item # 18	
#	Policy #	Separate Audits Performed	eff. Date	The location of any under- or over-charge of	Prem U/C

		at Two Different Locations		Premium is listed below, if resulting from an error reported elsewhere in this report.	
16	YKUB516K5695		11/1/2009	point # 2, item # 19	
17	YKUB516K5695		11/1/2010	point # 2, item # 20	
18	YNUB2495P046		11/27/2011		\$543
19	YNUB6934B787		3/21/2007	point # 2, item # 22	
20	YHUB750K416A08		12/31/2008	point # 2, item # 24	
21	YHUB4837A29010		11/1/2010	point # 5, item # 1	

Reference: §287.955.3 RSMo

- The examiners found one instance where the Company failed to verify at audit that the information concerning the MOCCPAP credit reported to the NCCI was accurate.

Policy #	eff. Date
DTCUB2788C920	6/1/2008

Reference: §287.955.3 RSMo

II. COMPLAINT HANDLING PRACTICES

This section of the report is designed to provide a review of the Company's complaint handling practices. Examiners reviewed how the Company handled complaints to ensure it was performing according to its own guidelines and Missouri statutes and regulations.

Section 375.936.(3), RSMo, requires companies to maintain a registry of all written complaints received for the last three years. The registry must include all Missouri complaints, including those sent to the DIFP and those sent directly to the company.

The examiners verified the Company's complaint registry, dated January 1, 2006, through the present.

A. Complaints Sent Directly to the DIFP

The review consisted of a review of the nature of each complaint, the disposition of the complaint, and the time taken to process the complaint as required by §375.936.(3), RSMo, and 20 CSR 300-2.100(3)(D) (as replaced by 20 CSR 100-8.040(3)(D), eff. 1/30/09). There was one complaint that the DIFP had received during the examination period, which was resolved satisfactorily.

The examiners discovered no issues or concerns.

B. Complaints Sent Directly to the Company

This review consisted of a review of the nature of each complaint, the disposition of the complaint, and the time taken to process the complaint. The Company explained that it did not receive any complaints from its insureds, claimants, or others. The examiners found no evidence to the contrary.

The examiners discovered no issues or concerns.

III. CRITICISMS AND FORMAL REQUESTS TIME STUDY

This study is based upon the time required by the Company to provide the examiners with the requested material or to respond to criticisms. Missouri law requires companies to respond to criticisms and formal requests within 10 calendar days. Please note that in the event an extension was requested by the Company and granted by the examiners, the response was deemed timely if it was received within the time frame granted by the examiners. If the response was not received within that time period, the response was not considered timely.

A. Criticism Time Study

<u>Calendar Days</u>	<u>Number of Criticisms</u>	<u>Percentage</u>
Received within the time limit including any extensions:	21	100.0%
Received outside time limit including any extensions:	0	0.0%
No response:	0	0.0%
Total:	21	100.0%

The examiners discovered no issues or concerns.

B. Formal Request Time Study

<u>Calendar Days</u>	<u>Number of Formal Requests</u>	<u>Percentage</u>
Received within the time limit including any extensions:	2	100.0%
Received outside time limit including any extensions:	0	0.0%
No response:	0	0.0%
Total:	2	100.0%

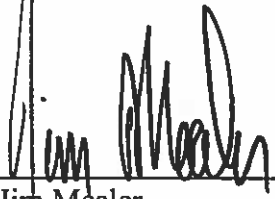
The examiners discovered no issues or concerns.

EXAMINATION REPORT SUBMISSION

Attached hereto is the Division of Insurance Market Regulation's Final Report of the examination of Travelers Indemnity Company of America (NAIC #25666), Examination Number 1201-04-TGT. This examination was conducted by Scott B. Pendleton, Dale Hobart, Dennis Foley, and Teresa Koerkenmeier. The findings in the Final Report were extracted from the Market Conduct Examiner's Draft Report, dated May 11, 2015. Any changes from the text of the Market Conduct Examiner's Draft Report reflected in this Final Report were made by the Chief Market Conduct Examiner or with the Chief Market Conduct Examiner's approval. This Final Report has been reviewed and approved by the undersigned.

11/27/2015

Date



Jim Mealer
Chief Market Conduct Examiner