

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

<b>In Re:</b>	)	
	)	
<b>HARTFORD ACCIDENT AND INDEMNITY COMPANY (NAIC #22357)</b>	)	<b>Market Conduct Examination No. 1603-05-TGT</b>
	)	
<b>HARTFORD CASUALTY INSURANCE COMPANY (NAIC #29424)</b>	)	<b>Market Conduct Examination No. 1603-06-TGT</b>
	)	
<b>HARTFORD FIRE INSURANCE COMPANY (NAIC #19682)</b>	)	<b>Market Conduct Examination No. 1603-07-TGT</b>
	)	
<b>HARTFORD INSURANCE COMPANY OF MIDWEST (NAIC #37478)</b>	)	<b>Market Conduct Examination No. 1603-08-TGT</b>
	)	
<b>HARTFORD UNDERWRITERS INSURANCE COMPANY (NAIC #30104)</b>	)	<b>Market Conduct Examination No. 1603-09-TGT</b>
	)	
<b>PROPERTY AND CASUALTY INSURANCE COMPANY HARTFORD (NAIC #34690)</b>	)	<b>Market Conduct Examination No. 1603-10-TGT</b>
	)	
<b>SENTINEL INSURANCE COMPANY LTD (NAIC #11000)</b>	)	<b>Market Conduct Examination No. 1603-14-TGT</b>
	)	
<b>TRUMBULL INSURANCE COMPANY (NAIC #27120)</b>	)	<b>Market Conduct Examination No. 1603-15-TGT</b>
	)	
<b>TWIN CITY FIRE INSURANCE COMPANY (NAIC #29459)</b>	)	<b>Market Conduct Examination No. 1603-16-TGT</b>

**ORDER OF THE DIRECTOR**

NOW, on this 17<sup>th</sup> day of January, 2017, Director John M. Huff, after consideration and review of the Stipulation of Settlement and Voluntary Forfeiture (hereinafter "Stipulation") entered into by the Division of Insurance Market Regulation (hereinafter "Division") and Hartford Accident and Indemnity Company (NAIC #22357), Hartford Casualty Insurance Company (NAIC #29424), Hartford Fire Insurance Company (NAIC #19682), Hartford Insurance Company of Midwest (NAIC #37478), Hartford Underwriters Insurance Company (NAIC #30104), Property and Casualty Insurance Company Hartford (NAIC #34690), Sentinel Insurance Company Ltd (NAIC #11000), Trumbull Insurance Company (NAIC #27120), and

Twin City Fire Insurance Company (NAIC #29459) (hereinafter collectively “Hartford Companies”), relating to the market conduct examinations set out in the caption above, does hereby issue the following orders:

This order, issued pursuant to §374.205.2(5) RSMo 2000, §374.280 RSMo (Cum. Supp. 2013) and §374.046.15. RSMo (Cum. Supp. 2013), is in the public interest.

**IT IS THEREFORE ORDERED** that the Hartford Companies 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 the Hartford Companies shall not engage in any of the violations of law and regulations set forth in the Stipulation, shall implement procedures to place each of the Hartford Companies in full compliance with the requirements in the Stipulation, to maintain those corrective actions at all times, and shall fully comply with all terms of the Stipulation.

**IT IS FURTHER ORDERED** that Hartford Accident and Indemnity Company shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$3,000 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Hartford Casualty Insurance Company shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$4,000 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Hartford Fire Insurance Company shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$4,000 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Hartford Insurance Company of Midwest shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$2,000 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Hartford Underwriters Insurance Company shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$4,000 payable to the Missouri State School

Fund.

**IT IS FURTHER ORDERED** that Property and Casualty Insurance Company Hartford shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$3,000 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Sentinel Insurance Company Ltd shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$4,000 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Trumbull Insurance Company shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$2,000 payable to the Missouri State School Fund.

**IT IS FURTHER ORDERED** that Twin City Fire Insurance Company shall pay, and the Department of Insurance, Financial Institutions and Professional Registration, State of Missouri, shall accept, the Voluntary Forfeiture of \$4,000 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 17<sup>th</sup> day of January, 2017.



  
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John M. Huff  
Director

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

<b>In Re:</b>	)	
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<b>HARTFORD ACCIDENT AND INDEMNITY COMPANY (NAIC #22357)</b>	)	<b>Market Conduct Examination No. 1603-05-TGT</b>
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<b>PROPERTY AND CASUALTY INSURANCE COMPANY HARTFORD (NAIC #34690)</b>	)	<b>Market Conduct Examination No. 1603-10-TGT</b>
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<b>SENTINEL INSURANCE COMPANY LTD (NAIC #11000)</b>	)	<b>Market Conduct Examination No. 1603-14-TGT</b>
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<b>TRUMBULL INSURANCE COMPANY (NAIC #27120)</b>	)	<b>Market Conduct Examination No. 1603-15-TGT</b>
	)	
<b>TWIN CITY FIRE INSURANCE COMPANY (NAIC #29459)</b>	)	<b>Market Conduct Examination No. 1603-16-TGT</b>

**STIPULATION OF SETTLEMENT AND VOLUNTARY FORFEITURE**

It is hereby stipulated and agreed by the Division of Insurance Market Regulation (hereinafter, the "Division"), Hartford Accident and Indemnity Company (NAIC #22357), Hartford Casualty Insurance Company (NAIC #29424), Hartford Fire Insurance Company (NAIC #19682), Hartford Insurance Company of Midwest (NAIC #37478), Hartford Underwriters Insurance Company (NAIC #30104), Property and Casualty Insurance Company Hartford (NAIC #34690), Sentinel

Insurance Company Ltd (NAIC #11000), Trumbull Insurance Company (NAIC #27120), and Twin City Fire Insurance Company (NAIC #29459) (hereinafter collectively “Hartford Companies”), 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; and

**WHEREAS**, the Hartford Companies have been granted certificates of authority to transact the business of insurance in the State of Missouri; and

**WHEREAS**, the Division called Market Conduct Examinations of the Hartford Companies based upon findings contained in a Market Conduct Investigations; and

**WHEREAS**, based on the Market Conduct Investigations the Division alleges that:

1. Hartford Accident and Indemnity Company failed to include a payment for sales tax in two private passenger and in one commercial automobile policy first party total loss settlements even though the company’s policies provided for payment of the sales tax in violation of §§ 375.1007(1) and (4),<sup>1</sup> and 20 CSR 100-1.020(1)(A).

2. Hartford Casualty Insurance Company failed to include a payment for sales tax in two private passenger and in two commercial automobile policy first party total loss settlements even though the company’s policies provided for payment of the sales tax in violation of §§ 375.1007(1) and (4) and 20 CSR 100-1.020(1)(A).

3. Hartford Fire Insurance Company failed to include a payment for sales tax in two private passenger and in two commercial automobile policy first party total loss settlements even

though the company's policies provided for payment of the sales tax in violation of §§ 375.1007(1) and (4) and 20 CSR 100-1.020(1)(A).

4. Hartford Insurance Company of Midwest failed to include a payment for sales tax in two private passenger policy first party total loss settlements even though the company's policies provided for payment of the sales tax in violation of §§ 375.1007(1) and (4) and 20 CSR 100-1.020(1)(A).

5. Hartford Underwriters Insurance Company failed to include a payment for sales tax in two private passenger and in two commercial automobile policy first party total loss settlements even though the company's policies provided for payment of the sales tax in violation of §§ 375.1007(1) and (4) and 20 CSR 100-1.020(1)(A).

6. Property and Casualty Insurance Company Hartford failed to include a payment for sales tax in two private passenger and in one commercial automobile policy first party total loss settlements even though the company's policies provided for payment of the sales tax in violation of §§ 375.1007(1) and (4) and 20 CSR 100-1.020(1)(A).

7. Sentinel Insurance Company Ltd failed to include a payment for sales tax in two private passenger and in two commercial automobile policy first party total loss settlements even though the company's policies provided for payment of the sales tax in violation of §§ 375.1007(1) and (4) and 20 CSR 100-1.020(1)(A).

8. Trumbull Insurance Company failed to include a payment for sales tax in two private passenger policy first party total loss settlements even though the company's policies provided for payment of the sales tax in violation of §§ 375.1007(1) and (4) and 20 CSR 100-1.020(1)(A).

9. Twin City Fire Insurance Company failed to include a payment for sales tax in two

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<sup>1</sup> All references, unless otherwise noted, are to Revised Statutes of Missouri 2000, as amended.



private passenger and in two commercial automobile policy first party total loss settlements even though the company's policies provided for payment of the sales tax in violation of §§ 375.1007(1) and (4) and 20 CSR 100-1.020(1)(A).

**WHEREAS**, the Division and the Hartford Companies have agreed to resolve the issues/allegations raised in the Market Conduct Examinations and Market Conduct Investigations as follows:

A. **Scope of Agreement.** This Stipulation of Settlement and Voluntary Forfeiture (hereinafter, "Stipulation") 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.** The Hartford Companies 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 are not limited to, the following:

1. The Hartford Companies agree that on and after the date of the Final Order closing these Market Conduct Examinations they will pay all first party automobile total loss claims, including payment for all sales taxes relating to such claims, according to the terms of their policy provisions;

2. The Hartford Companies agree that they will review all first party automobile total loss claims paid or processed at any time from December 1, 2011 to the date of the Final Order closing these Market Conduct Examinations to determine if the Hartford Companies paid all

applicable sales taxes to total loss claimants for their damaged vehicles using the contractual value payable under the terms of each policy at the time of loss.<sup>2</sup> If all applicable sales taxes were not paid by the Hartford Companies to a first party automobile total loss claimant, the Hartford Companies shall pay restitution to such claimant in the amount of the sales tax payable under its policy on the date of loss, including all state, city, county and other taxes. Such restitution shall be paid with no reduction in the amount payable to the claimant if the owner of the total loss vehicle retains the vehicle as salvage, unless there is a clear and specific provision in the policy supporting the reduction. For purposes of this Stipulation, providing a claimant with a sales tax affidavit pursuant to the provisions of §144.027 does not constitute payment of all applicable sales taxes to the claimant.

C. **Compliance.** The Hartford Companies agree to file documentation with the Division, in a format acceptable to the Division, within 180 days of the entry of a final order of any remedial action taken to implement compliance with the terms of this Stipulation and to document payment of restitution required under the terms of this Stipulation.

D. **Voluntary Forfeiture.** Hartford Accident and Indemnity Company agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$3,000 such sum payable to the Missouri State School Fund, in accordance with § 374.280. Hartford Casualty Insurance Company agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$4,000 such sum payable to the Missouri State School Fund, in accordance with §374.280. Hartford Fire Insurance Company agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$4,000 such sum payable to the Missouri State School Fund, in accordance with §374.280. Hartford Insurance Company of

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<sup>2</sup> This could be Actual Cash Value, Stated Value or some other valuation method listed in the policy.



Midwest agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$2,000 such sum payable to the Missouri State School Fund, in accordance with §374.280. Hartford Underwriters Insurance Company agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$4,000 such sum payable to the Missouri State School Fund, in accordance with §374.280. Property and Casualty Insurance Company Hartford agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$3,000 such sum payable to the Missouri State School Fund, in accordance with §374.280. Sentinel Insurance Company Ltd agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$4,000 such sum payable to the Missouri State School Fund, in accordance with §374.280. Trumbull Insurance Company agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$2,000 such sum payable to the Missouri State School Fund, in accordance with §374.280. Twin City Fire Insurance Company agrees, voluntarily and knowingly, to surrender and forfeit the sum of \$4,000 such sum payable to the Missouri State School Fund, in accordance with §374.280.

E. **Other Penalties.** The Division agrees that it will not seek penalties against, or other market conduct examination activity or enforcement activity from, the Hartford Companies, other than those agreed to in this Stipulation, in connection with Market Conduct Examinations #1603-05-TGT, 1603-06-TGT, 1603-07-TGT, 1603-08-TGT, 1603-09-TGT, 1603-10-TGT, 1603-14-TGT, 1603-15-TGT and 1603-16-TGT, which are now fully resolved and concluded. Notwithstanding the above, the Division may seek penalties against, or other market conduct activity or enforcement activity from, the Hartford Companies, to enforce the provisions of this Stipulation.

F. **Non-Admission/Denial.** The Hartford Companies specifically deny the Division's allegations and nothing in this Stipulation shall be construed as an admission of any wrongdoing by the Hartford Companies. This Stipulation is a compromise settlement to resolve disputed factual and

legal allegations arising out of the above referenced Market Conduct Examinations.

**G. Waivers.** The Hartford Companies, 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 Market Conduct Examinations #1603-05-TGT, 1603-06-TGT, 1603-07-TGT, 1603-08-TGT, 1603-09-TGT, 1603-10-TGT, 1603-14-TGT, 1603-15-TGT and 1603-16-TGT.

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

**I. Governing Law.** This Stipulation shall be governed and construed in accordance with the laws of the State of Missouri.

**J. Authority.** The signatories below represent, acknowledge and warrant that they are authorized to sign this Stipulation, on behalf of the Division and the Hartford Companies respectively.

**K. Effect of Stipulation.** This Stipulation 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.

**L. Request for an Order.** The signatories below request that the Director issue an Order approving this Stipulation and ordering the relief agreed to in the Stipulation, and consent to the issuance of such Order.

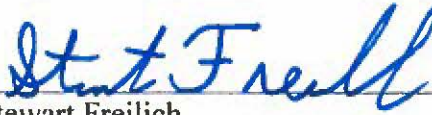
**M. Counterparts.** This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original and all of which shall constitute a single a single document.

DATED: 1/10/2017



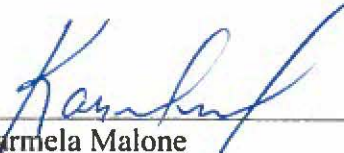
Angela L. Nelson, Director  
Division of Insurance Market Regulation

DATED: 1/10/2017



Stewart Freilich  
Senior Regulatory Affairs Counsel

DATED: January 4, 2017



Karmela Malone  
Vice President, P&C Compliance

*Authorized for:*

Hartford Accident and Indemnity Company  
Hartford Casualty Insurance Company  
Hartford Fire Insurance Company  
Hartford Insurance Company of Midwest  
Hartford Underwriters Insurance Company  
Property and Casualty Insurance Company Hartford  
Sentinel Insurance Company Ltd  
Trumbull Insurance Company  
Twin City Fire Insurance Company