

1 CALIFORNIA DEPARTMENT OF INSURANCE
LEGAL DIVISION
2 Rate Enforcement Bureau
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8 BEFORE THE INSURANCE COMMISSIONER
9 OF THE STATE OF CALIFORNIA

10
11 In the Matter of the Rates, Rating Plans, or
Rating Systems of

12 Travelers Companies,¹

13 Respondents.

File No. NC-2009-00007

STIPULATION

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16 The California Department of Insurance and Travelers Companies, Respondents,
17 stipulate as set forth herein.

18 1. The California Department of Insurance has jurisdiction over Respondents, who
19 are and were at all relevant times, members of an insurer group individually licensed to transact
20 the business of insurance in the State of California.

21 2. At all times relevant thereto Respondents transacted the business of insurance in
22 California on risks or lines subject to the provisions of the California Insurance Code and the
23 California Code of Regulations.

24 3. Respondents acknowledge receipt of the Notice of Noncompliance in this matter
25 which includes allegations that were the product of an examination undertaken by the California
26 Department of Insurance, Field Rating and Underwriting Bureau, taking place during the time
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28 ¹ There are twenty-eight companies comprising the Travelers Companies. The list of individual company names is attached as Exhibit 1.

1 period of January 1, 2006 to July 31, 2006.

2 4. Respondents deny the allegations contained in the Notice of Noncompliance and
3 by entering into this stipulated agreement, memorialized by the contents of this Stipulation,
4 Respondents make no admission of liability, wrongdoing or violation of law.

5 5. From January 2006 until the present time Respondents have met and conferred
6 with the California Department of Insurance, and will continue to meet and confer with the
7 California Department of Insurance as necessary, to address concerns arising from the
8 aforementioned examination and in every instance Respondents have, pursuant to detailed
9 directives from the California Department of Insurance, modified rating rules and underwriting
10 guidelines and / or taken other remedial measures to address concerns set forth in
11 aforementioned Examination Report and in the opinion of the California Department of
12 Insurance, in each instance, in making these changes, Respondents have achieved full
13 compliance with California insurance laws.

14 6. In cases where the California Department of Insurance has identified premium
15 overcharges Respondents have agreed to refund said premium overcharges and have refunded or
16 are in the process of refunding any and all overcharges identified by the California Department
17 of Insurance.

18 7. The California Department of Insurance and Respondents believe that it is in the
19 public interest to resolve this matter without the need for a hearing or any further administrative
20 action and the parties agree no factual findings or legal conclusions have been made.

21 8. Respondents waive the right to a hearing and to any and all rights that
22 Respondents may be entitled to pursuant to California Insurance Code § 1858.2 as those rights
23 pertain to the subject matter of the Notice of Noncompliance referred to above.

24 9. Respondents agree to and shall pay, within ten (10) days after receiving an
25 invoice from the California Department of Insurance, Accounting Services Bureau, a fine in the
26 amount of \$1,500,000.00 (one million, five hundred thousand U.S. dollars).

27 10. Respondents acknowledge that this Stipulation is a public record as required by
28 Government Code § 11517 (d) and that this Stipulation will be accessible to the public pursuant

1 to the Public Records Act, Government Code §§ 6250 *et seq.* The Stipulation will be posted on
2 the Department’s Internet website pursuant to California Insurance Code § 12968.

3 11. Respondents acknowledge that California Insurance Code § 12921 (a) (1) requires
4 the Insurance Commissioner of the State of California (“Commissioner”) to approve the final
5 settlement of this matter. Both the settlement terms and conditions contained herein and the
6 acceptance of those terms and conditions are contingent upon the Commissioner’s approval. This
7 Stipulation will become final and effective when it is approved by the Commissioner as
8 evidenced by the execution of the Order provided herein expressly adopting this Stipulation.

9 12. Respondents acknowledge that they freely and voluntarily executed this
10 Stipulation with full realization of their legal rights.

11 13. This Stipulation, if adopted by the Commissioner, constitutes a full and final
12 resolution of all issues arising from the examination undertaken by the California Department of
13 Insurance, Field Rating and Underwriting Bureau, taking place during the time period of January
14 1, 2006 to July 31, 2006, and, except as set forth in paragraph 16, acts as a full and final release
15 from any further legal action on the part of the California Department of Insurance relating to
16 those issues, including all issues raised in the Notice of Noncompliance and the Examination
17 Report, adopted on November 12, 2008

18 14. Respondents acknowledge that this Stipulation is effective on the date the Order
19 adopting it is executed by the Commissioner.

20 15. This Stipulation shall have no force or effect if it is not approved by the
21 Commissioner.

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1 16. The Commissioner retains jurisdiction to ensure that Respondents comply with
2 the provisions and terms of the Stipulation.

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Dated:

CALIFORNIA DEPARTMENT OF INSURANCE

By _____ /s/
Donald P. Hilla
Senior Litigation Counsel

Dated:

RESPONDENTS, TRAVELERS COMPANIES

By _____ /s/
David E. Baker
Senior Vice President, Chief Compliance
Officer, and Group General Counsel

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BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of the Rates, Rating Plans, or
Rating Systems of
Travelers Companies,
Respondents.

File No. NC-2009-00007
ORDER ADOPTING STIPULATION

ORDER

I have reviewed the settlement agreement entered into by and between the
Travelers Companies and the Department of Insurance, concerning CDI File Number NC-2009-
00007 (“Settlement Agreement”), which is incorporated by reference herein. In accordance with
California Insurance Code section 12921(b)(1), and good cause having been shown, the
Settlement Agreement is hereby approved.

IT IS SO ORDERED.

Dated: _____.

By _____ /s/
DAVE JONES
Insurance Commissioner