

BEFORE JAMES A. DODRILL, INSURANCE COMMISSIONER  
OF THE STATE OF WEST VIRGINIA

*In the Matter of:*

**TRAVELERS PROPERTY CASUALTY COMPANY OF AMERICA**

Administrative Proceeding No. 20-MC-THP-02002

FINDINGS OF FACT, CONCLUSIONS OF LAW, AND ORDER ADOPTING  
REPORT OF MARKET CONDUCT COMPLIANCE EXAMINATION

NOW COMES the Insurance Commissioner of the State of West Virginia (hereinafter, "Commissioner") and makes the following findings of fact, conclusions of law and order regarding the *Report of Market Conduct Compliance Examination* (hereinafter, the "*Examination Report*") for the targeted examination of Travelers Property Casualty Company of America (hereinafter, "Travelers") for the examination period ending September 30, 2020.

FINDINGS OF FACT

1. This Targeted Market Conduct Examination was instituted as a result of the Final Order entered in Administrative Proceeding 19-THP-02091. The Administrative Order concluded that Travelers committed violations of *W.Va. Code* §§ 33-11-4(9)(c), 33-11-4(9)(d), and *W.Va. Code R.* §114-14-6.1.

2. The primary purpose of this targeted examination was to determine Travelers' compliance with West Virginia Insurance laws relating to treatment of third-party claimants and to determine if any of the violations cited in Administrative Proceeding 19-THP-02091 occurred with such frequency as to constitute a general business practice. Examination information contained in the *Examination Report* should serve only these purposes. The conclusions and findings of the *Examination Report* are public record.

3. The Targeted Market Conduct Examination reviewed the company's claims

practices. The examination was conducted in accordance with *W.Va. Code* §33-2-9(c) by examiners duly appointed by the Commissioner.

4. A total of ten (10) standards were reviewed during this targeted examination. The Company was compliant with all standards.

5. On June 25, 2021, the examiner filed with the Commissioner, pursuant to *W.Va. Code* §33-2-9(j)(2), the *Examination Report*.

6. A true copy of the *Examination Report* was sent to Travelers pursuant to *W.Va. Code* §33-2-9(j)(2).

### CONCLUSIONS OF LAW

1. The Commissioner is charged by law with the duty of administering and enforcing, among other duties, the provisions of Chapter 33 of the *West Virginia Code of 1931*, as amended, and the Commissioner has jurisdiction over the subject matter and the parties to this proceeding.

2. This proceeding is conducted pursuant to and in accordance with *W.Va. Code* §§33-2-9 and 33-11-4a.

3. The Commissioner is charged with the responsibility of verifying continued compliance with the *West Virginia Code* and the *West Virginia Code of State Rules* by Travelers as well as all other provisions of regulations to which Travelers is subjected by virtue of its Certificate of Authority to operate in the State of West Virginia.

4. Travelers was found to be compliant with the ten (10) standards tested and all standards were within the error ratio established by the NAIC *Market Regulation Handbook*. Travelers did not fail any of the standards tested.

5. Therefore, the Commissioner concludes that the violations found in Administrative Proceeding 19-THP-02091 did not occur with such frequency as to constitute a general business practice.

ORDER

Pursuant to *W.Va. Code* §33-2-9(j), following the review of the *Examination Report*, the examination work papers, and Travelers' response thereto, it is **ORDERED** as follows:

1. The *Examination Report* of Travelers for the period ending September 30, 2020, is hereby ADOPTED and APPROVED.

2. In accordance with *W.Va. Code* §33-2-9(j)(4), within thirty (30) days Travelers shall file with the Commissioner, affidavits executed by each of its directors stating under oath that they have received a copy of the *Examination Report* adopted and a copy of this Order.

ENTERED this 13<sup>th</sup> day of July, 2021.

  
James A. Dodrill, Insurance Commissioner

# **Report of Market Conduct Compliance Examination**

As of September 30, 2020



**Travelers Property Casualty Company of America  
One Tower Square  
Hartford, CT 06183**

**NAIC COMPANY CODE: 25674  
Examination Number: 20-MC-THP-02002**

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June 25, 2021

The Honorable James A. Dodrill,  
West Virginia Insurance Commissioner  
900 Pennsylvania Avenue  
Charleston, West Virginia 25305

Dear Commissioner Dodrill:

Pursuant to your instructions and in accordance with West Virginia Code § 33-2-9, a Market Conduct examination has been made for the period of October 1, 2019, ending on September 30, 2020, on

**Travelers Property Casualty Company of America  
One Tower Square  
Hartford, CT 06183**

hereinafter referred to as the "Company" or "Travelers". The following report of the findings of this examination is herewith respectfully submitted.

## **PURPOSE AND SCOPE OF THE EXAMINATION**

Market conduct examiners with the West Virginia Offices of the Insurance Commissioner (WVOIC) reviewed certain business practices of Travelers Property Casualty Company of America. W. Va. Code § 33-2-9 empowers the Commissioner to examine any entity engaged in the business of insurance. The findings in this report, including all work products developed in producing it, are the sole property of the WVOIC.

The purpose of this targeted examination was to determine the Company's compliance with West Virginia insurance laws relating to treatment of third-party claimants. Examination information contained in this report should serve only this purpose. The conclusions and findings of this examination are public record.

The basic business areas that were reviewed and tested under this examination were:

- Claims Practices

## **EXECUTIVE SUMMARY**

The examination began February 17, 2021, and review completed May 20, 2021. The examination was called as the result of the Final Order entered in Administrative Proceeding No. 19-THP-02091/19-AP-THP-02091. The Administrative Order concluded that the Company was non-compliant with W.Va. Code 33-11-4(9)(c)... " (c) Failing to adopt and implement reasonable standards for the prompt investigation of claims arising under insurance policies" and W.Va. Code R. § 114-14-6.1... " Every insurer shall promptly conduct and diligently pursue a thorough, fair and objective investigation and may not unreasonably delay resolution by persisting in seeking information not reasonably required for or material to the resolution of a claim dispute.". In addition to the preceding, the order also concluded the Company was non-compliant with W.Va. Code § 33-11-4(9)(d)... "(d) Refusing to pay claims without conducting a reasonable investigation based upon all available information".

W. Va. Code §§ 33-11-4a(e) and (f) imply that, upon any finding that a company committed an unfair claims settlement practice with respect to a third-party claimant, the Commissioner determines whether the practice occurred with such frequency as to be construed as a general business practice of the Company. In this case, the Commissioner determined that the most efficient way to make this determination was through a targeted Market Conduct Examination. The examination primarily focused on third-party claims handling with attention to the Company's claims investigatory actions (Standard G2), proper claim handling according with policy provisions and applicable statutes, rules and regulations (Standard G6) and proper claim handling in accordance with policy provisions and state law (Standard G9). Other standards from the Company Operations/Management and Claims Section of the Market Regulation Handbook were also included within this examination report which are further explained later in the report.

A total of ten (10) standards were reviewed for compliance during this examination. The company was found to be compliant with all standards.

## **HISTORY AND PROFILE**

Travelers Property Casualty Company of America was incorporated on July 29, 1971 and commenced business on August 4, 1971 under the laws of Illinois. The company redomesticated to the State of Connecticut effective January 1, 2004 and was formerly known as The Travelers Indemnity Company of Illinois. The company is wholly owned by The Phoenix Insurance Company, a wholly-owned subsidiary of The Travelers Indemnity Company, a wholly-owned subsidiary of Travelers Insurance Group Holding Inc., a wholly-owned subsidiary of Travelers Property Casualty Corp.

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

On April 2, 1996, Travelers Property Casualty Corp. 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 Corp. merged with The St. Paul Companies and became known as The St. Paul Travelers Companies, Inc.

On February 26, 2007 The St. Paul Travelers Companies, Inc. changed its name to The Travelers Companies, Inc.

The Company's West Virginia written premium for 2019 was \$ 6,825,945 in written premium with a state market share of 2.936% specific to their commercial liability line of business.

## **METHODOLOGY**

The examination was conducted in accordance with the standards and procedures established by the National Association of Insurance Commissioners ("NAIC") and West Virginia's applicable statutes and regulations. This is a report by test of Company compliance with selected Standards contained in the National Association of Insurance Commissioners' (NAIC) *2019 Market Regulation Handbook* ("Handbook") and Standards approved by the West Virginia Offices of the Insurance Commissioner ("WVOIC") which are based on applicable West Virginia statutes and administrative rules, as referenced herein. Testing is based on guidelines contained in the Handbook. All tests applied are included in this report.

The examiners used the NAIC standards of 7% error ratio on claims tests (93% compliance rate) and 10% error ratio on all other tests (90% compliance rate) to determine whether an apparent pattern or practice of being compliant, predominantly compliant, or



non-compliant existed for any given test. The review was limited to third-party claims. The examiner reviewed a population of twenty-five (25) paid claim files and twenty-five (25) denied/closed without payment (CWOP) claim files for compliance.

Tests designed to measure the level of compliance with West Virginia statutes, rules and regulations were applied to the files. Each area of the examination has specific elements that were tested and are listed below. As this was a third-party, targeted examination, not all standards and areas were reviewed. The examiners may not have discovered every unacceptable or non-compliant activity in which the Company is engaged. The failure to identify, comment on, or criticize specific practices does not constitute an acceptance of the practices by the West Virginia Offices of the Insurance Commissioner or its' designee. A compliance table follows containing results of each area of review with the compliance percentage for the Company and final examination results.

## STANDARDS & REVIEW ELEMENTS

**A7. RECORDS: Records are adequate, accessible, consistent and orderly and comply with state record retention and provided timely.** (NAIC Market Regulation Handbook Chapter 20, § A Standard 7)

- Are the records adequate and accessible? [W. Va. § 33-11-4 and W. Va. Code R. §§ 114-14-3 & 15-4]

**A9. RECORDS: The Company cooperates on a timely basis with the examiners performing the examination.** (NAIC Market Regulation Handbook Chapter 20, § A Standard 9)

- Did the Company provide records and cooperate with examiners on a timely basis? [W. Va. § 33-2-9 and W. Va. Code R. § 114-15-1 et seq.]

**G1. CLAIMS: Initial contact by the Company with the claimant is within the required timeframe.** (NAIC Market Regulation Handbook Chapter 20, § G Standard 1)

- Was the claimant contacted within 15 working days (or mandated emergency order timeframe) from the date of the loss notice required by W.Va. Code § 33-11-4(9)(b) and W. Va. Code R. § 114-14-5.1?

**G2. CLAIMS: Timely investigations are made.** (NAIC Market Regulation Handbook Chapter 20, § G Standard 2)

- Did the investigation commence within fifteen (15) working days of any claim filed as required by W. Va. Code § 33-11-4(9)(c) and W. Va. Code R. § 114-14-6.2.a?
- Did the Company promptly conduct and diligently pursue a thorough, fair and objective investigation and not unreasonably delay resolution by persisting in

seeking information not reasonably required for or material to the resolution of the claim dispute as required by W. Va. Code R. §114-14-6.1?

- Is the investigation continuing more than 30 calendar days? If so, was a notice of necessary delay sent within 15 working days after the 30 calendar days AND if the investigation continued, were subsequent notices of necessary delay sent with 45 calendar days as required by W. Va. Code R. § 114-14-6.7?

**G3. CLAIMS: Claims are resolved in a timely manner.** (NAIC Market Regulation Handbook Chapter 20, § G Standard 3)

- Did the Company affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed as required by W. Va. Code § 33-11-4(9)(e)?
- Did the Company deny the claim or make a written offer within ten (10) working days of completing its investigation as required by W. Va. Code R. § 114-14-6.3?
- Did the Company pay any amount agreed upon within (15) working days as required by W. Va. Code R. §114-14-6.11?

**G4. CLAIMS: The regulated entity responds to claim correspondence in a timely manner.** (NAIC Market Regulation Handbook Chapter 20, § G Standard 4)

- Did the Company reply within fifteen (15) working days to pertinent communications from a claimant which reasonably suggests that a response is needed as required by W. Va. Code § 33-11-4(9)(b) and W. Va. Code R. § 114-14-5.3?

**G5. CLAIMS: Claim files are adequately documented.** (NAIC Market Regulation Handbook Chapter 20, § G Standard 5)

- Do the files contain all notes and work papers pertaining to the claim in such detail that pertinent events and the dates of such events can be reconstructed as required by W. Va. Code R. §§ 114-14-3, 114-15-4.2a & 114-15-4.4?
- Are the communications properly dated?

**G6. CLAIMS: Claims are properly handled according with policy provisions and applicable statutes, rules and regulations.** (NAIC Market Regulation Handbook Chapter 20, § G Standard 6)

- Did the Company attempt in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear as required by W. Va. Code §§ 33-11-4(9)(d), (e) and (f) and W. Va. Code R. §§ 114-14-6.4 & 6.10?

- Was coverage checked for proper application of deductible or appropriate exclusionary language as required by W. Va. Code § 33-11-4(9)(a)?
- Is the claimant who is neither an attorney or represented by an attorney given written notice of that statute of limitation as required by W. Va. Code R. § 114-14-6.12?
- Does the Company ensure where liability and damages are reasonably clear, that no person recommends that third-party claimants make claim under their own policies solely to avoid paying claims under an insurer's insurance policy or insurance contract as required by W. Va. Code § 33-11-4(9)(m) and W. Va. Code R. § 114-14-6.13?
- Does the Company ensure they do not require a claimant to travel unreasonably as required by W. Va. Code R. § 114-14-6.14?
- Does the Company ensure that claim proceeds are not used to pay premiums under another policy unless the insured consents as required by W. Va. Code R. § 114-14-6.16?
- Does the Company ensure, if it furnishes to the claimant the names of one or more conveniently located motor vehicle repair shop that will perform the repairs, that it doesn't require the claimant to use a particular repair shop or location to obtain the repairs as required by W. Va. Code R. § 114-14-6.18?
- Did the Company adopt and communicate to all its claims agents written standards for prompt investigation and processing of claims in accordance with W. Va. Code R. § 114-14-8 (effective 4/24/2006)?

**G9. DENIED/CWOP CLAIMS: Claims are handled in accordance with policy provisions and state law.** (NAIC Market Regulation Handbook Chapter 20, § G Standard 9)

- Did the Company attempt in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear as required by W. Va. Code §§ 33-11-4(9)(d), (e) and (f) and W. Va. Code R. §§ 114-14-6.4 & 6.10?
- Is the denial based upon specific policy provisions or exclusions, if so, is the reason included in the denial as required by W. Va. Code § 114-14-6.5?
- Is the claimant provided with a reasonable basis for the denial when required by statute or regulation as required by W. Va. Code § 33-11-4(9)(n)?
- Does the Company provide the claimant not represented by an attorney a written notice that the claimant's rights may be affected by a statute of limitations to third-party claimants not less than sixty (60) days before the time limit expires as required by W. Va. Code R. § 114-14-6.12?
- Does the company refrain from recommending that a third-party claimant make claim under their own policies to avoid paying claims under an insurer's insurance policy or insurance contract as required by W. Va. Code R. § 114-14-6.13?
- Is the claimant given the option of contacting the Commissioner's Office and provided with its mailing address, telephone number, and web site address as required by W. Va. Code R. § 114-14-6.17?

**G10. CLAIMS: Cancelled checks and drafts reflect appropriate claim handling practices. Payments are handled correctly.** (NAIC Market Regulation Handbook Chapter 20, § G Standard 10)

- Do the checks include the correct payee and are they for the correct amount?
- Do payment checks indicate the payment is “final” when such is not the case?
- Do checks or drafts purport to release the insurer from total liability when such is not the case?

**COMPLIANCE TABLE**

<u>Review Section</u>	<u># Pass</u>	<u># Fail</u>	<u>Minimum Standard Compliance %</u>	<u>Compliance Result %</u>	<u>Examination Result</u>		
					<u>Compliant</u>	<u>Predominantly Compliant</u>	<u>Non-Compliant</u>
A7	Pass	N/A	N/A	N/A	X		
A9	Pass	N/A	N/A	N/A	X		
G1	50	0	93	100	X		
G2	50	0	93	100	X		
G3	50	0	93	100	X		
G4	50	0	93	100	X		
G5	50	0	93	100	X		
G6	25	0	93	100	X		
G9	25	0	93	100	X		
G10	50	0	93	100	X		

**OBSERVATIONS**

**A7** – Records provided were adequate, accessible, consistent and orderly and comply with state record retention.

**A9** – Company’s representatives were cooperative and timely responded to examiners requests.

**G1** – All claim files reviewed indicated the claimant was contacted within fifteen (15) working days (or mandated emergency order timeframe) from the date of the loss notice.

**G2** – The Company complied with policy provisions, applicable statutes, rules and regulations under this standard.

**G3** – The Company affirmed or denied coverage of claims within a reasonable time after proof of loss statements had been completed, denied the claims or made a written offer within ten (10) working days of completed investigation and made timely payments on any amounts agreed upon.

**G4** - The company responded to all claimants within fifteen (15) working days as required by W. Va. Code § 33-11-4(9)(b) and W. Va. Code R. § 114-14-5.3.

**G5** –All claim files were adequately documented.

**G6** - The Company complied with policy provisions, applicable statutes, rules and regulations under this standard.

**G9** – The Company handled all denied/cwop claims in accordance with policy provisions and state law.


**G10** – All claim file payments were handled appropriately.

## **RECOMMENDATIONS**

The Company should continue Company practices to ensure continued compliance in all areas.

## EXAMINER'S SIGNATURE AND ACKNOWLEDGEMENT

The examiner would like to acknowledge the cooperation and assistance extended by the Company during the examination.



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Desiree D. Mauller, CIE, CWCP, MCM  
Examiner-in-Charge

**EXAMINER'S AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN  
EXAMINATION**


State of West Virginia

County of Kanawha

I, Desiree D. Mauller, being duly sworn, states as follows:

1. I have the authority to represent West Virginia in the examination of Travelers Property Casualty Company of America.
2. I have reviewed the examination work papers and examination report, and the examination of Travelers Property Casualty Company of America was performed in a manner consistent with the standards and procedures required by West Virginia.

The affiant says nothing further.

  
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Desiree D. Mauller, CIE, CWCP, MCM

Subscribed and sworn before me by Desiree D. Mauller 25<sup>th</sup> day of June 2021.

  
\_\_\_\_\_  
Notary Public

My commission expires: 10-11-2024

