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DELAWARE INSURANCE DEPT

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF DELAWARE**

IN THE MATTER OF:)
)
TITAN INDEMNITY COMPANY,)
2700 NE Loop 410, Suite 500)
San Antonio, TX 78217)
NAIC #13242)

DOCKET NO. 2237-2013

STIPULATION AND CONSENT ORDER

THIS STIPULATION AND CONSENT ORDER is entered into as of March 19,
2014, by and between Titan Indemnity Company (“Respondent”) and the State of Delaware
Department of Insurance (“Department”).

WHEREAS, Respondent is a property and casualty insurance company incorporated
under Texas law and authorized to conduct the business of insurance in the State of Delaware;
and

WHEREAS, the Department, through its examiners, conducted a routine market conduct
examination (“Examination”) of Respondent’s affairs and practices; and

WHEREAS, the Department, through its examiners, prepared and provided to
Respondent for review and comments draft versions of a report of the Examination; and

WHEREAS, Respondent has reviewed and commented on such draft versions of the
report of the Examination; and

WHEREAS, after considering Respondent’s comments, the Department, through its
examiners, has prepared a final report of the Examination, dated as of June 30, 2009 (“Final
Examination Report”); and

WHEREAS, among other findings contained in the Final Examination Report, the Department concluded that the Respondent's practices and procedures did not comply with (i) 18 Del C. §2304(17), in that it failed to accurately record all complaints in the required format on the Respondent's complaint register; (ii) 18 Del. C. §§ 2304(17) and (26), in that it failed to demonstrate that it had adequate complaint handling procedures; (iii) 18 Del. C. §1703, in that it failed to track its writing agents at the policy level, which prevented the examiners from confirming compliance with 18 Del. C. §1703; (iv) 18 Del. C. §2503, in that it failed to adequately document policyholder eligibility for discounts applied in accordance with the Respondent's filed rates or rating plan; and (v) 18 Del. C. §2304(16), in that it failed to provide a timely and accurate deductible reimbursement to a claimant upon subrogation (hereinafter the "Notice Violations"); and

WHEREAS, after communications with the Department, Respondent desires to resolve this matter without recourse to any administrative hearing or court action (such as an appeal).

NOW, THEREFORE, IT IS AGREED, by and between Respondent and the Department as follows:

1. Respondent accepts the Final Examination Report, waives any right to a hearing thereon, and agrees that the Department may file the Final Examination Report without any further modifications.

2. Upon its execution of this Stipulation and Consent Order, Respondent shall pay to the Department an administrative penalty for the Notice Violations in the amount of One Hundred Thousand Dollars (\$100,000.00). The Department hereby agrees that Seventy-Five Thousand Dollars (\$75,000.00) of said administrative penalty shall be suspended; provided, however, that if at any time within the year following the execution of this Stipulation and Consent Order, the

Respondent is found to have made continuing or repeat violations of the Notice Violations, the suspended portion of the administrative penalty shall be reinstated and become immediately due and payable. Respondent shall make its check for the administrative penalty payable to the "State of Delaware."

3. Respondent waives any right to challenge in an administrative or court proceeding any of the terms and conditions of this Stipulation and Consent Order.

4. This Stipulation and Consent Order is the free and voluntary act of the Respondent, and its terms are binding upon the Respondent and may be admitted into evidence in any judicial or administrative proceeding against the Respondent to enforce such terms. Respondent acknowledges that it has had a full opportunity to seek and receive advice of counsel on all matters related to this Stipulation and Consent Order.

5. This Stipulation and Consent Order contains all of the terms and conditions agreed to by the parties and constitutes the final agreement between the Respondent and the Department.

6. No change, amendment, or modification hereto shall be effective or binding unless it is in writing, dated, and signed by the parties.

7. If the Department fails to act on any one or more defaults by the Respondent, such failure to act shall not be a waiver of any rights hereunder on the part of the Department to declare the Respondent in default and to take such action as may be permitted by this Stipulation and Consent Order or by law.

8. This Stipulation and Consent Order may be signed in duplicate, and both documents shall be considered originals. The person executing this Stipulation and Consent Order on behalf of Respondent shall acknowledge his or her signature before a Notary Public and, by executing this Stipulation and Consent Order, certifies that he or she is duly authorized to execute this

Stipulation and Consent Order on behalf of Respondent. Respondent agrees that an uncertified copy of this Stipulation and Consent Order shall be valid as evidence in any proceeding for purposes of enforcement.

9. This Stipulation and Consent Order shall survive the Respondent and be enforceable against its successors, transferors, or assigns.

[Signature page follows]

