

BEFORE THE INSURANCE COMMISSIONER

JAN 30 2018

FOR THE STATE OF DELAWARE

IN THE MATTER OF:)
)
Liberty Mutual Fire Insurance Company)
Liberty Insurance Corporation)
The First Liberty Insurance Corporation)
LM General Insurance Company)
LM Insurance Corporation)
) **DOCKET NO. 3673-2017**
NAIC #'s 23035, 42404, 33588, 36447 & 33600)
)
175 Berkley Street)
Boston, MA 02116)

STIPULATION AND CONSENT ORDER

THIS STIPULATION AND CONSENT ORDER is entered into as of January 22nd, 2018, by and between the Liberty Mutual Insurance Companies (the "Respondent") and the State of Delaware Department of Insurance ("Department"). The Respondent and the Department are collectively referred to herein as the "Parties."

WHEREAS, Respondent is an automobile insurance company authorized to conduct the business of insurance in the State of Delaware; and

WHEREAS, the Department, through its examiners, conducted a target market conduct examination ("Examination") of Respondent's affairs and practices as of December 31, 2015; 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 December 31, 2015 ("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;

18 Del. Code §2304(26) Unfair Practices In The Insurance Business - Failure to respond to regulatory inquiries

- For failure to respond to a DDOI complaint in a timely manner

18 Del. Code §2504(a) – Rate Filings

- For failure to follow filed and approved homeowner rate manual.

18 Del. Code §2517 - Adherence to filings

- For failure to follow filed and approved private passenger auto and homeowners manual rating.

18 Del C. §320(c) (d) – Conduct of examination; access to record

- For failure to provide documentation relative to rewrite of cancelled policies

18 Del C. §320(c) (d) – Conduct of examination; access to record

- For failure to provide documentation of requested claim bills and correspondence.

18 Del C. §902.1.2.1.2 – Prohibited Unfair Claims Settlement Practices

- Failure to acknowledge and respond to claim correspondence within 15 working days.

18 Del C §902.1.2.1.3 – Prohibited Unfair Claims Settlement Practices

- Failure to implement prompt investigation within 10 working days.

18 Del. C. §902.1.2.1.4 – Prohibited Unfair Claims Settlement Practices

- Refusing to pay claims without conducting an investigation based on all available information when the notice of loss indicates an investigation is necessary.

18 Del C. §902.1.2.1.5 – Prohibited Unfair Claims Settlement Practices
- For failure to affirm or deny coverage with 30 days or provide a reason for the inability to do so.

18 Del C §902.1.2.1.6 – Prohibited Unfair Claims Settlement Practices
- For failure to attempt in good faith to equitably settle the claim in a timely manner.

18 Del. C. §903(4) – Prompt Payment of Settled Claim
- For failure to Pay claim with 30 days from date of agreement memorialized in writing; final or by the court; or unappealed arbitration award.

18 Del C. §320(c) (d) – Conduct of examination; access to record
- Failure to provide documentation of requested claim bills and correspondence.

18 Del C. §902.1.2.1.2 – Prohibited Unfair Claims Settlement Practices
- Failure to acknowledge and respond to claim correspondence with 15 working days.

18 Del C §902.1.2.1.3 – Prohibited Unfair Claims Settlement Practices
- Failure to implement prompt investigation within 10 working days.

18 Del C. §902.1.2.1.5 – Prohibited Unfair Claims Settlement Practices
- Failure to affirm or deny coverage with 30 days or provide a reason for the inability to do so.

18 Del C. §902.1.2.1.2 – Prohibited Unfair Claims Settlement Practices
- Establish acknowledge and respond with 15 working days.

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 Seventy- Six Thousand Dollars (\$76,000.00). 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]

**The LIBERTY MUTUAL
INSURANCE COMPANIES**

DELAWARE INSURANCE DEPARTMENT

Carmella Conge
Print Name: Carmella Conge
Title: VP, Director of State Operations
Date: Jan 22, 2018

T. L. Navarro
TRINIDAD NAVARRO
Insurance Commissioner
Date: 2-13-18

Witness to Respondent's Signature

Name:
Title:
Date:

STATE OF Ohio)
COUNTY OF Clermont) **SS.**

The foregoing instrument was acknowledged before me this 22nd day of January 2018 by Carmella Conge, who is personally known to me or who has produced Drivers License as identification, and who certified that he or she is duly authorized to execute this document on behalf of Respondent.

GIVEN under my Hand and Seal of office, the day and year aforesaid.

Karen K. Grismayer
NOTARY PUBLIC

Karen K. Grismayer
PRINT NAME

March 31, 2022
MY COMMISSION EXPIRES

KAREN K. GRISMAYER
Notary Public, State of Ohio
My Commission Expires March 31, 2022