

**STATE OF VERMONT  
DEPARTMENT OF FINANCIAL REGULATION**

	)	
IN RE:	)	
CRC INSURANCE SERVICES LLC	)	DOCKET NO. 25-004-I
COMPANY	)	
NPN # 77110	)	
	)	

**STIPULATION AND CONSENT ORDER**

WHEREAS, the Vermont Department of Financial Regulation (the “Department”) asserts that CRC Insurance Services LLC (“Respondent”) has violated the Security Breach Notice Act, 9 V.S.A. § 2435, as set forth below; and

WHEREAS, Respondent and the Department wish to resolve these violations without further administrative proceedings or litigation;

NOW, THEREFORE, Respondent and the Department stipulate and agree to the terms and conditions in this Stipulation and Consent Order.

**STATEMENT OF FACTS**

1. Respondent is a foreign insurance producer with its principal place of business in Birmingham, Alabama.
2. Respondent’s NPN # is 77110.
3. At all times relevant to this matter, Respondent held licenses issued by the Insurance Division of the Department, pursuant to 8 V.S.A. Chapter 101.
4. On January 13, 2023, CRC experienced a security breach that impacted four Vermont residents.<sup>1</sup>

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<sup>1</sup> Although forensic analysis could not definitively determine that information of the four Vermont residents was impacted, forensic analysis could not rule out that their information was not impacted.

5. On January 20, 2023, Respondent reported the event to federal law enforcement. By early July 2023, Respondent knew or had a reasonable belief that multiple Vermont consumers may have been affected.
6. On July 3, 2023, Respondent notified the Department of the security breach.
7. On December 8, 2023, Respondent provided the Department a supplemental notice, noting that four Vermont residents were impacted and that its investigation determined that “four impacted residents of Vermont were associated with business partners, who own the data.”
8. At that time, Respondent noted that it was coordinating with relevant data owners to notify residents with whom they were associated and that “it has sent notices to residents who are not associated with a CRC business partner.”
9. On December 19, 2023, the Department requested clarification on the phrase “that four residents of Vermont were associated with business partners, who own the data.” And asked CRC to “provide a copy of the consumer notices sent to Vermont residents.”
10. On December 21, 2023, the Department and Respondent scheduled a call for January 2, 2024.
11. During the January 2, 2024 call, Respondent clarified that it was not the data owner of the Vermont consumers that may have been impacted. Respondent noted that it provided notice to the data owners. The parties discussed the requirements of DFR Bulletin # 5 and the Department requested a template version of the notice mailed to Vermont consumers.
12. On January 19, 2024, the Department emailed CRC to ask for the “template notice” to consumers.
13. On January 24, 2024, CRC responded that they are working to provide the requested information.

14. On January 26, 2024, the Department wrote: “Please provide a template copy of the notice sent to Vermont consumers.”
15. On January 30, 2024, counsel for Respondent provided a letter to the Department titled “DRAFT- Individual Notice Template for VT Residents.” The transmittal email read: “Thank you for your patience. Attached is the template letter.”
16. On February 1, 2024, the Department requested additional information on the notice it understood had been sent to consumers and asked that CRC “provide the date when mailing to Vermont consumers was completed”. Respondent advised the Department on February 7, 2024, that they did not mail consumer notices to any Vermont consumers. Instead, Respondent represented that it had notified the data owners associated with each of the Vermont residents on August 4, 2023.
17. Upon learning that CRC did not provide notice to Vermont consumers, the Department reached out to the data owners to determine when notice to consumers was complete.
18. On March 18, 2024, Liberty Mutual, one of the data owners, notified the Department that they had not received notice of the security breach from CRC.
19. On April 1, 2024, the Department received from Respondent a copy of the letter allegedly sent to the data owners along with an affidavit from Respondent’s mailing service provider stating that the letter was mailed on August 4, 2023. The notice to Liberty Mutual was sent to a branch office that had closed in 2018. That notice also lacked any details as to a contact person, floor or suite number.
20. On April 8, 2024, the Department sent Liberty Mutual notice of the security breach. On May 14, 2024, Liberty Mutual provided notice to the Vermont consumer who may have been affected.

21. The Department subsequently learned that Respondent had also allegedly failed to send timely notice to Cambridge Insurance Agency Inc. another relevant data owner. Cambridge has advised the Department it did not receive notice. CRC advised the Department that notice had been provided, but not until August 4, 2023. CRC provided the Department with a copy of the letter sent to Cambridge along with an affidavit from Respondent's mailing service provider stating that the letter was mailed on August 4, 2023.

### **DESCRIPTION OF VIOLATIONS**

22. The Commissioner of Financial Regulation (the "Commissioner") is responsible for administering and enforcing the insurance laws of the State of Vermont, is authorized to investigate licensees to determine compliance with Vermont law and is authorized to issue orders imposing remedial actions and civil administrative penalties, pursuant to 8 V.S.A. §§ 11-12, 15, and 3661.
23. Pursuant to 9 V.S.A. § 2435, for any entity regulated by the Department, the Commissioner has the full authority to investigate potential violations of the Security Breach Notice Act, including the power to prosecute and impose remedies for any such violations to the same extent as under Title 8 or any other applicable law or regulation.
24. Pursuant to 8 V.S.A. § 3661, the Commissioner may impose a civil administrative penalty for each violation of law, an administrative rule of the Department, or an order of the Commissioner relating to insurance, of up to \$1,000 for each violation or \$10,000 per willful violation.

25. Pursuant to 9 V.S.A. § 2435(b)(3), any entity regulated by the Department shall notify the Department of any security breach within 14 business days of the date the entity discovers the breach or the date the entity provides notice to consumers, whichever is earlier.
26. Pursuant to 9 V.S.A. § 2435(b)(2), third parties are required to notify data owners “immediately” following a security breach.
27. Pursuant to 9 V.S.A. § 2435(b)(2), because Respondent discovered the security breach on January 20, 2023, Respondent should have notified any affected data owners of the security breach immediately thereafter.
28. Respondent violated 9 V.S.A. § 2435(b)(2) by failing to provide timely notice of the breach to data owners. Respondent failed even to attempt to provide notice until August 4, 2023, more than 180 days late, and at least Liberty Mutual did not receive actual notice until April 8, 2024, 248 days after that. It is unclear whether or not and when Cambridge Insurance Agency received actual notice.

### **CONSENT ORDER**

29. Within 30 calendar days of the entry of this Stipulation and Consent Order by the Commissioner, Respondent shall pay an administrative penalty of \$62,000. Payment shall be made via wire or check made payable to the “Department of Financial Regulation” and mailed to:

Attn: Cheryl Lancaster  
Department of Financial Regulation  
Docket Clerk  
89 Main Street  
Montpelier, VT 05620-3101

30. Respondent shall implement reasonable remediation protocols acceptable to the

Department, including:

- a. A protocol for updating business partner contact information when returned mail is received and procedures to monitor ongoing compliance with that protocol.
- b. Enhancements to Respondent's future business partner agreements process to require partners to notify Respondent of any changes to their mailing address.
- c. Enhancements to Respondent's technology and data mapping capabilities to further support the prompt investigation and identification of impacted data.
- d. Enhancements to employee phishing training and testing programs to include simulated phishing tests and additional resources for employees who require additional training.

31. Respondent acknowledges and admits the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Order.

32. With respect to the facts and violations identified herein, Respondent waives its right to a hearing before the Commissioner or the Commissioner's designee and waives its right to all other administrative or judicial review otherwise available under Vermont law, including the right to trial by jury, and including the rules of the Vermont Department of Financial Regulation and the provisions of 3 V.S.A., Chapter 25.

33. This Stipulation and Consent Order is entered into solely for the purpose of resolving the violations identified herein, and it is not intended for any other purpose.

34. Respondent understands all terms and conditions in this Stipulation and Consent Order, consents to the entry of this Stipulation and Consent Order and acknowledges that its consent is given freely and voluntarily and that, except as set forth herein, no promise was made to induce Respondent's consent.

35. Noncompliance with any of the terms and conditions in this Stipulation and Consent Order shall be a violation of a lawful order of the Commissioner and a violation of the laws of the State of Vermont and may result in additional administrative action and the imposition of

injunctive relief, sanctions, and additional penalties pursuant to applicable provisions of Title 8, including provisions imposing enhanced penalties for willful violations.

36. Nothing herein shall be construed as limiting the Commissioner's ability to investigate Respondent for violations not resolved herein or to respond to and address any consumer complaints made with regard to Respondent.

37. Nothing herein shall be construed as having relieved, modified, or in any manner affected Respondent's ongoing obligation to comply with all federal, state, or local statutes, rules, and regulations applicable to Respondent.

38. Nothing shall be construed as an admission or concession of liability by Respondent, nor to any express or implied allegations related to the allegations and facts contained herein. Nothing contained in this Consent Order shall be construed to create any third-party beneficiary rights or give rise to or support any right of action in favor of any consumer or group of consumers. Nothing in this Consent Order shall be construed as limiting any private right of action a person may have. This Stipulation and Consent Order is not intended to be and shall not be construed as, deemed to be, represented as, or relied upon in any manner by any party in any civil, criminal, or administrative proceeding before any court, administrative agency, arbitration, or other tribunal as an admission, concession, or evidence that Respondent has violated any federal, state, or local law.

39. The parties agree that this Consent Order resolves all claims brought by the State of Vermont regarding the allegations and facts in this Consent Order. Respondent shall not be liable for additional civil or criminal penalties regarding the allegations and facts in this Consent Order occurring before the effective date of this Consent Order, provided that Respondent complies with the terms of this Consent Order.

40. This Stipulation and Consent Order shall be governed by and construed under the laws of the State of Vermont.



**SIGNATURES**

The terms and conditions set forth in this Stipulation and Consent Order are hereby stipulated and agreed to. I certify under the pains and penalties of perjury that I have taken all necessary steps to obtain the authority to bind Respondent to this Stipulation and Consent Order and that I have been duly authorized to enter into this Stipulation and Consent Order on behalf of Respondent.

**CRC INSURANCE SERVICES LLC**

By: Christopher A. Carlson

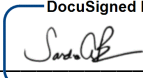
Date: March 24, 2025

Name: Christopher A. Carlson  
Title: Chief Operating Office CRC Specialty

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The terms and conditions set forth in this Stipulation and Consent Order are hereby stipulated, agreed to, and ordered.

**DEPARTMENT OF FINANCIAL REGULATION**

By: 

3/31/2025

Date: March 31, 2025

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Sandy Bigglestone, Acting Commissioner  
Commissioner of Financial Regulation  
Vermont Department of Financial Regulation