

STATE OF VERMONT
DEPARTMENT OF FINANCIAL REGULATION



IN RE: LIBERTY INSURANCE CORP. (NAIC # 42404)) DOCKET NO. 16-007-I
SAFECO INSURANCE CO. OF AMERICA)
(NAIC # 24740))

STIPULATION AND CONSENT ORDER

The Insurance Division of the Vermont Department of Financial Regulation (“Department”) and Liberty Insurance Corp. and Safeco Insurance Company of America (“Respondents”) stipulate and agree:

1. Pursuant to the authority contained in 8 V.S.A. §§ 10-13, 15 and Chapters 101, 105, and 129 of Title 8, the Commissioner of the Department (“Commissioner”) is charged with enforcing the insurance laws of the State of Vermont.
2. Respondents are companies that are licensed to sell insurance in Vermont. Respondents’ corporate headquarters is located at 175 Berkeley Street, Boston, MA 02116.
3. Respondents acknowledge and admit the jurisdiction of the Commissioner over the subject matter of this Stipulation and Consent Order.
4. Pursuant to 8 V.S.A. § 3885, a violation of a provision of §§ 3879-3884 may subject the violator to an administrative penalty of \$2000.00 for each violation.
5. Following an analysis of Respondents’ Market Conduct Annual Statements covering the period 2012-2014, the Department initiated an investigation with respect to Respondents’ practices regarding cancellations and non-renewals of homeowner policies for the period 2013-2014.
6. While investigating mid-term cancellations and/or non-renewals, the Department discovered Respondents may not be complying with notice requirements relating to mailing of cancellations and non-renewals and expanded the scope of the investigation to include inquiries with respect to the manner of mailing cancellations and non-renewals for both personal passenger automobile policies and homeowner policies for the period 2013-2014.
7. The Department concluded that Respondents initiated notices of cancellation to policyholders in violation of the timeframe required by 8 V.S.A. § 3879(b). With respect to

these cancellations, Respondent made no claim that a substantial increase in hazard required the cancellation of the policy in which case the prior approval of the Commission for cancellation is required by 8 V.S.A. § 3879(a)(3);

8. The Department concluded that Respondents initiated notices of non-renewal in violation of the timeframe required by 8 V.S.A. § 3881.

9. The Department concluded that Safeco Insurance Company of America violated 8 V.S.A. § 3883 by failing to provide notice of cancellation for homeowner policies by certified mail.

10. The Department concluded that Safeco Insurance Company of America violated 8 V.S.A. § 4226 for failing to provide notice of cancellation for personal passenger automobile policies by certified mail.

STIPULATION AND AGREEMENT

11. Respondents have been made aware that the Department may proceed with an administrative action against them for the violations set forth herein and seek appropriate relief pursuant to the Department's statutory authority.

12. Respondents have agreed to enter into this Stipulation and Consent Order with the Department on the terms and conditions hereinafter set forth in lieu of proceeding with a hearing. The Department acknowledges that Respondents have fully cooperated with the Department in the investigations described herein.

13. Respondents waive their right to a hearing before the Commissioner or the Commissioner's designee, and all other procedures otherwise available under Vermont law, the rules of the Department, the provisions of chapter 25 of Title 3 regarding contested cases, or any right they may have to judicial review by any court by way of suit, appeal, or extraordinary remedy with respect to the terms of this Stipulation and Consent Order.

14. Respondents acknowledge their understanding of all terms, conditions, undertakings, and obligations contained in this Stipulation and Consent Order.

15. Respondents acknowledge that this Stipulation and Consent Order constitutes a valid order duly rendered by the Commissioner and agree to be fully bound by it. Respondents acknowledge that this Order constitutes a finding by the Commissioner that Respondents have violated the provisions of Vermont law set forth above and agree not to contest such findings. Respondents acknowledge that noncompliance with any of the terms of this Order shall

constitute a violation of a lawful order of the Commissioner and shall subject Respondents to administrative action or sanctions as the Commissioner deems appropriate. Respondents further acknowledge that the Commissioner retains jurisdiction over this matter for the purpose of enforcing this Order.

16. The Department retains any rights it has to respond to and address any consumer complaint that may be made with regard to Respondents and a transaction in insurance, as defined in 8 V.S.A. § 3301. This includes the right to pursue any remedy authorized by law in response to such a consumer complaint.

17. Nothing herein shall be construed as a waiver of any private right of action any person may have against Respondents.

18. Respondents will undertake all necessary corrective action to ensure staff is educated on state specific regulations including the requirement of obtaining the Commissioner's prior approval when Respondents' claim a substantial increase in hazard as required by 8 V.S.A. § 3879(a)(3).

THE DEPARTMENT AND RESPONDENTS FURTHER STIPULATE AND AGREE:

19. Respondents shall pay an administrative penalty in the amount of Twenty-eight Thousand (28,000) Dollars within ten (10) business days of the execution of this Stipulation and Consent Order for violations relating to mid-term cancellations and non-renewals.

20. Respondents shall pay an administrative penalty in the amount of Ten Thousand (10,000) Dollars for violations of notice requirements.

21. Respondents hereby waive their statutory right to notice and hearing before the Commissioner of the Department, or her designated appointee.

22. Respondents acknowledge and agree to enter into this stipulation freely and voluntarily, and that except as set forth herein, no promise was made to induce the Respondents to enter into it. Respondents acknowledge that they understand all terms and obligations contained herein. Respondents acknowledge that they have consulted with their attorney in this matter and that they have reviewed this Stipulation and Consent Order and understand all terms and obligations contained herein.

23. Respondents consent to the entry of this Stipulation and Consent Order and agree to be fully bound by its terms and conditions. Respondents acknowledge that noncompliance

with any of the terms of this Order may constitute a separate violation of the insurance laws of the State of Vermont and may subject it to sanctions.

24. The terms set forth in this Stipulation and Consent Order represents the complete agreement between the parties as to its subject matter.

25. The undersigned representative of Respondents affirms that he or she has taken all necessary steps to obtain the authority to bind Respondents to the obligations stated herein and has the authority to bind Respondents to the obligations stated herein.

LIBERTY INSURANCE CORP.,
SAFECO INSURANCE COMPANY OF AMERICA,

[Signature], SEBESTYEN MARTEUS, REGULATORY COUNSEL
SIGNATURE, TITLE

DATE: MARCH 4, 2016

STATE OF Massachusetts
COUNTY OF Suffolk

On this 4th day of March 2016 Sebestyen Martens personally appeared before me and pursuant to a sworn oath subscribed to this Stipulation and Consent Order represented that s/he has full authority to execute, deliver, and legally bind Respondents to this Stipulation and Consent Order.

[Signature: Diane V. Reilly]
Notary Public
My commission expires: [Stamp]
Diane V. Reilly
Notary Public
Commonwealth of Massachusetts
My Commission Expires
June 19, 2020

ACCEPTED BY: [Signature] MARCH 7th, 2016

Kaj Samsom, Deputy Commissioner
Insurance Division, Vermont Department of Financial Regulation

CONSENT ORDER

1. The stipulated facts, terms and provisions of this Stipulation are incorporated by reference herein.
2. Jurisdiction in this matter is established pursuant to 8 V.S.A. §§ 10-13, 15, 18, and Chapters 101, 105, and 129 of Title 8.
3. Pursuant to the Stipulation, Respondents consent to the entry of this Consent Order and the findings set forth therein.
4. Respondents shall comply with all agreements, stipulations and undertakings as recited above.
5. Other than as specifically set forth herein, nothing contained in this Order shall restrain or limit the Department in responding to and addressing any consumer complaint about Respondents filed with the Department or shall preclude the Department from pursuing any other violation of law.

Entered at Montpelier, Vermont on this 7th day of March, 2016.



Susan L. Donegan, Commissioner
Vermont Department of Financial Regulation