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*Counsel for the Commissioner of Securities and Insurance*

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE,  
OFFICE OF THE MONTANA STATE AUDITOR**

IN THE MATTER OF  
The Travelers Companies, Inc.,  
Respondent.

Case No. INS-2022-00323

**CONSENT AGREEMENT AND  
FINAL ORDER**

This Consent Agreement (Agreement) and Final Order are entered into by the Commissioner of Securities and Insurance, Office of the Montana State Auditor (Commissioner or CSI), acting pursuant to the authority of the Montana Insurance Code, Mont. Code Ann. § 33-1-101 *et seq.*, and Respondent The Travelers Companies, Inc. (Travelers).

**RECITALS AND ASSERTION OF FACTS**

**WHEREAS:**

1. The Travelers Companies, Inc., commonly known as Travelers, is an insurance company incorporated in Minnesota with headquarters at 485 Lexington Avenue, New York, New York 10017.

2. Montana law provides that “An insurance policy...may not be delivered or issued for delivery in Montana unless the form [has] been filed with and approved by the commissioner...” § 33-1-501(1)(a)

3. On October 29, 2008, Travelers submitted proposed forms to CSI through the National Association of Insurance Commissioners (NAIC) SERFF system (The Systems for Electronic Rates and Forms Filing – unless otherwise noted, all transactions described herein occurred within SERFF – the SERFF Tracking Number for this transaction was # 125867081) for comprehensive (property and liability coverage) boat insurance policies it intended to sell through four (4) of its affiliated companies: (1) The Travelers Home and Marine Insurance Company – NAIC #27998; (2) The Travelers Indemnity Company of America - NAIC #25666; (3) The Standard Fire Insurance Company – NAIC #19070; and (4) The Automobile Insurance Company of Hartford Connecticut – NAIC #19062. CSI notified Travelers of objections to the proposed forms on November 18, and December 1, 2008. On January 30, 2009, Travelers withdrew the proposed form. CSI did not approve the form.

4. On February 25, 2011, Travelers submitted proposed forms for comprehensive boatowner insurance policies for the same four (4) affiliated companies set forth in Paragraph 3 (SERFF Tracking # 127053144). CSI notified Travelers of an objection to the proposed forms on March 28, 2011. On April 11, 2011, Travelers withdrew the proposed form. CSI did not approve the form.

5. On or about September 2, 2022, Kim Kennedy-Gillette (Kennedy-Gillette), Travelers Vice President (of Professional Indemnity Product, Compliance, Market Conduct, Regulatory and State Product Services) contacted CSI by email advising that the unapproved, withdrawn forms were inadvertently implemented.

6. During further investigation of this matter by CSI, it was determined that for the four companies (set forth in paragraphs 3 and 4) combined, Travelers had issued a total of five-hundred and twenty-three (523) policies on unapproved forms.

7. Coinciding with self-reporting the issuance of policies on unapproved forms, Kennedy-Gillette advised that Travelers Forms and Boat Teams had reviewed all policies at issue and that she could verify that no policyholders were adversely impacted (regarding coverage/claim, rating, or underwriting). Kennedy - Gillette also advised Travelers had

more sophisticated controls in place (compared to 10+ years ago) to prevent the error from re-occurring.

8. At the direction of CSI, Travelers sent non-renewal notices to all existing policyholders. Travelers submitted new proposed forms which were approved on March 24, 2024, for the companies set forth herein except for The Travelers Home and Marine Insurance Company. Travelers has submitted and CSI is currently reviewing proposed forms for Travelers Home and Marine Insurance Company.

### **ASSERTIONS OF LAW**

The Commissioner has authority to pursue an administrative action based on the allegations set forth in the Recitals herein under the authority granted to him by the Montana Insurance Code (Mont. Code Ann. § 33-1-101, *et seq.*), which authorizes the Commissioner to act in protection of insurance consumers and in the public interest. Such an action would be brought pursuant to Mont. Code Ann. §§ 33-1-311, -317, and -701, and as more fully described below.

After following the procedures provided by Mont. Code Ann. § 33-1-701, and upon a finding by the Commissioner that a violation of the Montana Insurance Code has occurred, the Commissioner could impose a fine of up to \$25,000, upon any person who violates a provision of the Insurance Code, for each violation. *See* Mont. Code Ann. § 33-1-317.

NOW, THEREFORE, in consideration of the mutual undertakings and agreements contained in this Agreement, CSI and Respondent hereby agree to settle this matter pursuant to the following terms and conditions:

### **STIPULATIONS, CONSENTS AND AGREEMENT**

CSI has resolved to close this matter by the contents of this agreement.

This Agreement is neither an admission of liability or wrongdoing by Respondent nor a concession by CSI that its claims are not well founded. To avoid delay, uncertainty, inconvenience and the expense of protracted litigation over the allegations and in consideration of mutual actions listed below, the parties agree as follows:

CSI agrees that it will not bring an administrative action pursuant to Mont. Code Ann. §§ 33-1-311, -317 against Respondent subject to the following terms and conditions:

1. Respondent shall pay a settlement payment in the amount of \$25,000.
2. Respondent shall strictly adhere to and shall not purposely or knowingly violate Mont. Code Ann. § 33-1-501(1)(a), or any other provision of the Montana Insurance Code, or any federal law.

Within a period of one (1) year, if CSI has reasonable cause to believe that there has been a violation of this Agreement, CSI will pursue any relief or penalties to which CSI is entitled under the law.

#### **ADDITIONAL STIPULATIONS AND CONSENTS**

1. Respondent fully and forever releases and discharge CSI from any and all actions, claims, causes of action, demands, or expenses for damages or injuries, whether asserted or not asserted, known or unknown, foreseen or unforeseen, arising out of or related to the Recitals or this Agreement.

2. Respondent consents to the terms of this Consent Agreement and affirmatively waive a contested case hearing and all rights to appeal under the Montana Administrative Procedure Act, §§ 2-4-101, *et seq.*, MCA, and elect to resolve this matter on the terms and conditions set forth herein.

3. Respondent's decision to enter into this Agreement is a knowing and voluntary choice, that Respondent has not been made any promises other than what is contained within this Agreement, and that entry into this Agreement is not the product of duress, coercion, threats, or improper influence of any kind.

4. The Commissioner has jurisdiction over Respondent and the subject matter pursuant to §§ 33-1-101, *et seq.*, MCA.

5. This Agreement is entered into without adjudication of any issue, law, or fact. It is entered into solely for the purpose of resolving CSI's allegations, without any admission on the part of Respondent, and is not intended to be used for any other purpose.

6. The applicable statute of limitations, set forth in Mont. Code Ann. § 33-1-107, is tolled regarding the allegations asserted in this matter. In the event Respondent fails to comply with the terms of this Agreement at any time after entering this Agreement, CSI may pursue additional administrative action against Respondent.

7. This Agreement constitutes the entire agreement between the Commissioner and Respondent, and no other promises or agreements, either express or implied, have been made by the Commissioner or by any member, officer, agent or representative of CSI to induce Respondent to enter into this Agreement.

8. This Agreement may not be modified orally, and any subsequent modifications to this Agreement must be mutually agreed upon in writing to be effective.

9. This Agreement shall be incorporated into and made a part of the attached Final Order issued by the Commissioner herein.


10. This Agreement shall be effective upon signing of the Final Order.

11. This Agreement is a public record under Montana law and, as such, may not be sealed or otherwise withheld from the public.

DATED this 14<sup>th</sup> day of August, 2024.

Approved as to form and content:

  
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For The Travelers Companies, Inc  
Respondent


  
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CARLO CANTY  
Legal Counsel for the Commissioner

**FINAL ORDER**

Pursuant to the authority vested by § 2-4-603, MCA, and § 33-1-101 *et seq.*, and upon review of the foregoing Consent Agreement, and good cause appearing,

IT IS HEREBY ORDERED that the foregoing Consent Agreement between the Commissioner and Respondents is adopted as if set forth fully herein.

DATED this 10<sup>th</sup> day of August, 2024.

  
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**TROY DOWNING**  
Commissioner of Securities and Insurance,  
Montana State Auditor