



LOUISIANA DEPARTMENT OF INSURANCE
JAMES J. DONELON
COMMISSIONER

REGULATORY STIPULATION

BE IT KNOWN, on the date(s) below specified, came and appeared:

Louisiana Department of Insurance

and

American Casualty Company of Reading, Pennsylvania (NAIC #20427),

Continental Casualty Company (NAIC #20443),

The Continental Insurance Company (NAIC #35289),

National Fire Insurance Company of Hartford (NAIC #20478),

Transportation Insurance Company (NAIC #20494),

Valley Forge Insurance Company (NAIC #20508)

WHEREAS, American Casualty Company of Reading, Pennsylvania, Continental Casualty Company, The Continental Insurance Company, National Fire Insurance Company of Hartford, Transportation Insurance Company, and Valley Forge Insurance Company are part of the "CNA Group" as affiliates and/or subsidiaries, and shall be referred to as the "CNA Group".

WHEREAS, each of the six companies previously listed in the CNA Group is an admitted insurer issued a Certificate of Authority by the Louisiana Department of Insurance (LDI) to transact the business of insurance in the State of Louisiana.

WHEREAS, La. R. S. 22:2301 required the CNA Group to levy and collect emergency assessments in accordance with its provisions, and pursuant to La. R. S. 22:855(C), each policy delivered to the insured shall have the full and accurate dollar amount of premium and fees disclosed on the policy.

WHEREAS, seven thousand seven hundred (7,700) Louisiana policyholders were over charged a total of six hundred sixty thousand six hundred fifty six dollars and ninety cents (\$660,656.90) through the Louisiana Citizens Property Insurance Corporation Emergency Assessment Program from 2009 to 2018, in the levy and collection of premiums and/or assessment fees by the CNA Group thereby creating a tax collection shortage due the Louisiana

Department of Revenue in the total amount of three hundred twelve thousand three hundred thirty eight dollars (\$312,338).

WHEREAS, after self-identifying the over collection and voluntarily remitting the amount overcollected to the Louisiana Citizens Property Insurance Corporation (the "CPIC"), who reported the issue to the LDI and subsequently returned the amount remitted to the CNA Group, the LDI and the CNA Group desire that Louisiana policyholders and the Louisiana Department of Revenue be appropriately refunded;

NOW THEREFORE, the LDI, appearing herein through Matthew Stewart, Deputy Commissioner, Division of Insurance Fraud and Enforcement, and the CNA Group, appearing through its representative signed below, (collectively the "Parties"), stipulate and agree to the following:

- (1) The CNA Group admits and acknowledges the wrongful conduct alleged by the LDI to have occurred.
- (2) The CNA Group admits and acknowledges as a fact that it levied and collected \$660,656.90 improperly from Louisiana policyholders as an over charge via the Louisiana Citizens Property Insurance Corporation Emergency Assessment from 2009 to 2018.
- (3) The CNA Group admits and acknowledges as a fact that it created a tax collection shortage of \$312,338 due the Louisiana Department of Revenue through its improper levy and collection of the Louisiana Citizens Property Insurance Corporation Emergency Assessment from 2009 to 2018.
- (4) The CNA Group states that it has ceased the wrongful levy and collection of premiums and/or fees from Louisiana policyholders.
- (5) The CNA Group states that it has taken proper steps and corrective actions to put safeguards in place to ensure there is no further wrongful levy and collections of premiums and/or fees from Louisiana policyholders.
- (6) The CNA Group agrees to notify and refund all Louisiana policyholders who over paid more than five dollars (\$5.00) for a total amount of approximately \$658,532 within ninety (90) days of issuance of this Stipulation.
- (7) The CNA Group agrees to notify and pay \$312,338 to the Louisiana Department of Revenue within ninety (90) days of the issuance of this Stipulation.
- (8) The CNA Group agrees to the imposition of a fine by the LDI in the total amount of one hundred fifty thousand dollars (\$150,000.00) due immediately, which shall be imposed on the CNA Group's six above listed companies as fined in the amount of twenty five thousand dollars (\$25,000.00) each for violations described above. This Stipulation shall be reported for the six companies to National Association of Insurance Commissioners (NAIC).

- (9) The CNA Group agrees that it shall abide by the provisions set forth in La. R. S. Title 22:1 *et seq.* while transacting the business of insurance in the State of Louisiana.
- (10) The CNA Group acknowledges that by entering into this Stipulation, it waives the appearance and any other rights it may have to an adjudicatory hearing.
- (11) The CNA Group agrees to provide documentation of the payments to Louisiana policyholders and the Louisiana Department of Revenue as described in this Stipulation to the LDI by August 30, 2019.
- (12) The Parties may need to prepare additional documents relating to the implementation of this Stipulation. The LDI must approve any and all such documents before The CNA Group may release any such documents that the CNA Group has prepared.
- (13) This Stipulation constitutes an administrative action, and it will be reported to the NAIC. You may need to report this administrative action to other states.

This Stipulation shall take effect upon the last date signed by all Parties. The representative for the CNA Group has the authority to represent each company individually as listed in this Stipulation above as well as the CNA Group in its entirety.

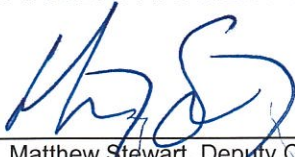
This Stipulation may be executed in multiple copies, each of which shall be considered an original.

THE CNA GROUP

BY: 
Garrett K. Williams, SVP and Chief Compliance Officer
CNA
151 N. Franklin St.
Chicago, IL 60606

8/6/2019
Date

LOUISIANA DEPARTMENT OF INSURANCE

BY: 
Matthew Stewart, Deputy Commissioner
Division of Fraud and Enforcement
Louisiana Department of Insurance
1702 N. Third Street
Baton Rouge, LA 70802

8/12/2019
Date