

No. 2018 - 5547

**OFFICIAL ORDER  
of the  
TEXAS COMMISSIONER OF INSURANCE**

**Date:** JUN 1 2 2018

**Subject Considered:**

CHUBB LLOYDS INSURANCE COMPANY OF TEXAS  
202 Halls Mill Rd Suite B  
Whitehouse Station, New Jersey 08889-3435

**CONSENT ORDER**  
TDI ENFORCEMENT FILE NO. 14806

**General remarks and official action taken:**

The subject of this order is whether disciplinary action should be taken against Chubb Lloyds Insurance Company of Texas (Chubb Lloyds).

**WAIVER**

Chubb Lloyds acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Chubb Lloyds waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

**FINDINGS OF FACT**

1. Chubb Lloyds is a domestic Lloyd's plan holding a certificate of authority to transact business in Texas.
2. The department conducted a targeted market conduct examination of Chubb Lloyds covering the period of January 1, 2015, through December 31, 2015, pursuant to Chapter 751 of the Insurance Code. The exam focused on a review of sales, advertising and marketing, underwriting and rating, claims practices, and consumer complaints and inquiries for Chubb Lloyds' homeowners and dwelling book of business.
3. During the exam, the department found violations of the Texas Insurance Code and Texas Administrative Code in the sample of policies and claims reviewed.

**Sales, Advertising, and Marketing Review**

4. Chubb Lloyds allowed individuals to adjust claims on its behalf without holding the appropriate license. Chubb Lloyds represents the individuals were out of state adjusters licensed in their home states hired to assist with catastrophic claims.

**Claims Practices**

5. The examination reviewed Chubb Lloyds' claim files for compliance with policy provisions, timeliness and accuracy of payments, supporting documentation, general claim handling, and legal compliance. Sampled claims included pending claims, paid claims, denied claims, and claims closed without payment.
6. A review of claims found that in several claims, Chubb Lloyds failed to timely notify a claimant in writing of the acceptance or rejection of a claim and did not attempt in good faith to effect a prompt, fair, and equitable settlement for a claim submitted in which liability had become reasonably clear.

**Underwriting and Rating**

7. Chubb Lloyds' rate filing on file with TDI for the examination period did not include rules to calculate the Amount of Coverage Factor for policies with more than \$1,000,000 in coverage.

**Consumer Complaints and Inquiries**

8. A review of Chubb Lloyds' complaint log revealed that it had failed to document the required information for complaints.
9. On September 21, 2017, Chubb Lloyds accepted the final market conduct examination report.

**CONCLUSIONS OF LAW**

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 801.052–801.053, and 941.001–941.054.
2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.
3. Chubb Lloyds has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.

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4. Chubb Lloyds violated TEX. INS. CODE § 4101.051 by allowing an individual to adjust claims on its behalf without holding the appropriate license.
5. Chubb Lloyds violated TEX. INS. CODE § 542.056(a) by failing to accept or reject claims within 15 business days after the date the insurer received all items, statements, and forms required by the insurer to secure final proof of loss.
6. Chubb Lloyds violated TEX. INS. CODE § 542.003(b)(4) by failing to attempt in good faith to effectuate a prompt, fair, and equitable settlement of claims in which liability had become reasonably clear.
7. Chubb Lloyds violated TEX. INS. CODE § 2251.101 by charging a rate not on file with TDI by failing to file rules to calculate the Amount of Coverage Factor for policies more than \$1,000,000 in coverage.
8. Chubb Lloyds violated 28 TEX. ADMIN. CODE § 21.2504(c) by failing to include the required function code categories for the complaint log.

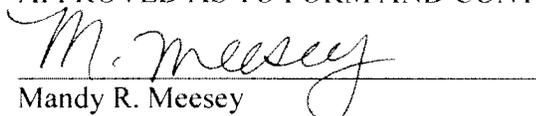
It is ordered that Chubb Lloyds pay an administrative penalty of \$55,000. The penalty payment is due on or before 30 days from the date of this order. The payment must be paid by cashier's check or money order made payable to the "State of Texas" and transmitted to the Texas Department of Insurance, Attn: Enforcement Section, Division 60851, MC 9999, P.O. Box 149104, Austin, Texas 78714-9104.

Chubb Lloyds is further ordered to make a new rate/rule filing, within 60 days of the date of this order, that identifies how to calculate the Amount of Coverage Factor for policies more than \$1,000,000 in coverage.



Kent C. Sullivan  
Commissioner of Insurance

APPROVED AS TO FORM AND CONTENT:



Mandy R. Meesey  
Director, Enforcement Section  
Texas Department of Insurance

