

No. 2018- 5754

OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE

Date: DEC 1 2 2018

Subject Considered:

PRAETORIAN INSURANCE COMPANY
One General Drive
Sun Prairie, Wisconsin 53596

CONSENT ORDER
TDI ENFORCEMENT FILE NO. 17249

General remarks and official action taken:

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

WAIVER

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

FINDINGS OF FACT

1. Praetorian is a foreign fire and casualty insurance company holding a certificate of authority to transact business in Texas.
2. In September 2018, Praetorian notified the department of a rating error that affected certain personal homeowners' insurance policyholders. Specifically, Praetorian implemented a new personal lines policy administrative system beginning in December 2013 and continuing through April 2015. During the conversion, certain renewal policies with effective dates beginning in June 2014 were incorrectly issued as new policies rather than renewal policies and certain credits or discounts were not properly applied.
3. The rating error occurred beginning with policies with effective dates in June 2014, and will affect policyholders until November 25, 2018. Praetorian estimates the error affects 150 policies.

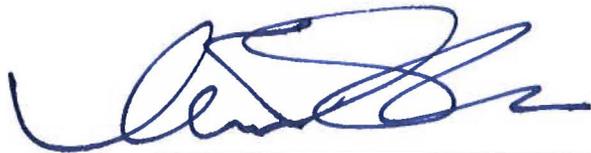
CONCLUSIONS OF LAW

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 2251.101.
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. Praetorian 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.
4. Praetorian violated TEX. INS. CODE § 2251.101 by using a rate different than that on file with the department.
5. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct Praetorian to make complete restitution to each policyholder harmed by the violations.

Praetorian is ordered to comply with the following:

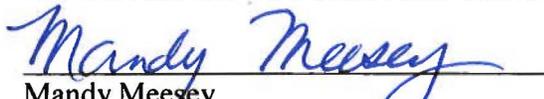
- a. Praetorian must identify all homeowners' insurance policies issued by it in Texas with effective dates from June 1, 2014, until November 25, 2018 (the "Review Period").
- b. For each policy in the Review Period, Praetorian must calculate the Corrected Premium using its rates on file with the department, based on the policyholder's characteristics.
- c. For each policy in the Review Period, Praetorian must calculate and determine whether the dollar amount of the premium charged for each policy is less than or more than the Corrected Premium. If the premium charged is more than the Corrected Premium, the difference constitutes the Overcharge.
- d. Praetorian must pay restitution in the form of a company check or account credit to each policyholder identified in the Review Period as having an Overcharge (the "Qualifying Policyholders"). The restitution check and/or account credit must include both the dollar amount of the overcharge, plus simple interest due on the overcharge. The rate of interest shall be 8 percent per annum.
- e. Praetorian must mail the restitution checks and/or issue the account credits to the Qualifying Policyholders on or before January 15, 2019.

- f. Any restitution checks that are returned to Praetorian with an address correction must be promptly resent to the correct address. Funds from any restitution checks that are returned thereafter for incorrect addresses and from checks that are not negotiated must be delivered to the comptroller pursuant to the procedures set forth in TEX. PROP. CODE §§ 72.001 *et. seq.* Praetorian must copy the department on any correspondence pertaining to abandoned funds that is sent to the comptroller.
- g. On or before March 1, 2019, Praetorian must report the restitution paid to the Qualifying Policyholders by submitting a complete and sortable electronic spreadsheet to the department. The spreadsheet must contain the following information:
- i. policy number;
 - ii. policyholder name;
 - iii. policyholder address;
 - iv. effective date of the policy;
 - v. expiration date of the policy;
 - vi. amount of Overcharge;
 - vii. dollar amount of simple interest;
 - viii. amount of Overcharge and interest;
 - ix. date(s) of mailing of restitution check or credits;
 - x. the total sum of all Overcharges;
 - xi. the total sum of all simple interest; and,
 - xii. the total sum of all restitution paid (total Overcharges plus the total of the simple interest).
- h. Praetorian must send all submissions required under the terms of this order by email to: mandy.meeseey@tdi.texas.gov, and catherine.bell@tdi.texas.gov, or their successors.



Kent C. Sullivan
Commissioner of Insurance

APPROVED AS TO FORM AND CONTENT:



Mandy Meeseey
Director, Enforcement Section
Texas Department of Insurance

2018- 5754

COMMISSIONER'S ORDER
Praetorian Insurance Company
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AFFIDAVIT

STATE OF New York §
 §
COUNTY OF New York §

Before me, the undersigned authority, personally appeared John R. Suoboda, who being by me duly sworn, deposed as follows:

"My name is John R. Suoboda. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of SVP, Regulatory Officer, and am the authorized representative of Praetorian Insurance Company. I am duly authorized by said organization to execute this statement.

Praetorian Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

John R. Suoboda
Affiant

SWORN TO AND SUBSCRIBED before me on October 9, 2018.

(NOTARY SEAL)

SIMA S PATEL
NOTARY PUBLIC, STATE OF NEW YORK
QUALIFIED IN ALBANY COUNTY
NO. 01PA6159503
COMMISSION EXPIRES JAN. 16, 2019

[Signature]
Signature of Notary Public