

No. **2024-8938**

**Official Order  
of the  
Texas Commissioner of Insurance**

**Date: 11/04/2024**

**Subjects Considered:**

The Hanover Insurance Company  
The Hanover American Insurance Company  
Allmerica Financial Benefit Insurance Company  
440 Lincoln St  
Worcester, MA 01653-0002

Consent Order  
TDI Enforcement File Nos. 34684, 35117, and 35118

**General remarks and official action taken:**

This is a consent order with The Hanover Insurance Company, The Hanover American Insurance Company, and Allmerica Financial Benefit Insurance Company (collectively, the Hanover Companies). The Texas Department of Insurance (TDI) alleges that the Hanover Companies incorrectly provided workers' compensation coverage to board members and committee members of condominium associations through use of a Voluntary Compensation and Employers Liability Coverage Endorsement. The Hanover Companies have agreed to pay a \$45,000 administrative penalty and take corrective action as outlined in this order.

**Waiver**

The Hanover Companies acknowledge that the Texas Insurance Code and other applicable law provide certain rights. The Hanover Companies waive all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

## Findings of Fact

1. The Hanover Companies are foreign fire and casualty insurers holding certificates of authority to transact business in Texas.
2. The Hanover Companies write workers' compensation coverage in Texas.
3. Under Texas law, volunteers are not considered employees for purposes of workers' compensation policies except in statutorily-specified circumstances.
4. TDI discovered that the Hanover Companies provided workers' compensation coverage to non-employee, volunteer board members and committee members of condominium associations through the Voluntary Compensation and Employee Liability Coverage Endorsement. The policies issued to the condominium associations were written on an "if any" basis without reported payroll.
5. The Hanover Companies represent that there are no active claims related to the policies issued to the condominium associations by board members or committee members.
6. The Hanover Companies have agreed to the following compliance plan:
  - a. Effective January 1, 2025, the Hanover Companies will cease issuing the Voluntary Compensation and Employee Liability Coverage Endorsement on new workers' compensation policies issued to condominium associates to cover board members and committee members.
  - b. Effective January 1, 2025, the Hanover Companies will amend all marketing materials to reflect the actions in 6(a).
  - c. Effective February 1, 2025, the Hanover Companies will non-renew policies issued to condominium associations without any employees and remove the Voluntary Compensation and Employee Liability Coverage Endorsement from in-force policies at renewal for condominium associations with employees.
  - d. The Hanover Companies will handle any claims for coverage afforded during the policy period.

# 2024-8938

Commissioner's Order

The Hanover Insurance Company, et al

Page 3 of 7

## Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 801.052–801.053, and 2052.002.
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. The Hanover Companies have 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. The Hanover Companies violated TEX. INS. CODE § 2052.002.

## Order

It is ordered that the Hanover Companies pay, jointly and severally, an administrative penalty of \$45,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which TDI will send after entry of this order.

It is further ordered that the Hanover Companies must comply with the agreements made in Finding of Fact No. 6 above.

Signed by:  
  
FC5D7EDDFB4F8...

\_\_\_\_\_  
Cassie Brown  
Commissioner of Insurance

**2024-8938**

Commissioner's Order

The Hanover Insurance Company, et al

Page 4 of 7

Recommended and reviewed by:

A handwritten signature in cursive script, appearing to read "Leah Gillum", written over a horizontal line.

Leah Gillum, Deputy Commissioner  
Fraud and Enforcement Division

A handwritten signature in cursive script, appearing to read "Mandy Meesey", written over a horizontal line.

Mandy Meesey, Associate Commissioner  
Enforcement

**Affidavit**

**STATE OF MASSACHUSETTS**

**§**

**COUNTY OF WORCESTER§**

Before me, the undersigned authority, personally appeared Kim Brown, who being by me duly sworn, deposed as follows:

"My name is Kim Brown. 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 Vice President, Chief Compliance Officer and am the authorized representative of The Hanover Insurance Company. I am duly authorized by said organization to execute this statement.

The Hanover 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."

*Kim Brown*  
Affiant

SWORN TO AND SUBSCRIBED before me on October 23, 2024.

(NOTARY SEAL)

*Nicole Marie Everett*  
Signature of Notary Public

Nicole Marie Everett  
Printed Name of Notary Public



**Affidavit**

**STATE OF MASSACHUSETTS §§  
COUNTY OF WORCESTER §**

Before me, the undersigned authority, personally appeared Kim Brown, who being by me duly sworn, deposed as follows:

"My name is Kim Brown. 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 Vice President, Chief Compliance Officer and am the authorized representative of The Hanover American Insurance Company. I am duly authorized by said organization to execute this statement.

The Hanover American 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."

Kim Brown  
Affiant

SWORN TO AND SUBSCRIBED before me on October 23, 2024.

(NOTARY SEAL)

Nicole Marie Everett  
Signature of Notary Public

Nicole Marie Everett  
Printed Name of Notary Public



**Affidavit**

**STATE OF MASSACHUSETTS §§  
COUNTY OF WORCESTER§**

Before me, the undersigned authority, personally appeared Kim Brown, who being by me duly sworn, deposed as follows:

"My name is Kim Brown. 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 Vice President and am the authorized representative of Allmerica Financial Benefit Insurance Company. I am duly authorized by said organization to execute this statement.

Allmerica Financial Benefit 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."

*Kim Ter Brown*  
Affiant

SWORN TO AND SUBSCRIBED before me on October 23, 2024.

(NOTARY SEAL)

*Nicole Marie Everett*  
Signature of Notary Public

Nicole Marie Everett  
Printed Name of Notary Public

