

**In re HANOVER
INSURANCE COMPANY**

Docket No. INS-01-2526

)
)
)
)

CONSENT AGREEMENT

Hanover Insurance Company, the Maine Superintendent of Insurance (the "Superintendent"), and the Maine Department of the Attorney General hereby enter into this Consent Agreement, pursuant to 10 M.R.S.A. § 8003(5)(B), to resolve, without an adjudicatory proceeding, issues arising out of Hanover's conduct under a license issued by the Superintendent.

Stipulations

1. The Superintendent is the official charged with administering and enforcing the insurance laws of the State of Maine.
2. Hanover is domiciled in the State of New Hampshire and is authorized by the Superintendent to act as a workers' compensation insurer in the State of Maine.
3. Pursuant to 24-A M.R.S.A. §§ 2382-B(2) and 2384-C, each workers' compensation insurer doing business in Maine must participate in a data collection system established for the purpose of evaluating the costs and operation of the workers' compensation benefit delivery process and must report its experience to the National Council on Compensation Insurance (NCCI), the statistical advisory organization designated by the Superintendent, in accordance with the uniform statistical plan established by NCCI and approved by the Superintendent.
4. One component of the approved statistical plan is the request for Detailed Claims Information (DCI), under which carriers are required to randomly select a specified percentage of indemnity claims arising each month and report additional information on these claims, in order to provide insight into the underlying elements driving the aggregate costs of workers' compensation insurance.
5. In 1997, NCCI advised Hanover of its obligation to provide Maine DCI information "for claims effective January 1996 and after." After discussions between NCCI and Hanover representatives, NCCI sent a letter to Hanover on April 17, 1997, confirming Hanover's stated intention to come into compliance by May 15, 1997.
6. Hanover has remained out of compliance, has not filed a compliance plan with NCCI, and the current NCCI Maine database shows no Hanover DCI claims. NCCI's most recent compliance requests include contacts on November 22, November 28, December 1, and December 21, 2000, and February 5, February 12, and May 14, 2001. Hanover did not respond to any of those contacts.

Covenants

Hanover, the Superintendent, and the Department of the Attorney General agree to the following:

7. This Consent Agreement is entered into in accordance with 10 M.R.S.A. § 8003(5)(B) and is not subject to review or appeal. This Consent Agreement is enforceable by an action in the Superior Court.

8. Pursuant to 24-A M.R.S.A. § 12-A, Hanover agrees to pay a civil penalty of \$2000 for its failure to conduct required data reporting, and to pay a civil penalty of \$2000 for its failure to respond to inquiries by the statistical advisory organization. A check for \$4000, payable to the Treasurer of the State of Maine, shall be submitted at the time of the execution of this Agreement.
9. Hanover agrees to develop a DCI compliance plan acceptable to both NCCI and the Superintendent, and to submit a proposal within 20 days after the execution of this Agreement.
10. In consideration of Hanover's execution of and compliance with the terms of this Consent Agreement, the Superintendent agrees to forgo pursuing any disciplinary measures or other civil or administrative sanction for the actions described in the Stipulations, other than those agreed to in this Consent Agreement. However, should Hanover violate this Consent Agreement, the Superintendent reserves the right to pursue any available legal remedy for the violation, including without limitation the suspension or revocation of Hanover's certificate of authority to transact insurance in the State of Maine.
11. The parties to this Agreement understand that nothing herein shall affect any rights or interests that any person not a party to this Agreement may possess.
12. Hanover understands and acknowledges that this Agreement will constitute a public record within the meaning of 1 M.R.S.A. § 402, will be available for public inspection and copying as provided for by 1 M.R.S.A. § 408, and will be reported to the National Association of Insurance Commissioners' "RIRS" database.
13. Hanover has been advised of its right to consult with counsel, and has consulted with counsel before executing this Agreement.
14. This Consent Agreement may be modified only by a written agreement executed by all of the parties.

FOR HANOVER

Dated:

(signature)

(printed name and title)

Personally appeared before me this day _____, and signed this Consent Agreement in my presence.

Notary Public

FOR THE DEPARTMENT OF THE ATTORNEY GENERAL

Dated:

Thomas C. Sturtevant, Jr., AAG

BY THE SUPERINTENDENT OF INSURANCE

Dated:

Alessandro A. Iuppa, Superintendent