

IN RE:

**Hartford Fire Insurance
Company,
Hartford Accident and Indemnity)
Company,)
Hartford Casualty Insurance)
Company,)
Hartford Underwriters Insurance)
Company,
and
Twin City Fire Insurance
Company**

**CONSENT AGREEMENT
Docket No. INS-07-221**

This Consent Agreement is entered into by and among Hartford Fire Insurance Company, Hartford Accident and Indemnity Company, Hartford Casualty Insurance Company, Hartford Underwriters Insurance Company, and Twin City Fire Insurance Company (collectively, the “Companies” or “The Hartford”; individually, a “Company”), the Superintendent of the Maine Bureau of Insurance (the “Superintendent”), and the Office of the Maine Attorney General. Its purpose is to bring to a halt, without resort to an adjudicatory proceeding, violations of 39-A M.R.S.A. § 359(2) certified to the Superintendent by the Maine Workers’ Compensation Board (“WCB”) pursuant to 39-A M.R.S.A. § 359(2) and confirmed in the Examination, defined below.

I

STIPULATIONS

1. The Superintendent is the official charged with administering and enforcing Maine’s insurance laws and regulations.
2. Each Company is organized and incorporated under the laws of the State of Connecticut and is licensed to do business in Maine as follows:

Name of Company	NAIC Code	Maine License Number	Date of First Maine License
Hartford Accident and Indemnity Company	22357	PCF462	11/02/1914
Hartford Casualty Insurance Company	22365	PCF967	07/01/1987
Hartford Fire Insurance Company	19682	PCF464	07/01/1901
Hartford Underwriters Insurance Company	30104	PCF992	12/30/1988
Twin City Fire Insurance Company	22411	PCF963	07/01/1987

3. Each Company has authority to insure employers for claims arising under the Maine Workers’ Compensation Act of 1992, M.R.S.A. Title 39-A, as amended, and regulations of the WCB issued thereunder (the “WCA”).

4. In 2004, the Monitoring Audit & Enforcement Division of the WCB audited the records of The Hartford with respect to claims with dates of injury during 2002 filed under the WCA. This audit focused on compliance with the WCA concerning form filing, timeliness of indemnity payments and accuracy of indemnity benefits.
5. On December 8, 2004, the WCB issued a Compliance Audit Report (the “Report”) detailing its findings. The Report’s findings reflect that The Hartford did not timely and accurately file WCB forms or pay indemnity claims in violation of 39-A M.R.S.A. § 359(2).
6. In January 2004, the WCB and The Hartford entered into four consent decrees, in lieu of administrative hearings, related to the findings in the Report. One decree established that The Hartford had “engaged in patterns of questionable claims handling techniques in violation of Section 359(2) [of the WCA] by failing” to file certain forms timely with the WCB, to have claim files complete or available to the auditor, to report lost time claims, to pay indemnity benefits correctly, to calculate injured workers’ average weekly wages accurately, and to pay timely indemnity benefits to injured workers.
7. On February 1, 2005, the WCB certified such findings to the Superintendent pursuant to 39-A M.R.S.A. § 359(2).
8. Maine Bureau of Insurance (the “Bureau”) staff performed a targeted market conduct examination of all claims for indemnity benefits under the WCA insured by The Hartford and having dates of injury from July 1, 2005 through December 31, 2005 (the “Examination”). The purpose of the Examination was to determine whether the violations of 39-A M.R.S.A. § 359(2) found by the WCB still existed as of the time of the Examination, specifically whether The Hartford timely and accurately paid indemnity benefits and filed WCB forms timely and accurately with respect to such claims.
9. During the course of the Examination, Bureau staff found that, as to its claims-handling practices in Maine, The Hartford had improved its compliance with form filing and indemnity payment requirements but that its compliance ratios remained unacceptably low for the period of the Examination. Further, staff at The Hartford failed to respond to Bureau inquiries within three working days, as the National Association of Insurance Commissioners (NAIC) Market Conduct Examiners’ Handbook and Guidelines (the “Handbook”) requires.
10. Notwithstanding the findings of the Report, the consent decrees entered into with the WCB, and the findings of the Examination, The Hartford has not conducted a formal review for accuracy of indemnity claims paid since January 1, 2002.

II

MAINE LAW

11. 39-A M.R.S.A. § 359(2) provides in part that:

[T]he [workers’ compensation] board ... upon finding, after hearing, that an employer, insurer or 3rd-party administrator for an employer has engaged in a pattern of questionable claims-handling techniques or repeated unreasonably contested claims ... shall certify its findings to the Superintendent of Insurance, who shall take appropriate action so as to bring any such practices to a halt.

III

CONCLUSIONS OF LAW

12. Each Company violated 39-A M.R.S.A. § 359(2) by failing to bring to a halt the pattern of questionable claims-handling techniques through the Examination period.

IV

COVENANTS

13. Each Company shall immediately bring to a halt all questionable claims-handling techniques and represents that it has put into effect procedures to file WCB forms timely and accurately and to pay indemnity benefits as required by the Workers' Compensation Act, as stated on Exhibit A to this Agreement [Self-Audit Sheet].
14. Within ten (10) days after executing this Agreement, each Company shall deliver to the Superintendent a civil penalty of Five Thousand Dollars and No Cents (\$5,000.00). Each Company confirms its understanding and agreement that: (i) this penalty results from its failure, as documented by the Examination, to halt through December 31, 2005 the pattern of questionable claims-handling techniques established by the January 2004 consent decrees entered into between The Hartford and the WCB, and (ii) the amount of this penalty will not limit further civil penalties that the Superintendent may impose under paragraph 23 below.
15. Within thirty (30) days after executing this Agreement, The Hartford shall adopt, and submit to the Superintendent for approval, written procedures for ensuring that all claims for indemnity benefits under the WCA are paid in compliance with Maine law. At a minimum, such procedures must include plans for:
 - a. hiring and retaining supervisory and front-line staff experienced in handling workers' compensation claims in Maine;
 - b. training in-house and third-party administrator claims personnel on (i) the requirements of the Handbook concerning responding to examiner inquiries, and (ii) the provisions of the WCA concerning calculation of average weekly wages, derivation of benefit levels from average weekly wages, indemnity payment, and completing and filing with the WCB relevant forms;
 - c. maintaining claims payment standards through ongoing staff education and supervision;
 - d. implementing adequate claim review procedures, to include monitoring on a daily, weekly and monthly basis the accuracy and timeliness of WCB form filings and indemnity payments;
 - e. monthly auditing of claims payments through The Hartford's internal performance management audit program in order to assess each Company's compliance with WCB requirements for form filing and claims payment; and
 - f. delivering to the Bureau and the WCB the results of the audits referred to in subparagraph (e) no later than the twenty-first day of each month for the preceding month.

The Hartford shall simultaneously deliver a copy of such procedures to the Deputy Director, Monitoring Audit & Enforcement Division at the WCB.

The Hartford shall deliver to the Superintendent the monthly audits referred to in paragraph 14(f) for six (6) months, starting the month after The Hartford executes this Agreement. The Hartford shall also deliver, upon request, any and all work papers and documents, in any format, in its possession, custody or control, related to each such audit. If The Hartford has not met or exceeded the WCB benefit payment and form filing benchmarks or has not, pursuant to the WCA, accurately paid indemnity benefits, the Superintendent may declare The Hartford to have violated the terms of this Agreement and may proceed as set forth in paragraph 23.

16. Within two hundred seventy (270) days after executing this Agreement, The Hartford shall, for the period starting January 1, 2002 and ending as of the effective date of this Agreement:
 - a. review the indemnity claims, except those discharged under 39-A M.R.S.A. § 352, presented to any Company under the WCA, the incapacity periods, and indemnity benefits, penalties and interest originally paid thereon;
 - b. recalculate the benefits, penalties and interest to ensure their compliance with the WCA;
 - c. pay to the appropriate claimants any deficiencies, with the penalties and interest provided for in the WCA, and file with the WCB such related forms as the WCA requires; and
 - d. submit to the Superintendent and the WCB a report by Company of each claim so reviewed, the claimant, the incapacity periods, the amounts originally paid, and the deficiencies, penalties and interest paid.
17. The Hartford shall pay all reasonable costs and expenses related in any manner to its obligations under, its compliance with, and the enforcement of this Agreement.

V

MISCELLANEOUS

18. Any action that this Agreement permits the Superintendent to take may be taken against all or any of the Companies.
19. The Companies waive formal hearing in this matter and will make no appeal from this Agreement.
20. The Companies acknowledge that this Agreement is a public record within the meaning of 1 M.R.S.A. § 402 and will be available for public inspection and copying as provided for by 1 M.R.S.A. § 408, and will be reported to the NAIC RIRS database.
21. The Companies have been advised of its right to consult with counsel and have, in fact, consulted with counsel before executing this Agreement.
22. Nothing herein shall affect any right or interest of any person or entity not a party to this Agreement or limit the Superintendent's ability to seek any available legal remedy for alleged or actual violations of the WCA or the Maine Insurance Code against any Hartford affiliate or subsidiary not a party to this Agreement.

- 23. Nothing in this Agreement shall limit the ability of the Superintendent to examine:
 - a. The Hartford's or any Company's indemnity claims having dates of injury after the Examination period, as he, in his sole discretion, at any time may determine advisable in order to determine whether The Hartford has brought to a halt the violations of 39-A M.R.S.A. § 359(2) found by the WCB; and
 - b. the review described in Paragraph 15 to determine its accuracy.
- 24. In consideration of each Company's execution of and compliance with the terms of this Agreement, the Superintendent and the Office of the Attorney General agree to forgo pursuing further disciplinary measures or other civil or administrative sanctions for the actions described in this Agreement, other than those agreed to herein. Should any Company violate this Agreement, nothing herein shall prohibit the Superintendent or the Office of the Attorney General from seeking against The Hartford any available legal remedy for such violation, including without limitation imposition of additional civil penalties, and the limitation, suspension or revocation of workers' compensation authorities issued to the Companies by the Superintendent.
- 25. The effective date of this Agreement is the date entered in the Superintendent's signature line below.
- 26. This Agreement may only be modified by the written mutual consent of all parties.

Dated: _____, 2007

HARTFORD FIRE INSURANCE COMPANY

By: _____

Its: _____

Printed Name and Title

Subscribed and sworn to before me
this _____ day of _____, 2007.

Notary Public

Printed name

Date commission expires

Dated: _____, 2007

**HARTFORD ACCIDENT AND INDEMNITY
COMPANY**

By: _____

Its: _____

Printed Name and Title

Subscribed and sworn to before me
this _____ day of _____, 2007.

Notary Public

Printed name

Date commission expires

Dated: _____, 2007

**HARTFORD CASUALTY INSURANCE
COMPANY**

By: _____

Its: _____

Printed Name and Title

Subscribed and sworn to before me
this _____ day of _____, 2007.

Notary Public

Printed name

Date commission expires

Dated: _____, 2007

**HARTFORD UNDERWRITERS
INSURANCE COMPANY**

By: _____

Its: _____

Printed Name and Title

Subscribed and sworn to before me
this _____ day of _____, 2007.

Notary Public

Printed name

Date commission expires

Dated: _____, 2007

TWIN CITY FIRE INSURANCE COMPANY

By: _____

Its: _____
Printed Name and Title

Subscribed and sworn to before me
this _____ day of _____, 2007.

Notary Public

Printed name

Date commission expires

Dated: _____, 2007

**MAINE OFFICE OF THE ATTORNEY
GENERAL**

Thomas C. Sturtevant, Jr.
Assistant Attorney General

Effective Date: _____, 2007

MAINE BUREAU OF INSURANCE

Eric A. Cioppa
Acting Superintendent