

**WASHINGTON STATE  
OFFICE OF ADMINISTRATIVE HEARINGS**

In the matter of:

Ace American Insurance Co. and  
Indemnity Insurance of North America,

Respondent.

Docket No. 08-2019-INS-00064

**FINAL ORDER OF DISMISSAL-  
SETTLEMENT**

Agency: Office of the Insurance  
Commissioner

Agency No. 19-0231

On January 21, 2020, the Office of the Insurance Commissioner (OIC) sent correspondence to the Office of Administrative Hearings (OAH) informing OAH that the OIC and Ace American Insurance Company and Indemnity Insurance of North America (Respondent) have resolved all issues in the present appeal, via a 'Consent Order Levying Fine', dated January 15, 2020. As a part of the 'Consent Order', the Respondent agreed to withdraw its appeal. On January 17, 2020, OIC Insurance Commissioner, Mike Kreidler, through Insurance Enforcement Specialist, Daniel Jacobs, approved the 'Consent Order'.

Based on the parties' settlement, via 'Consent Order', no issue remains for resolution by OAH. As a result, the present matter is **DISMISSED**. The evidentiary hearing, scheduled for July 13, 2020 to July 17, 2020, is **STRICKEN**.

Now, Therefore,

**IT IS ORDERED:**

1. The present matter is **DISMISSED**.
2. All hearing dates, including the evidentiary hearing, scheduled for July 13, 2020 to July 17, 2020, are **STRICKEN**.

**SERVED** on the date of mailing.



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TJ Martin  
Administrative Law Judge  
Office of Administrative Hearings

**CERTIFICATE OF SERVICE ATTACHED**

**CERTIFICATE OF SERVICE FOR OAH DOCKET NO. 08-2019-INS-00064**

I certify that true copies of this document were served from Tacoma, Washington via Consolidated Mail Services upon the following as indicated:

Ace American Insurance Company and Indemnity Insurance Company of North America c/o John Marlow 436 Walnut Street Philadelphia, PA 19106 <b>Respondent</b>	<input checked="" type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail, Return Receipt <input type="checkbox"/> Hand Delivery via Messenger <input type="checkbox"/> Campus Mail <input type="checkbox"/> Facsimile <input type="checkbox"/> E-mail
Timothy S. Farber, Steven T. Whitmer Locke Lord LLP 111 South Wacker Drive Chicago, IL, 60606 <b>Respondent Representative</b>	<input checked="" type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail, Return Receipt <input type="checkbox"/> Hand Delivery via Messenger <input type="checkbox"/> Campus Mail <input type="checkbox"/> Facsimile <input type="checkbox"/> E-mail
Daniel Jacobs Office of the Insurance Commissioner (OIC), Legal Affairs Division MS:40255 P.O. Box 40255 Olympia, WA 98504 <b>Agency Representative</b>	<input type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail, Return Receipt <input type="checkbox"/> Hand Delivery via Messenger <input checked="" type="checkbox"/> Campus Mail <input type="checkbox"/> Facsimile <input type="checkbox"/> E-mail
Rebekah Carter Office of the Insurance Commissioner MS: 40255 PO Box 40255 Olympia, WA 98504 <b>Agency Contact</b>	<input type="checkbox"/> First Class Mail <input type="checkbox"/> Certified Mail, Return Receipt <input type="checkbox"/> Hand Delivery via Messenger <input checked="" type="checkbox"/> Campus Mail <input type="checkbox"/> Facsimile <input type="checkbox"/> E-mail

Date: Wednesday, January 22, 2020

OFFICE OF ADMINISTRATIVE HEARINGS

*Carla Sullivan*

Carla Sullivan  
 Legal Assistant 2

JAN/21/2020/TUE 10:59 AM

FAX No.

P. 001

**MIKE KREIDLER**  
STATE INSURANCE COMMISSIONER

**STATE OF WASHINGTON**



LEGAL AFFAIRS DIVISION  
P.O. Box 40255  
Olympia WA 98504-0255  
Fax No. (360) 586-0152

**OFFICE OF  
INSURANCE COMMISSIONER**

**FAX COVER SHEET**

January 21, 2020

Please deliver the following 12 pages plus cover sheet:

**TO: TJ Martin, Administrative Law Judge**  
**Office of Administrative Hearings**

**FAX No: (253) 593-2200**

**COMMENTS:**

In Re: ACE American Insurance Company and Indemnity Insurance Company of North America  
OAH Docket No. 08-2019-INS-00064; Agency No. 19-0231

This matter has been resolved between ACE American Insurance Company and Indemnity Insurance Company of North America, collectively known as the Chubb Group (Collectively referred to as "the Companies") and the OIC. Pending your review, the Hearing scheduled for July 13, 2020 to July 17, 2020, is no longer necessary.

The OIC respectfully request that you enter an appropriate order terminating the hearing and forward the same to the parties as soon as possible. The first 12 pages of the Consent Order Levying a Fine, Order No. 19-0231 resolving this matter between the Companies and the OIC is attached. A copy of the full Order is being mailed to OAH today.

**FROM:**

Fax No.: (360) 664-2782  
Voice No.: (360) 725-7064

If there is a problem receiving this fax or with the partial filing, please call Daniel Jacobs at (360) 725-7064.

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NOTE: THIS FAX TRANSMISSION IS INTENDED ONLY FOR THE ADDRESSEE SHOWN ABOVE. IT MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL, OR OTHERWISE PROTECTED FROM DISCLOSURE. ANY REVIEW, DISSEMINATION, OR USE OF THIS TRANSMISSION OR ITS CONTENTS BY PERSONS OTHER THAN THE ADDRESSEE IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS TRANSMISSION IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE AND MAIL THE ORIGINAL TO US AT THE ABOVE ADDRESS. THANK YOU.

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**STATE OF WASHINGTON  
OFFICE OF THE INSURANCE COMMISSIONER**

*In the Matter of*

**ACE AMERICAN INSURANCE  
COMPANY,**

and

**INDEMNITY INSURANCE COMPANY  
OF NORTH AMERICA,**

Authorized Insurers.

Order No. 19-0231

WAOIC No. 265

NAIC No. 22667

WAOIC No. 58673

NAIC No. 43575

CONSENT ORDER LEVYING A FINE

This Consent Order Levying a Fine ("Order") is entered into by the Insurance Commissioner of the state of Washington ("Insurance Commissioner"), acting pursuant to the authority set forth in RCW 48.02.060, RCW 48.05.140, and RCW 48.05.185, and ACE American Insurance Company and Indemnity Insurance Company of North America. This Order is a public record and will be disseminated pursuant to Title 48 RCW and the Insurance Commissioner's policies and procedures.

**BASIS:**

1. ACE American Insurance Company ("ACE") is an authorized insurer, domiciled in Pennsylvania, and duly authorized to engage in the business of insurance in the state of Washington.

2. Indemnity Insurance Company of North America ("Indemnity") is an authorized insurer, domiciled in Pennsylvania, and duly authorized to engage in the business of insurance in the state of Washington.

3. ACE and Indemnity were originally part of the ACE Group of Companies, and are now collectively known as the Chubb Group (collectively referred to as "the Companies").

CONSENT ORDER LEVYING A FINE  
ORDER NO. 19-0231

1

State of Washington  
Office of Insurance Commissioner  
PO Box 40255  
Olympia, WA 98504-0255

LA - 1589890 - 1

4. The pet insurance at issue is administered by Healthy Paws Pet Insurance, LLC, WAOIC 756729 ("Healthy Paws"), through a General Agency Agreement dated October 1, 2012. From January 17, 2013 until June 17, 2016, Healthy Paws produced policies underwritten solely by ACE. From June 17, 2016 through the present, Healthy Paws has been placing these policies with Indemnity. The policies originally underwritten by ACE were never transferred to Indemnity.

5. Per the General Agency Agreement, Healthy Paws is responsible for sales and marketing; website development and maintenance; policy quoting, issuance and servicing; and claims adjudication. The Companies retain responsibility for rate and form filings and oversight of Healthy Paws.

6. The Insurance Commissioner's Market Conduct Oversight unit ("Market Conduct") uncovered the violations identified herein through a variety of market continuum actions identified in RCW 48.37.040(4)(a). Market Conduct concluded that the oversight of Healthy Paws was substantially nonexistent before the Insurance Commissioner opened a Market Continuum Action in 2017.

#### **Company Operation and Management**

7. Healthy Paws failed to use ACE's legal name on all claims, policy service, marketing emails, and Explanation of Benefits documents sent to consumers. While Healthy Paws retained responsibility for marketing and sales per the General Agency Agreement, the Companies retained responsibility for oversight of Healthy Paws, and thus, oversight of the marketing and distribution of materials. Healthy Paws' website did not identify ACE nor its domicile.

8. RCW 48.05.190(1) states that [e]very insurer shall conduct its business in its own legal name. By allowing the Healthy Paws website to operate for at least four (4) years without identifying ACE as the insurer, ACE repeatedly violated 48.05.190(1).

9. WAC 284-30-670(4) states that [e]ach insurer must have standards and procedures to ensure that each consumer with whom they conduct an insurance transaction is informed of and can consistently identify the legal name of the insurer. Each insurer must provide the Insurance Commissioner with its standards and procedures and proof of its compliance upon request. The insurer must be able to show the legal name was provided when issuing policy documents, billing statements, and other written communications regarding policy services, underwriting, and claims and at the point during policy sales transactions when the company is determined. By allowing

Healthy Paws to send emails related to policy service items, communications related to claim adjudication, and Explanation of Benefits statements, none of which identified the insurer, ACE repeatedly violated WAC 284-30-670(4).

10. RCW 48.30.050 states that [e]very advertisement of, by, or on behalf of an insurer shall set forth the name in full of the insurer and the location of its home office or principal office, if any, in the United States (if an alien insurer). By allowing Healthy Paws to distribute brochures that did not identify ACE by name or provide ACE's domicile, and by failing to identify its legal name on Healthy Paws' website, ACE repeatedly violated RCW 48.30.050.

### **Producer Activity**

11. From June 18 through October 3, 2016, Healthy Paws was not appointed to Indemnity, nor were any individual producers affiliated with Healthy Paws appointed to Indemnity. During this time, there were 3,465 transactions, \$27,508 in total commissions paid, \$125,908.00 in total premium received, and 1,283 policies bound.

12. RCW 48.17.160(1) states that [a]n insurance producer or title insurance agent shall not act as an agent of an insurer unless the insurance producer or title insurance agent becomes an appointed agent of that insurer.

13. RCW 48.17.160(2) states that [t]o appoint an insurance producer or title insurance agent as its agent, the appointing insurer shall file, in a format approved by the Insurance Commissioner, a notice of appointment within fifteen days from the date the agency contract is executed or the first insurance application is submitted, whichever is earlier. By allowing Healthy Paws to produce policies for Indemnity without being properly appointed, Indemnity repeatedly violated RCW 48.17.160(2).

### **Policy and Administration**

14. Since the program inception, all premium cancellations for non-payment processed by the Companies failed to provide a compliant 10 day legal notification to the consumer. From June 17, 2015 through March 30, 2018, ACE sent the non-compliant notice to 634 consumers. From June 18, 2016 through March 30, 2018, Indemnity sent the non-compliant notice to 253 consumers.

15. Policy language filed with and approved by the Insurance Commissioner allowed the insured to cancel in writing, via regular mail, fax, email, or verbally at any time. In contrast, the Healthy Paws website stated that cancellations had to be submitted in writing and had to be submitted 14 days before the next scheduled premium payment. The more restrictive cancellation requirements were also present in the Terms and Conditions document, while the Amendatory Endorsement contains the less restrictive terms actually approved by the Insurance Commissioner.

16. RCW 48.18.290(1)(c) states that [i]f an insurer cancels a policy [...] for nonpayment of premium, the insurer must deliver or mail the cancellation notice to the named insured at least ten days before the effective date of the cancellation. By cancelling 634 consumer policies from June 17, 2015 through March 30, 2018 without providing a compliant 10 day advanced notice, ACE repeatedly violated RCW 48.18.290(1)(c). By cancelling 253 consumer policies from June 18, 2016 through March 30, 2018 without providing a compliant 10 day advanced notice, Indemnity repeatedly violated RCW 48.18.290(1)(c).

17. RCW 48.30.090 states that [n]o person shall make, issue or circulate, or cause to be made, issued or circulated any misrepresentation of the terms of any policy or the benefits or advantages promised thereby, or the dividends or share of surplus to be received thereon, or use any name or title of any policy or class of policies misrepresenting the nature thereof. By allowing Healthy Paws to circulate inaccurate information about the required cancellation procedure, and by producing documents that contained inconsistent information on said cancellation procedure, the Companies repeatedly violated RCW 48.30.090.

### Forms

18. Indemnity used an outdated declarations page in its pet health insurance policy form and pet health insurance notice from June 18, 2016 through October 12, 2016. The November 2012 edition form had been used when it should have been the March 2015 edition form. Indemnity used these outdated forms for 1,180 Washington consumers for 1,509 pets.

19. Since January 17, 2013, the Companies have used a pet health policy change form containing the following language neither filed with, nor approved by, the Insurance Commissioner:

THIS ENDORSEMENT WILL NOT BE USED (a) TO IMPEDE,  
RESTRICT, OR AMEND OR OTHERWISE REVISE ANY

PROVISIONS, EXCLUSIONS OR OTHER TERMS OF THE POLICY TO WHICH IT IS ATTACHED OR (b) AS A RENEWAL CERTIFICATE.

(emphasis added)

Contrary to the explicit prohibition against such use, the pet health change form was used as a renewal certificate as a general business practice. ACE generated and distributed 24,036 pet health policy change forms with the unapproved language from June 17, 2015 through March 30, 2018. Indemnity generated and distributed 13,337 pet health policy change forms with the unapproved language from June 18, 2016 through March 30, 2018.

20. RCW 48.18.140(2)(f) states that [a] policy shall specify the conditions pertaining to the insurance.

21. RCW 48.18.520 states that [e]very insurance contract shall be construed according to the entirety of its terms and conditions as set forth in the policy, and as amplified, extended, or modified by any rider, endorsement, or application attached to and made a part of the policy.

22. RCW 48.18.100(1) states that [n]o insurance policy form or application form where written application is required and is to be attached to the policy, or printed life or disability rider or endorsement form may be issued, delivered, or used unless it has been filed with and approved by the Insurance Commissioner. By using an outdated declarations page in its pet health insurance policy form and pet health insurance notice and using these forms for 1,180 Washington consumers for 1,509 pets, Indemnity repeatedly violated RCW 48.18.140(2)(f), RCW 48.18.520 and RCW 48.18.100(1). By using pet health policy change forms as renewals despite the explicit prohibition against such use in the language of the form itself, ACE repeatedly violated RCW 48.18.140(2)(f), RCW 48.18.100(1), and RCW 48.18.520. By using pet health policy change forms as renewals despite the explicit prohibition against such use in the language of the form itself, Indemnity repeatedly violated RCW 48.18.140(2)(f), RCW 48.18.100(1), and RCW 48.18.520.

Rates

23. ACE used rates different from those filed with and approved by the Insurance Commissioner from June 17, 2015 through March 31, 2018, as follows:

	Approved	Used
Dog	\$20.32	\$31.25
Cat	\$11.81	\$18.16

24. ACE implemented the incorrect rates in all 11,470 policies issued.



25. ACE amended the base rates contrary to the filed and approved experience rating plan, which allowed ACE to raise rates based on a formula. ACE actually implemented rates lower than what the formula would indicate, which also violates RCW 48.19.040(6), despite doing so in a consumer-friendly manner.

26. The filed and approved rate filing allows up to a 10% discount for "affinity groups" and up to a 5% discount for weight control risk management. Due to a programming error, the Companies capped the total allowable discount at 10% collectively, despite no such limitation in the filed and approved language.

27. Healthy Paws applied the affinity group discount with no supporting documentation and in some cases, when the discount should not have been applied at all. Upon reviewing a sample of 120 policies from the Companies collectively, Market Conduct found that 45 of them (37.5%) were applied with no supporting documentation.

28. The Companies, modified the rates of the policies in what they called an "anniversary adjustment," also known as a renewal. Any rate modification notification to a consumer has to occur 20 days prior to the renewal date per RCW 48.18.2901(1)(b). The Companies never provided a compliant advance notice, thus violating the legal requirements on all renewal notices sent out by the Companies.

29. ACE's various rate errors billed 11,470 Washington policies as follows:

Expected Premium Using Approved Rates	\$6,261,630
Premium Collected	\$10,614,888
Difference (overcharge)	\$4,353,258
Difference plus 8% interest	\$ 4,572,710

30. Indemnity increased its base rates using an experience rating factor, and as with Ace, implemented a lower rate than indicated in the approved plan. Indemnity began using the experience rating plan in new business on March 31, 2017, and renewals on June 18, 2017.

31. Per the language filed with and approved by the Insurance Commissioner, Indemnity's pet age factor remained constant over the life of the policy. In practice however, Indemnity increased the age factor annually on the policy anniversary.

32. Indemnity's various rate errors billed 6,515 Washington policies as follows:

Expected Premium Using Approved Rates	\$2,434,540
Premium Collected	\$2,555,800
Difference (overcharge)	\$121,260
Difference plus 8% interest	\$127,373

33. RCW 48.19.040(6) states that [w]here a filing is required no insurer shall make or issue an insurance contract or policy except in accordance with its filing then in effect, except as is provided by RCW 48.19.090. By using rates different from those filed with and approved by the Insurance Commissioner, ACE repeatedly violated RCW 48.19.040(6). By utilizing the experience rating plan contrarily to the language filed with and approved by the Insurance Commissioner, both Companies repeatedly violated RCW 48.19.040(6). By increasing the pet age factor contrary to the language filed with and approved by the Insurance Commissioner, Indemnity repeatedly violated RCW 48.19.040(6). By capping the applicable discounts at 10% total where the language filed with and approved by the Insurance Commissioner contained no such limitation, the Companies repeatedly violated RCW 48.19.040(6).

34. RCW 48.18.2901(1)(b) states that [e]ach insurer must renew any insurance policy subject to RCW 48.18.290 unless [a]t least twenty days prior to its expiration date, the insurer has communicated, either directly or through its agent, its willingness to renew in writing to the named insured and has included in that writing a statement of the amount of the premium or portion thereof required to be paid by the insured to renew the policy, and the insured fails to discharge when due his or her obligation in connection with the payment of such premium or portion thereof. By increasing the base rates at policy renewal without providing a compliant notice of the rate adjustment 20 days before the renewal date, the Companies repeatedly violated RCW 48.18.2901(1)(b).

35. RCW 48.19.430 states that [a]ny person violating any provision of this chapter shall be subject to a penalty of not more than fifty dollars for each such violation, but if such violation is found to be willful a penalty of not more than five hundred dollars for each such violation may be imposed. Such penalties may be in addition to any other penalty provided by law.

36. RCW 48.05.185 provides that after hearing or with the consent of the insurer and in addition to or in lieu of the suspension, revocation, or refusal to renew any certificate of authority the Insurance Commissioner may levy a fine upon the insurer in an amount not less than two hundred fifty dollars and not more than ten thousand dollars.

#### **ACE Violations**

37. By allowing the Healthy Paws website to operate without identifying ACE as the insurer, allowing Healthy Paws to send emails that did not identify ACE as the insurer, allowing

Healthy Paws to distribute brochures that did not identify ACE by name or provide ACE's domicile, failing to identify its legal name on Healthy Paws' website, and using rates different from those filed with and approved by the Insurance Commissioner, ACE repeatedly violated RCW 48.05.190(1), WAC 284-30-670(4), RCW 48.30.050, and RCW 48.19.040(6), justifying the imposition of a fine under RCW 48.05.185 and RCW 48.19.430.

#### **Indemnity Violations**

38. By allowing Healthy Paws to produce policies for Indemnity without being properly appointed, using outdated declarations pages in its pet health insurance policy forms and pet health insurance notices for 1,180 Washington consumers and 1,509 pets, and increasing the pet age factor annually contrary to language filed with and approved by the Insurance Commissioner indicating the pet age factor remained constant over the life of the policy, Indemnity repeatedly violated RCW 48.17.160(1), RCW 48.17.160(2), RCW 48.18.140(2)(f), RCW 48.18.520, RCW 48.18.100(1), and RCW 48.19.040(6), justifying the imposition of a fine under RCW 48.05.185 and RCW 48.19.430.

#### **Ace and Indemnity Violations**

39. By cancelling consumer policies without providing a compliant 10 day advance notice, allowing Healthy Paws to circulate inaccurate information about the required cancellation procedure, producing documents with inconsistent information on said cancellation procedure, using the pet health change policy form as a renewal despite the form language explicitly prohibiting such use, applying the experience rating plan contrary to the approved filing, capping the applicable discounts at 10% total where the filing contained no such limitation, and increasing rates at the anniversary adjustment without providing 20 business days advance notice of the rate adjustment, the Companies repeatedly violated RCW 48.18.290(1)(c), RCW 48.30.090, RCW 48.18.140(2)(f), RCW 48.18.520, RCW 48.18.100(1), RCW 48.19.040(6), and RCW 48.18.290(1)(b), justifying the imposition of a fine under RCW 48.05.185 and RCW 48.19.430.

#### **CONSENT TO ORDER:**

The Insurance Commissioner of the state of Washington and the Companies agree the best interest of the public will be served by entering into this Order. NOW, THEREFORE, the

Companies consent to the following in consideration of their desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle this matter in consideration of the Companies' payment of a fine, and upon such terms and conditions as are set forth below:

1. The Companies acknowledge their duty to comply fully with the applicable laws of the state of Washington.

2. The Companies consent to the entry of this Order, waive any and all hearing or other procedural rights, and further administrative or judicial challenges to this Order.

3. The Companies agree to withdraw the demand for hearing previously filed in this matter under Order No. 19-0231, Docket No. 08-2019-INS-00064.

4. The Companies and the Insurance Commissioner jointly request Administrative Law Judge Martin enter an order terminating the proceedings in accordance with this Order.

5. By agreement of the parties, the Insurance Commissioner will impose a fine of Nine Hundred and Fifty Thousand Dollars (\$950,000.00), liability for which is joint and several between ACE American Insurance Company and Indemnity Insurance Company of North America (the Chubb Group), and suspend Two Hundred Thousand Dollars (\$200,000.00) of that, on the conditions that:

- a. The Companies pay Seven Hundred and Fifty Thousand Dollars (\$750,000.00) by **January 17, 2020**.
- b. The Companies commit no further non-De Minimis violations of the statutes and/or regulations that are the subject of this Order for a period of two (2) years from the date this Order is entered;
- c. The Companies comply with and carry out the Compliance Plan set forth in Exhibit A hereto, which Compliance Plan is hereby incorporated into this Order by reference as though fully set forth herein.
- d. The Companies will make whole all Washington consumers whose rate was over charged at any prior time by payment of the sum of Four Million, Four Hundred Seventy Four Thousand, Five Hundred Eighteen Dollars (\$4,474,518.00), together with simple interest at eight percent (8%) calculated from May 15, 2019 until December 31, 2019 (totaling Two Hundred Twenty Five Thousand, Five Hundred Sixty Five Dollars

(\$225,565.00)), and provide proof to the Insurance Commissioner that such refunds have been made. This proof shall be provided to the Insurance Commissioner by **April 15, 2020**. The refunds and interest will be distributed to consumers, based on a mutually agreed upon process between the Companies and the Insurance Commissioner.

6. The suspended portion of this fine will be imposed at the sole discretion of the Insurance Commissioner according to the conditions as set forth in Exhibit A, without any right to hearing, appeal or advance notice. The suspended portion of the fine will be paid within thirty (30) days of the entry of an Order imposing it. Failure to pay the suspended portion of the fine when imposed shall constitute grounds for revocation of the Companies' certificate of authority.

7. The Companies understand and agree that any further failure to comply with the Insurance Code (RCW 48.05.190(1), RCW 48.17.160(1), RCW 48.17.160(2), RCW 48.18.100(1), RCW 48.18.140(2)(f), RCW 48.18.290(1)(c), RCW 48.18.520, RCW 48.18.2901(1)(b), RCW 48.19.040(6), RCW 48.30.050, RCW 48.30.090, and WAC 284-30-670(4)) or failure to comply with the Compliance Plan constitutes grounds for further fines, penalties, and actions which may be imposed in another order in direct response to further violations. De Minimis violations of the statutes and/or regulations that are the subject of this Order will not be considered violations of the Compliance Plan set forth in Exhibit A.

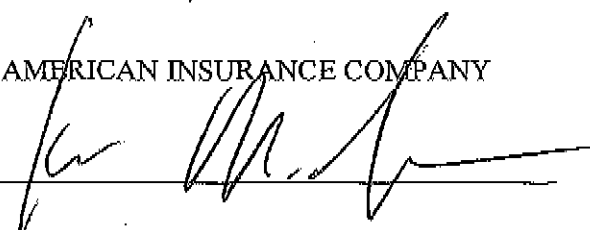
8. The Companies and/or their affiliates will, upon approval by the Insurance Commissioner, implement new rating plans for all policies on a going forward basis in compliance with Washington law. The Companies will necessarily be using their current rating from the time of entry of this Order until such time as the new rating plans have been approved. Any violations of the Insurance Code provisions identified in this Order by the Companies due to the continued use of the current rating plan prior to the Insurance Commissioner's approval of a new rating plan are hereby incorporated into the violations identified above. So long as the Companies and their affiliates cooperate in a timely manner with the Insurance Commissioner during the approval and implementation process for the new rating plan, further enforcement action will not be taken related to continuing violations due to the continued use of the current rating.

9. This Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Companies. However, the facts of this Order, and any provision, finding, or conclusion contained herein does

not, and is not intended to, determine any factual or legal issue or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

EXECUTED this 15<sup>th</sup> day of JANUARY, 2020.

ACE AMERICAN INSURANCE COMPANY

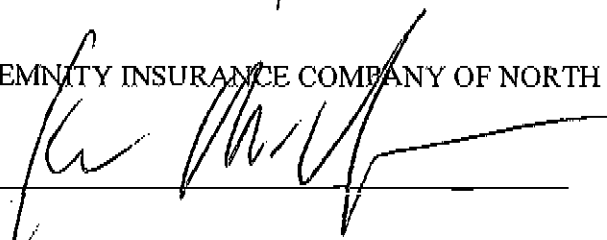
By: 

Printed Name: Kevin M. Rampe

Printed Corporate Title: GENERAL COUNSEL

EXECUTED this 15<sup>th</sup> day of JANUARY, 2020.

INDEMNITY INSURANCE COMPANY OF NORTH AMERICA

By: 

Printed Name: Kevin M. Rampe

Printed Corporate Title: GENERAL COUNSEL

**AGREED ORDER:**

Pursuant to the foregoing factual Basis and Consent to Order, the Insurance Commissioner of the state of Washington hereby Orders as follows:

1. The Companies shall pay a fine in the amount of Seven Hundred and Fifty Thousand Dollars (\$750,000.00) to be paid by **January 17, 2020**.
2. The sum of Two Hundred Thousand Dollars (\$200,000.00) is suspended on the condition that the Companies fully comply with the Insurance Code (including the insurance

regulations and statutes) of the state of Washington and upon the further condition that the Companies fully carry out their obligations under the Compliance Plan attached hereto as Exhibit A. The Companies will also make whole all consumers whose rate was over charged at any prior time by payment of the sum of Four Million, Four Hundred Seventy Four Thousand, Five Hundred Eighteen Dollars (\$4,474,518), together with simple interest at eight percent (8%) calculated from May 15, 2019 until December 31, 2019 (totaling Two Hundred Twenty Five Thousand Five Hundred Sixty Five Dollars (\$225,565.00)), and provide proof to the Insurance Commissioner that such refunds have been made. This proof shall be provided to the Insurance Commissioner by **April 15, 2020**. The refunds and interest will be distributed to consumers based on a mutually agreed upon process between the Companies and the Insurance Commissioner.

3. De Minimis violations aside, the Companies understand and agree that any further failure to comply with the Insurance Code (including the insurance regulations and statutes) or failure to comply with the Compliance Plan constitutes grounds for further fines, penalties, and actions which may be imposed in another order in direct response to further violations.

4. The Companies hereby withdraw their demand for hearing filed under Order No. 19-0231, Docket No. 08-2019-INS-00064.

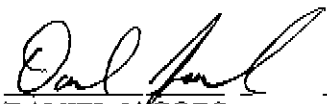
5. This Order and the violations set forth herein constitute admissible evidence that may be considered in any future action by the Insurance Commissioner involving the Companies. However, the facts of this Order, and any provision, finding, or conclusion contained herein does not, and is not intended to, determine any factual or legal issue or have any preclusive or collateral estoppel effects in any lawsuit by any party other than the Insurance Commissioner.

ENTERED at Tumwater, Washington, this 17<sup>th</sup> day of January, 2020.

MIKE KREIDLER  
Insurance Commissioner



By and through his designee



DANIEL JACOBS  
Insurance Enforcement Specialist  
Legal Affairs Division

CONSENT ORDER LEVYING A FINE  
ORDER NO. 19-0231

JAN/21/2020/TUE 11:59 AM

FAX No.

P. 001

**MIKE KREIDLER**  
STATE INSURANCE COMMISSIONER

**STATE OF WASHINGTON**



LEGAL AFFAIRS DIVISION  
P.O. Box 40255  
Olympia WA 98504-0255  
Fax No. (360) 586-0152

**OFFICE OF  
INSURANCE COMMISSIONER**

**FAX COVER SHEET**

January 21, 2020

Please deliver the following 1 pages plus cover sheet:

**TO: TJ Martin, Administrative Law Judge  
Office of Administrative Hearings**

**FAX No: (253) 593-2200.**

**COMMENTS:**

In Re: ACE American Insurance Company and Indemnity Insurance Company of North America  
OAH Docket No. 08-2019-INS-00064; Agency No. 19-0231

**Attached is the Certificate of Mailing that was left off of the fax below sent to OAH earlier today advising:**

This matter has been resolved between ACE American Insurance Company and Indemnity Insurance Company of North America, collectively known as the Chubb Group (Collectively referred to as "the Companies") and the OIC. Pending your review, the Hearing scheduled for July 13, 2020 to July 17, 2020, is no longer necessary.

The OIC respectfully request that you enter an appropriate order terminating the hearing and forward the same to the parties as soon as possible. The first 12 pages of the Consent Order Levying a Fine, Order No. 19-0231 resolving this matter between the Companies and the OIC is attached. A copy of the full Order is being mailed to OAH today.

**FROM:**

Fax No.: (360) 664-2782  
Voice No.: (360) 725-7064

If there is a problem receiving this fax or with the partial filing, please call Daniel Jacobs at (360) 725-7064.

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NOTE: THIS FAX TRANSMISSION IS INTENDED ONLY FOR THE ADDRESSEE SHOWN ABOVE. IT MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL, OR OTHERWISE PROTECTED FROM DISCLOSURE. ANY REVIEW, DISSEMINATION, OR USE OF THIS TRANSMISSION OR ITS CONTENTS BY PERSONS OTHER THAN THE ADDRESSEE IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS TRANSMISSION IN ERROR, PLEASE NOTIFY US IMMEDIATELY BY TELEPHONE AND MAIL THE ORIGINAL TO US AT THE ABOVE ADDRESS. THANK YOU.

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JAN/21/2020/TUE 11:59 AM

FAX No.

P. 002

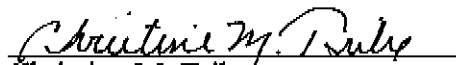
CERTIFICATE OF MAILING

The undersigned certifies under the penalty of perjury under the laws of the state of Washington that I am now and at all times herein mentioned, a citizen of the United States, a resident of the state of Washington, over the age of eighteen years, not a party to or interested in the above-entitled action, and competent to be a witness herein.

On the date given below I caused to be served the foregoing OIC Notice that this case has settled and request to enter an appropriate order terminating the hearing and forward the same to the parties on the following individuals as indicated below:

<p>TJ Martin, ALJ Office of Administrative Hearings 2420 Bristol Court SW Olympia, WA 98502</p> <p><i>Via facsimile and by depositing in the U.S. mail via state Consolidated Mail Service with proper postage affixed.</i></p>	<p>Timothy S. Farber, Locke Lord LLP 111 South Wacker Drive Chicago, IL 60606 TFarber@lockelord.com</p> <p><i>Via Email</i> <b>Respondent Representative</b></p>
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Dated this 21<sup>st</sup> day of January, 2020, in Tumwater, Washington.

  
Christine M. Tribe  
Paralegal  
Legal Affairs Division