

PERRI A. BABALIS #5658  
Assistant Attorney General  
SEAN D. REYES #7969  
Attorney General  
Attorney for Utah Insurance Department  
160 East 300 South, Fifth Floor  
PO Box 140874  
Salt Lake City, UT 84114  
Telephone: 801-366-0375  
Email pbabalis@agutah.gov

---

**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH**

---

<p>UTAH INSURANCE DEPARTMENT,</p> <p>Complainant,</p> <p>v.</p> <p>CATLIN INSURANCE COMPANY, INC.</p> <p>Respondent.</p>	<p><b>STIPULATION AND ORDER</b></p> <p>Docket No. 2017-067 HL Enf. Case No. 3918</p> <p>Lisa Watts Baskin, J.D. Administrative Law Judge</p>
--	--

**STIPULATION**

The Utah Insurance Department (“Department”), by and through its legal counsel, and Catlin Insurance Company, Inc. (“Respondent”), by and through its legal counsel, hereby stipulate and agree as follows:

1. The Department has jurisdiction over the parties and subject matter of this administrative action.
2. Respondent acknowledges notice of agency action pursuant to Utah Code Section 63G-4-201; acknowledges that this Stipulation and Order is an informal proceeding pursuant to Utah Code Section 63G-4-202; and irrevocably waives the right to any hearing, review or appeal


concerning this matter.

3. Respondent is represented by legal counsel in this matter.
4. This signed Stipulation and the Order signed by the Presiding Officer, along with any Findings of Fact and Conclusions of Law, shall not be subject to any reconsideration, renegotiation, modification, hearing or agency review or appeal.
5. The Findings of Fact and Conclusions of Law presented below are accepted by the parties.
6. The issuance of the signed and adopted Order proposed below is solely for the purpose of disposing of the specific matter entitled herein.
7. The only promises, agreements and understandings that the parties have regarding this matter are contained in this Stipulation.
8. Respondent enters into this Stipulation voluntarily, knowingly, and free from any coercion of any kind.
9. The persons signing this Stipulation on behalf of the named parties hereby affirm that they are authorized to sign and bind the parties.

Dated this 23 day of JANUARY, 2018.

  
\_\_\_\_\_  
Randall R. Smart, Attorney at Law  
CATLIN INSURANCE COMPANY, INC.

Dated this 23<sup>rd</sup> day of January, 2018.

  
\_\_\_\_\_  
Perri A. Babalis  
Assistant Attorney General

Based upon the foregoing Stipulation and Department file, the Presiding Officer makes the following Findings of Fact:

**FINDINGS OF FACT**

1. Respondent is an active non-resident insurer authorized to do business in the State of Utah. Respondent's Utah Company ID is 1222. Respondent's business address is 505 Eagleview Blvd. Ste 100, Exton, PA 19341.

2. An investigation of Respondent has uncovered multiple violations of Utah laws and rules since June 15, 2010. At that time, Respondent was not owned by XL Group. XL Group acquired Respondent in 2015, shortly after the subject investigation commenced. The violations committed by Respondent are summarized below.

3. Violation 1 and 2: Respondent failed to file 9 Utah Accident and Health Insurance Group Questionnaires for 10 identified association groups. Respondent also failed to meet the requirement to determine that 9 of the 10 identified association groups were lawfully formed associations. The majority of the association group business was written by Respondent as roll over or assumed business from various brokers. At the time Respondent assumed these seven (7) association group business policies, Respondent understood that the prior carriers had obtained the requisite Department approvals of the associations and the subject forms. This investigation disclosed that Respondent's understanding was incorrect. Respondent's actions, as described above, violated Utah Code Section 31A-22-701(1) and (2) and Administrative Rule R590-220-9(2).

4. Violation 3: The policy was filed for use on June 15, 2010, under SERFF

Tracking #CATL-126644974. This investigation thereafter disclosed that Respondent did not include a provision in the policy that obligates the policyholder to give 30 days prior written notice of termination to each employee or group member and notify each employee or group member as required by Utah Code Section 31A-22-716(1). Respondent's omission of this provision violated Utah Code Section 31A-22-716(1).

5. Violation 4: As set forth above, the Department filed the same for use on June 15, 2010, under SERFF Tracking # CATL-126644974. This investigation subsequently disclosed that Respondent did not send monthly notices to the policyholder of premium payments due, including a statement of the policyholders' obligations as required by Utah Code Section 31A-22-716(1). Respondent also did not provide a sample notice to the policyholder at least once each year, in violation of Utah Code Section 31A-22-716(2).

6. Violation 5: Respondent used unfiled forms with at least 10 policies and 10 certificates in violation of Utah Code Section 31A-21-201(1) and (2) and Administrative Rule R590-220-5.

7. Violation 6: On or about 2013, Respondent submitted two (2) form filings each of which included a Group Questionnaire with *inter alia* a certification that "responses are correct and in compliance with all applicable provisions of Utah laws and rules." These filings were thereafter withdrawn by Respondent. This investigation subsequently disclosed that certain responses on the Group Questionnaires included in the withdrawn filings were not correct. As such, Respondent's submission of these Questionnaires violated Utah Code Sections 31A-23a-402(1)(a)(i), 31A-22-723 (2013), and Administrative Rule R590-220-5.

8. Violation 7: In at least 11 instances, Respondent provided inconsistent information in relation to insurance by bracketing a provision in the policy and certificate and

neither addressing nor explaining same in the corresponding statement of variability.

Respondent's omission of this provision in the statement of variability violated Utah Code Sections 31A-23a-402(1)(a)(i) and 31A-22-723 (2013).

9. Violation 8: In at least two instances involved in this investigation, Respondent provided incomplete and inaccurate information to an inquiry from the commissioner, in violation of Utah Code Section 31A-2-202(6). The Respondent's actions in such instances were not willful. The acquisition of Respondent by XL Group and the merger of the multiple systems of the large insurers involved, hindered Respondent's ability to gather requested information. Further, Respondent relied upon the data provided by its producers, which in the subject instances was neither complete nor accurate.

10. The Department and Respondent have agreed to an administrative forfeiture in the amount of \$100,000.00 to be paid to the Department within 60 days of the date this Order is signed by the Presiding Officer.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

#### CONCLUSIONS OF LAW

1. Based upon the stipulated facts set forth above in paragraph 3, Respondent violated Utah Code Section 31A-22-701(1) and (2) and Administrative Rule 590-220-9(2).

2. Based upon the stipulated facts set forth above in paragraph 4, Respondent violated Utah Code Section 31A-22-716(1).

3. Based upon the stipulated facts set forth above in paragraph 5, Respondent violated Utah Code Sections 31A-22-716(1) and 31A-22-716(2).

4. Based upon the stipulated facts set forth above in paragraph 6, Respondent

violated Utah Code Section 31A-21-201(1) and (2) and Administrative Rule R590-220-5.

5. Based upon the stipulated facts set forth above in paragraph 7, Respondent violated Utah code Sections 31A-23a-402(1)(a)(i), 31A-22-723 (2013), and Administrative Rule R590-220-5.

6. Based upon the stipulated facts set forth above in paragraph 8, Respondent violated Utah Code Sections 31A-23a-402(1)(a)(i) and 31A-22-723 (2013).

7. Based upon the stipulated facts set forth above in paragraph 9, Respondent violated Utah Code Section 31A-2-202(6).

8. Under the circumstances, an administrative forfeiture in the amount of \$100,000.00 is appropriate in this matter.

Based upon the Findings and Fact and Conclusions of Law, the Presiding Officer enters the following Order:

**ORDER**

RESPONDENT IS HEREBY ORDERED to pay an administrative forfeiture of \$100,000.00 to the Department within 60 days of the date of this signed Order.

DATED this 26<sup>th</sup> day of January, 2018.

TODD E. KISER  
Insurance Commissioner



Lisa Watts Baskin, J.D.  
Administrative Law Judge  
Utah Insurance Department

**NOTIFICATION TO RESPONDENT**

You are hereby notified that a failure to obey an Order of the Commissioner may subject you to further penalties, including forfeitures of up to \$5,000 per violation and the suspension or revocation of your license and the filing of an action in district court, which may impose forfeitures of up to \$10,000 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.