



State of Rhode Island
DEPARTMENT OF BUSINESS REGULATION
Insurance Division
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

IN THE MATTER OF:

HARTFORD INSURANCE COMPANY OF THE MIDWEST,

and

SENTINEL INSURANCE COMPANY, LTD.

RESPONDENTS.

DBR No. 2022-IN-012

CONSENT AGREEMENT

It is hereby agreed between the Department of Business Regulation (“Department”) and Hartford Insurance Company of the Midwest and Sentinel Insurance Company, Ltd. (collectively “The Hartford Insurance Group”) (“Respondent”) as follows:

1. The Hartford Insurance Group are insurers licensed in the State of Rhode Island to issue property & casualty insurance policies including automobile insurance policies.

2. This Agreement arises out of a rate filing matter where the Department identified Respondents had implemented an auto rate without Department approval.

3. R.I. Gen. Laws § 27-9-7 provides in relevant part:

“Every insurer shall file with the commissioner every manual of classification, rule, rate, rating plan, rating system, and modification of any of these which it proposes to use... When a filing is not accompanied by the information upon which the insurer supports that filing, and the commissioner does not have sufficient information to determine whether the filing meets the requirements of the chapter, the commissioner may require the insurer to furnish the information upon which it supports the filing. “

4. R.I. Gen. Laws § 27-9-14 provides in relevant part:



“No insurer shall make or issue a contract or policy at a rate or premium in excess of filings which are in effect for that insurer as provided in this chapter...”

5. R.I. Gen. Laws § 27-9-7.3 provides in relevant part:

“(a) Notwithstanding the requirements of § 27-9-7, a filing made by an insurer under this section that provides for an overall statewide rate increase or decrease of no more than five percent (5%) in the aggregate for all coverages that are subject to the filing may take effect the date it is filed.”

6. [R.I. Insurance Bulletin 2005-9](#) provides requirements for utilizing the “Flex” provision contained in R.I. Gen. Laws § 27-9-7.3.

7. Respondent submitted Private Passenger Auto rate filing HART-133242632 to the Department via SERFF on May 4, 2022. This filing submission did not meet the requirements of RI Insurance Bulletin 2005-9 or contain any indication that Respondent intended to utilize the “Flex” provisions of R.I. Gen. Laws § 27-9-7.3.

8. On May 17, 2022 the Department informed Respondent via SERFF that “The above-captioned filing has been sent to our consulting actuary for review. Kindly mark your records that we are extending the deemer provisions beyond the thirty (30) days as allowed under Rhode Island rating laws. This will allow us sufficient time to make a comprehensive review of the filing. The insurer may not deem the filing until the Department has concluded its review.” The rate filing was assigned to an actuary for review this same day.

9. Three rounds of objections requesting additional actuarial support were posted in SERFF during the review process on May 23, 2022, June 14, 2022 and July 18, 2022. The Insurer responded to these objections on June 9, 2022, July 11, 2022 and August 1, 2022.

10. The actuarial report was received by the Department on August 17, 2022.



11. As a result of concerns raised in the actuarial report, the Department asked the insurer to update certain rate fields in SERFF on August 25, 2022. The Respondents promptly updated the information the same day, in response to this request.

12. On August 31, 2022 the Respondent was asked to provide updated effective dates for this filing, as their original requested effective dates of June 9, 2022 for new policies and July 28, 2022 for renewal policies had passed during the review process.

13. In response to the Department's request for updated future effective dates, Respondent informed the Department that they intended for this to be implemented as a "flex" filing and they had implemented the increased rates on June 9, 2022 while the actuarial review was still actively ongoing, without notifying the Department in any way, without Departmental approval, and in violation of R.I. Gen. Laws § 27-9-7.

14. The filing, as modified, was ultimately approved by the Department effective September 9, 2022.

15. In a September 15, 2022 response to an inquiry from the Department about the impact of this unapproved rate change, Respondent estimated that 51 new policies had been overcharged approximately \$4,566 and estimated that 566 renewal policies had been overcharged approximately \$45,705. Respondent subsequently provided revised policy counts and premium dollar amounts.

16. R.I. Gen. Laws § 27-44-18 provides in part that:

(a) The director may, if he or she finds that any person or organization has violated any provision of this chapter, impose a penalty of not more than one thousand dollars (\$1,000) for each violation, but if the director finds the violation to be willful, he or she may impose a penalty of not more than fifty thousand dollars (\$50,000) for each violation. The penalties may be in addition to any other penalty provided by law.



(b) For the purposes of this section, any insurer using a rate for which the insurer has failed to file the rate, supplementary rate information, or supporting information, as required by this chapter or by any rules and regulations that the director may promulgate, has committed a separate violation for each day that failure continues.

THEREFORE, based on the foregoing, Respondent and the Department have decided to resolve this matter without further administrative proceedings and hereby agree to the following resolution:

- 1) Respondent has made restitution to 51 new policyholders and 222 renewing policyholders who were charged increased premiums based on unapproved rates from June 9, 2022 to September 9, 2022, in the amount of \$21,091.
- 2) Respondent agrees to pay an administrative fine of nine thousand dollars (\$9,000) within thirty (30) days.
- 3) Waiver of Hearing and Appeal. By agreeing to resolve this matter through the execution of this Consent Agreement, Respondent knowingly and voluntarily waives any right to an administrative hearing and waives any right to pursue an appeal to the Superior Court under the Rhode Island Administrative Procedures Act, R.I. Gen. Laws § 42-35-1 et seq.
- 4) Enforcement. If the Respondent fails to comply with any term or condition of this Consent Agreement within any applicable time period set forth herein, the Respondent will be in violation hereunder and the Department shall be entitled to immediately take enforcement or other action in accordance with applicable law.
- 5) Compliance; Other Laws. Compliance with the terms of this Consent Agreement does not relieve the Respondent of any obligation to comply with other applicable laws or regulations administered by or through the Department or any other governmental agency.



Counsel for the Department and Respondent hereby consent and agree to the foregoing on behalf of their respective clients this 21 day of June, 2023.

Department of Business Regulation
By its Legal Counsel,

A handwritten signature in black ink, appearing to read "Patrick J. Smock, II".

Patrick J. Smock, II
Deputy Chief of Legal Services

The Hartford Insurance Group
By its Officer/Counsel,

A handwritten signature in black ink, appearing to read "Susan L. Castaneda".

Susan L. Castaneda, VP & Chief Compliance
Officer Property & Casualty