



Name of Company	Domicile	NAIC Code	Maine License Number	Date of First Maine License
Company of America Travelers Indemnity Company of America	CT	25666	PCF585	7/1/1968
Travelers Property Casualty Company of America	CT	25674	PCF711	1/1/1973
St. Paul Mercury Insurance Co.	CT	24791	PCF576	10/9/1967
St. Paul Fire & Marine Insurance Co.	CT	24767	PCF575	7/1/1956
St. Paul Guardian Insurance Co.	CT	24775	PCF701	10/27/1972
Standard Fire Insurance Co.	CT	19070	PCF584	7/1/1961
Charter Oak Fire Insurance Co.	CT	25615	PCF403	8/19/1959
Discover Property & Casualty Insurance Co.	IL	36463	PCF92565	2/4/2003
Farmington Casualty Co.	CT	41483	PCF995	5/2/1989
Travelers Commercial Casualty Co.	CT	40282	PCF83507	2/6/2002

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 Board issued thereunder (the "WCA").

3. In October, 2007, the Board's Monitoring Audit & Enforcement Division (the "MAE Division") audited the records of the Companies with respect to claims filed under the WCA with dates of injury in 2006. This audit focused on compliance with WCA requirements for: form filing, timeliness of indemnity payments, and accuracy of indemnity benefits.
4. On March 10, 2010, the Board issued a Compliance Audit Report detailing its findings (the "Report").
5. In August, 2010, the Board and the Travelers Insurance Group entered into 23 consent decrees, in lieu of administrative hearings, addressing the findings in the Report. In one such decree (the "Consent Decree"), the Travelers Insurance Group agreed that it had "engaged in patterns of questionable claims-handling techniques in violation of Section 359(2)" of the WCA for the following reasons: (a) issues of non-compliance found in 2008 audit similar to findings in 2004 audit, (b) compliance rates of the 2004 corrective action plan and market conduct examination not consistently maintained, (c) failure to timely file forms with the Board, (d) reporting incorrect information on Board forms, (e) failure to distribute Board forms in accordance with Rules and Regulations, (f) failure to pay benefits timely, and (g) failure to pay or accurately pay claims.
6. On August 16, 2010, the Board certified these findings to the Superintendent as required by 39-A M.R.S.A. § 359(2).
7. Travelers and its claim administrators have voluntarily participated in multiple WCB training sessions that were held for all carriers, including as recently as April 14 – 15, 2011.

8. Notwithstanding the findings of the Report and the consent decrees entered into with the Board, the Travelers Insurance Group has not undergone a formal Board review for accuracy of indemnity claims paid after January 1, 2007. By letter dated January 23, 2012, the Board advised the Group that an audit of indemnity claims with 2011 dates of injury is about to be conducted ("2011 Claims Audit").

## II

### MAINE LAW

9. 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

10. Each Company violated 39-A M.R.S.A. § 359(2) by engaging in a pattern of questionable claims-handling techniques and/or repeated unreasonably contested claims through December 31, 2006.
11. The Superintendent is required, pursuant to the Board's August 16, 2010 certification of its findings that each Company engaged in a pattern of questionable claims-handling techniques and/or repeated unreasonably contested claims, to take appropriate action to bring those practices to a halt.

## IV

### COVENANTS

12. Each Company shall comply with each provision of this Agreement. However, the Companies may, unless otherwise provided herein, act as a group to comply with any affirmative obligation under this Agreement, including delivering to the Superintendent the reports and certifications pursuant to paragraphs 14 and 15, provided that (a) each Company shall take all necessary steps to authorize any group action on its behalf, and (b) all Companies wishing to act as a group remain affiliated with each other. Each Company acknowledges and agrees that a breach of this Agreement resulting from any group action shall constitute an individual breach of this Agreement by each Company.
13. Each Company shall bring to a halt the pattern of questionable claims-handling techniques and/or unreasonably contested claims as set forth in this Agreement.
14. Within thirty (30) days after executing this Agreement, the Companies shall adopt, and deliver to the Superintendent for approval, with a copy to the WCB Deputy Director, MAE Division, written procedures that ensure 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. ensuring compliance with the benchmarks in Exhibit A;
- b. ensuring supervisory and front-line staff are experienced in handling workers' compensation claims in Maine;
- c. training in-house and third-party administrator claims personnel on the provisions of the WCA concerning derivation of benefit levels from average weekly wages and accuracy of indemnity payments;
- d. ensuring that employers cooperate in meeting the reporting requirements of the WCA;
- e. ensuring that third-party administrators working on behalf of the Travelers Insurance Group comply with the requirements of the WCA;
- f. maintaining claims payment standards through ongoing staff and third-party administrator education and supervision;
- g. implementing adequate claim review procedures, to include monitoring the accuracy and timeliness of WCB form filings and indemnity payments; and
- h. auditing, on at least a quarterly basis, all indemnity claims, excluding those claims audited by the Board as part of the 2011 Claims Audit, to measure compliance with the benchmarks in Exhibit A.

The Travelers Insurance Group shall deliver to the Superintendent and the WCB Deputy Director, MAE Division, the results of the audits referred to in subparagraph (h) for four (4) successive calendar quarters starting with the quarter in which the Travelers Insurance Group executes this Agreement. The Travelers Insurance Group shall deliver each audit report within thirty (30) days after the end of the applicable calendar quarter. Within forty-five (45) days thereafter, the Superintendent may call a meeting with the Travelers Insurance Group to discuss any concerns he may have with the Traveler Insurance Group's claims performance during the period covered by such audit report. Failure to call any such meeting shall not waive any of the Superintendent's or the Attorney General's rights under this Agreement. The Travelers Insurance Group shall deliver with the last audit report (the "Final Self-Audit Report"), a certification in the form attached as Exhibit B, attesting to the accuracy of all claims performance audit information required under this Agreement. The Travelers Insurance Group shall also deliver, upon the Superintendent's or the WCB Deputy Director's request, any and all work papers and documents, in any format, in its possession, custody or control, related to any Self-Audit Report.

15. The Travelers Insurance Group shall, for the period starting January 1, 2007 and ending December 31, 2010:
  - a. submit to the Bureau of Insurance within 30 days of the execution of this Agreement, an electronic spreadsheet listing all claims adjusted in the above time periods, excluding those discharged under 39-A M.R.S.A § 352, for the purpose of allowing the Bureau to designate a statistically valid random sample of claims, for each calendar year (the "Designated Claims"), for further review by the Companies;
  - b. review the Designated Claims, the incapacity periods, and indemnity benefits, penalties and interest originally paid thereon;

- c. recalculate the benefits, penalties and interest to ensure their compliance with the WCA;
- d. pay to the appropriate claimants any deficiencies, with the penalties and interest provided for in the WCA, and file with the Board such related forms as the WCA requires; and
- e. deliver to the Superintendent and the WCB Deputy Director, MAE Division, by the date the Travelers Insurance Group must deliver the Final Self-Audit Report, an electronic spreadsheet report viewable in Microsoft Excel listing each claim so reviewed (the "Look-Back Report"). The Look-Back Report shall contain the following data, safeguarded in accordance with the WCA, for each Designated Claim:
  - i. the Board number, if known;
  - ii. the claimant's Social Security number (general format/no dashes);
  - iii. the claimant's last and first name (in that order);
  - iv. the date of injury;
  - v. Company name and claim file number; the incapacity periods;
  - vi. the amount of indemnity originally paid;
  - vii. whether or not the claim was settled under 39-A M.R.S.A. § 352 (Y or N) and the date of such settlement;
  - viii. the amount of indemnity paid after review;
  - ix. the amount of penalties paid after review;
  - x. the amount of interest paid after review;
  - xi. the amount of overpayment upon review; and
  - xii. the name of the person conducting the review.

The Travelers Insurance Group shall deliver with the Look-Back Report a certification attesting to the accuracy of all information in the report, in the form attached as Exhibit B.

This paragraph shall not apply to any claims that are subject to the audits described in paragraph 14, to any claims that have been discharged under 39-A M.R.S.A § 352, or to any claims that were previously presented to any Company or third-party administrator working on behalf of a Company that were previously audited by the Board and subsequently corrected by the Company or third-party administrator.

- 16. Should the Superintendent, in his sole and absolute discretion, determine, within twelve (12) months after receiving the (i) Final Self-Audit Report or (ii) Look-Back Report, that the Companies either:
  - a. on an aggregate basis, did not meet or exceed on average the benefit payment and form filing benchmarks in Exhibit A during the self-audit review period described in paragraph 14, then each Company shall deliver a civil penalty of Two Thousand Five Hundred (\$2500) to the Superintendent within thirty (30) days of receiving the determination, and/or
  - b. failed to correct deficiencies in indemnity benefits as required by paragraph 15.d, including penalties and interest due thereon, pursuant to the WCA, or as may be



further required pursuant to paragraph 17, resulting in compliance with the WCA in less than 93 percent of claims required to be reviewed pursuant to those paragraphs, then each Company shall deliver a civil penalty of One Thousand Dollars (\$1000) to the Superintendent within thirty (30) days of receiving the determination.

Each Company agrees that (i) any civil penalties assessed under subsection (a) or (b) above will have resulted from its continued failure through the delivery date of either the Final Self-Adult Report or the Look-Back Report, to halt the pattern of questionable claims-handling techniques established by the Consent Decree, (ii) in declaring the Civil Penalty due, the Superintendent may rely on the Self-Audit Reports and the Look-Back Report as conclusive evidence of the fact and extent of such failure, and (iii) the amount of this penalty will not limit further measures, penalties or remedies that the Superintendent or the Attorney General may impose or seek under paragraph 27 below.

17. Should the Superintendent, in his sole and absolute discretion, determine within twelve (12) months after receiving either the Look-Back Report or the Board's report of the 2011 Claims Audit, that the Companies in aggregate, for any calendar year for which claims were reviewed, failed to achieve a 93% compliance rate in accurately calculating either (a) average weekly wage, (b) weekly compensation rate, (c) partial benefits, or (d) indemnity, the Companies shall review all claims paid in each calendar year in which the Companies were noncompliant for the specific purpose of identifying and correcting inaccurate payments to claimants. Should the Superintendent order such an expanded review, the Companies shall within 12 months complete the review and submit a report to the Superintendent setting forth the process employed to conduct the review and the results of the review. The Companies shall provide, upon the Superintendent's request, any additional documentation reasonably necessary for the Superintendent to verify that the review was properly completed.
18. The Companies shall pay, as provided by law, the Superintendent's reasonable costs and expenses of monitoring their compliance with, and enforcing the Companies' obligations under, this Agreement. The Companies shall be jointly and severally liable for these costs and expenses.
19. The Companies shall not recoup any payments of refunds, interest, or civil penalties made under this Agreement or any costs associated with complying with this Agreement in any future rate adjustments.
20. The Travelers Insurance Group shall ensure that third-party administrators working on its behalf comply with the WCA and this Agreement. The Companies acknowledge their continued responsibility for the actions of any third-party.

## V

### MISCELLANEOUS

21. Any action that this Agreement permits the Superintendent to take may be taken against all or any of the Companies.
22. The Companies waive any:
  - a. hearing rights arising from this Agreement,

- b. any action that may be taken by the Superintendent pursuant to this Agreement, including but not limited to the imposition of the penalty specified in paragraph 16 and agree they will make no appeal from this Agreement; and
  - c. objection to the Board's release to the Superintendent and the Attorney General of claim of confidentiality of Board "audit working papers," as defined in section 153 of the WCA, related to any audit of any Company and, in connection with this waiver, to the use of such papers by the Superintendent and Attorney General for purposes related to the implementation and enforcement of this Agreement.
23. 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 Regulatory Information Retrieval System database at the National Association of Insurance Commissioners.
24. The Companies have been advised of their right to consult with counsel and have, in fact, consulted with counsel before executing this Agreement.
25. This Agreement does not bind any person or entity not a party to this Agreement, or limit the Superintendent's ability to seek any available legal remedy for any violations of the WCA or the Maine Insurance Code against any Travelers Insurance Group affiliate or subsidiary not a party to this Agreement or against any entity from which any Company obtains WCA claims administrator services.
26. Nothing in this Agreement shall limit the ability of the Superintendent, in his sole and absolute discretion, in order to determine whether any Company has brought to a halt all violations of 39-A M.R.S.A. § 359(2) established by the Consent Decree, to investigate:
- a. the handling of the Travelers Insurance Group's indemnity claims having dates of injury after December 31, 2006;
  - b. the accuracy of the self-audit quarterly review described in paragraph 14; or
  - c. the accuracy of the indemnity claim review described in paragraph 15;
  - d. any other matters involving potential violations of the WCA or the Maine Insurance Code.
27. The purpose of the self-audit quarterly review described in paragraph 14 and the indemnity claim review described in paragraph 15 is to bring to a halt the violations established by the Consent Decree. Therefore, in consideration of the Companies' execution of this Agreement, the Superintendent and the Attorney General shall not pursue civil penalties, disciplinary measures or other civil or administrative sanctions, other than those agreed to herein, for violations established by the Consent Decree that continue through the period of the paragraph 14 and paragraph 15 reviews. However, the Superintendent or the Attorney General may pursue any available legal remedy, including without limitation imposition of additional civil penalties and the limitation, suspension or revocation of workers' compensation authorities issued to any Company by the Superintendent should any Company:
- a. engage in conduct that violates 39-A M.R.S.A. § 359(2) after the period of the paragraph 14 and paragraph 15 reviews; or

- b. violate any provision of this Agreement other than as described in subsections (a) and (b) of paragraph 16; or
  - c. otherwise violate Maine law.
28. The effective date of this Agreement is the date entered in the Superintendent's signature line below.
29. This Agreement may be modified only by the written consent of all parties.

[THE REMAINDER OF THIS PAGE IS LEFT BLANK INTENTIONALLY.]



TRAVELERS INSURANCE GROUP

Dated: \_\_\_\_\_, 2011

[NAME] COMPANY

By: Michelle L. Lynch

Its: Michelle L. Lynch, CCVP  
Printed Name and Title

Subscribed and sworn to before me this 2nd day of March, 2012

Tracy Beaudoin  
Notary Public  
Tracy Beaudoin  
Printed name  
3-19-15  
Date commission expires

Dated: 3/21, 2012

OFFICE OF THE MAINE ATTORNEY GENERAL

3/7/12

[Signature]  
Jonathan R. Bolton  
Assistant Attorney General

Effective Date: 4/2/12, 2011

MAINE BUREAU OF INSURANCE

[Signature]  
Eric A. Croppa  
Superintendent

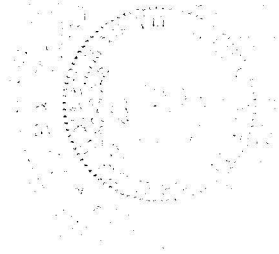




Exhibit B

Form of Certification

IN RE: TRAVELERS INSURANCE GROUP

)
)
) AFFIDAVIT OF
) CORPORATE OFFICER
)
)
) Docket No. INS-11-204
)
)

The undersigned, being duly sworn, says:

- 1. Terms used but not defined in this affidavit shall have the meanings given them in the Consent Agreement entered into between the above Companies, the Superintendent and the Attorney General under Bureau docket number INS-11-204.
2. I have read and understand the Consent Agreement and exhibits attached thereto.
3. I understand that the Board and Bureau may rely on the truthfulness of the information contained in and materials attached to this affidavit and that the truthfulness of this information is material to the ability of the Superintendent and the Board to evaluate the Companies' compliance with the Consent Agreement.
4. I have read the materials attached to this affidavit. They accurately and completely summarize the information contained therein, as required by [paragraph 14/paragraph 15] of the Consent Agreement.
5. I hold the position identified below and have obtained all necessary authority from each of the Companies to give this affidavit on its behalf in connection with the proceedings undertaken as Bureau Docket No. INS-11-204.

(name typed or printed)
(position typed or printed)
(company name typed or printed)

Acknowledgement

State of
County of

Personally appeared before me on 2012, the above named and, being duly sworn, affirmed that this affidavit is based upon his or her personal knowledge and is true and correct.

Before me,

Notary Public/Attorney-at-Law

[seal]

Printed Name:

My Commission Expires:

RECEIVED

MAR 07 2012

ATTORNEY GENERAL