



# State of Connecticut

## *Insurance Department*

THOMAS R. SULLIVAN  
COMMISSIONER

### **OFFICIAL NEWS RELEASE**

FOR IMMEDIATE RELEASE

July 23, 2009

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## **Connecticut Insurance Department Fines Safeco Companies \$434,000**

*Hartford* — Connecticut Insurance Commissioner Thomas R. Sullivan signed an order this week fining five Safeco subsidiaries a total of \$434,000 for improper cancellations, improper rating, and unlicensed agents and adjusters among other violations to state law.

The total fine amount is a result of smaller fines assessed to subsidiary companies.

Violations and fines varied by company.

American Economy Insurance Company, Indiana	\$41,000
American States Insurance Company, Indiana	\$68,000
General Insurance Company of America, Washington	\$76,000
Safeco Insurance Company of America, Washington	\$144,500
Safeco Insurance Company of Illinois, Illinois	\$104,500

"While the Connecticut Insurance Department acknowledges Safeco's commitment to corrective action, we are disturbed by the number and breadth of violations our exam team uncovered. Our examination of this firm calls into question the extent to which they have proper compliance monitoring and controls." said Commissioner Sullivan, "On behalf of consumers of this state, we will be actively scrutinizing this company going forward to ensure they are committed to conducting business within the boundaries of our insurance laws."

While the violations varied by company, there were consistent violations related to instances of unlicensed adjusters and agents not appointed. In Connecticut, Insurance companies are required by law to formally appoint and register with the state all agents who sell insurance products on their behalf. When combined, Safeco and its subsidiaries had 55 instances where agents were not appointed and 93 instances where individuals acted as a casualty adjuster without being licensed in accordance with Connecticut law.

Other violations included instances where companies did not include in their settlement, the amount attributed to one's inability to use their property, which is commonly referred to as 'loss of use'. Violations of 'loss of use' occurred, on average, 23% of the time, across all subsidiary companies.

Additionally, numerous underwriting and rating errors resulting in under and over charging of premiums and incorrect coverage amounts were found across all companies which contributed to the significant fine. These errors were primarily related commercial products.

The company complied with the stipulation and final order, and will submit a compliance report to the commissioner within 90 days.

#### **ABOUT THE CONNECTICUT INSURANCE DEPARTMENT**

The mission of the Connecticut Insurance Department is to serve consumers in a professional and timely manner by providing assistance and information to the public and to policy makers, by regulating the insurance industry in a fair and efficient manner which promotes a competitive and financially sound insurance market for consumers, and by enforcing the insurance laws to ensure that consumers are treated fairly and are protected from unfair practices. For more information, visit the Connecticut Insurance Department at [www.ct.gov/cid](http://www.ct.gov/cid).

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