

**[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938,  
THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE  
CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]**

**WEBSITE PUBLISHED REPORT OF THE MARKET CONDUCT  
EXAMINATION OF THE CLAIMS PRACTICES OF**

**TRAVELERS CASUALTY AND SURETY  
COMPANY OF AMERICA  
NAIC # 31194 CDI # 2444-8**

**AS OF FEBRUARY 28, 2014**

**ADOPTED SEPTEMBER 30, 2014**

**STATE OF CALIFORNIA**



**CALIFORNIA DEPARTMENT OF INSURANCE  
MARKET CONDUCT DIVISION  
FIELD CLAIMS BUREAU**

## NOTICE

**The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.**

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**DEPARTMENT OF INSURANCE**

Consumer Services and Market Conduct Branch  
Field Claims Bureau, 11th Floor  
300 South Spring Street  
Los Angeles, CA 90013



September 30, 2014

The Honorable Dave Jones  
Insurance Commissioner  
State of California  
300 Capitol Mall  
Sacramento, California 95814

Honorable Commissioner:

Pursuant to instructions, and under the authority granted under Part 2, Chapter 1, Article 4, Sections 730, 733, 736, and Article 6.5, Section 790.04 of the California Insurance Code; and Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a) of the California Code of Regulations, an examination was made of the claims handling practices and procedures in California of:

**Travelers Casualty and Surety Company of America  
NAIC # 31194**

**Group NAIC # 3548**

Hereinafter, the Company listed above also will be referred to as the Company.

This report is made available for public inspection and is published on the California Department of Insurance website ([www.insurance.ca.gov](http://www.insurance.ca.gov)) pursuant to California Insurance Code section 12938(b)(1).

## FOREWORD

The examination covered the claims handling practices of the aforementioned Company on Surety and Fidelity claims closed during the period from March 1, 2013 through February 28, 2014. The examination was made to discover, in general, if these and other operating procedures of the Company conform to the contractual obligations in the policy forms, the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law. This report contains all alleged violations of laws that were identified during the course of the examination.

The report is written in a “report by exception” format. The report does not present a comprehensive overview of the subject insurer’s practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer’s proposals for correcting the deficiencies. When a violation that reflects an underpayment to the claimant is discovered and the insurer corrects the underpayment, the additional amount paid is identified as a recovery in this report. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Company responses, if any, have not undergone a formal administrative or judicial process.

## **SCOPE OF THE EXAMINATION**

To accomplish the foregoing, the examination included:

1. A review of the guidelines, procedures, training plans and forms adopted by the Company for use in California including any documentation maintained by the Company in support of positions or interpretations of the California Insurance Code, Fair Claims Settlement Practices Regulations, and other related statutes, regulations and case law used by the Company to ensure fair claims settlement practices;

2. A review of the application of such guidelines, procedures, and forms, by means of an examination of a sample of individual claims files and related records;

3. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about the Company closed by the CDI during the period March 1, 2013 through February 28, 2014; a review of previous CDI market conduct claims examination reports on the Company; and a review of prior CDI enforcement actions.

The review of the sample of individual claims files was conducted at the offices of the Company in San Francisco, California.

## **EXECUTIVE SUMMARY OF CLAIMS SAMPLE REVIEWED**

The Surety and Fidelity claims reviewed were closed from March 1, 2013 through February 28, 2014, referred to as the “review period”. The examiner randomly selected 98 claims files for examination. The examiner cited no alleged claims handling violations of the California Insurance Code and the California Code of Regulations from this sample file review.

## **RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER COMPLAINTS AND INQUIRIES, PREVIOUS EXAMINATIONS, AND PRIOR ENFORCEMENT ACTIONS**

Except as noted below, market analysis did not identify any specific issues of concern.

The Company was the subject of six California consumer complaints and inquiries closed from March 1, 2013 through February 28, 2014, in regard to the Surety and Fidelity lines of business reviewed in this examination. Of the complaints and inquiries, the CDI determined one complaint was justified and alleged one violation of law for the failure to record the date a claim was received. This issue was not identified in the current examination.

There have been no prior claims examinations conducted upon this Company.

The Company has not been the subject of a prior enforcement action by the California Department of Insurance.

## DETAILS OF THE CURRENT EXAMINATION

Further details with respect to the examination and alleged violations are provided in the following tables and summaries:

<b>TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA SAMPLE FILES REVIEW</b>			
<b>LINE OF BUSINESS / CATEGORY</b>	<b>CLAIMS IN REVIEW PERIOD</b>	<b>SAMPLE FILES REVIEWED</b>	<b>NUMBER OF ALLEGED CITATIONS</b>
Surety / Paid	14	2	0
Surety / Denied	65	9	0
Surety / Closed without Payment	356	49	0
Fidelity / Paid	27	11	0
Fidelity / Denied	15	3	0
Fidelity / Closed without Payment	45	24	0
<b>TOTALS</b>	522	98	0

### TABLE OF TOTAL CITATIONS

<b>Citation</b>	<b>Description of Allegation</b>	<b>TRAVELERS CASUALTY AND SURETY COMPANY OF AMERICA Number of Alleged Citations</b>
<b>Total Number of Citations</b>		<b>0</b>

**TABLE OF CITATIONS BY LINE OF BUSINESS**

<b>SURETY</b> 2013 Written Premium: \$93,654,164.44  AMOUNT OF RECOVERIES        \$0	<b>NUMBER OF CITATIONS</b>
<b>SUBTOTAL</b>	<b>0</b>

<b>FIDELITY</b> 2013 Written Premium: \$12,211,735.00  AMOUNT OF RECOVERIES        \$0	<b>NUMBER OF CITATIONS</b>
<b>SUBTOTAL</b>	<b>0</b>

<b>TOTAL</b>	<b>0</b>
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## **SUMMARY OF EXAMINATION RESULTS**

There were no citations alleged or criticisms of insurer practices made within the scope of this report. There were no recoveries discovered within the scope of this report.