



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

### Market Conduct Report

of

### Privilege Underwriters Reciprocal Exchange

August 21, 2024

The Market Conduct Division of the Connecticut Insurance Department examined by survey the market conduct practices of Privilege Underwriters Reciprocal Exchange using a sample period of January 1, 2022 through December 31, 2022. The examination survey was limited to Connecticut Property and Casualty insurance business.

Privilege Underwriters Reciprocal Exchange is domiciled in the state of Florida. By authority granted under §38a-15 of the Connecticut General Statutes, this examination survey was conducted by Market Conduct examiners of the State of Connecticut Insurance Department (Market Conduct) at the Department offices in Hartford, Connecticut.

The purpose of the examination survey was to evaluate the Company's market conduct practices in the State of Connecticut. The examiners reviewed the Company's survey response, which included new business, claims, complaints and underwriting information requested for the examination period.

The Department's findings are as follows:

- Thirty-one (31) entities acting as an agents of Respondent without the required appointment
- Ninety-Five (95) individuals acting as agents of Respondent without the required appointment
- Thirty-One (31) instances where the Respondent failed to undertake to pay Loss of Use
- Failure to take proper corrective action regarding producer appointments as mandated by Consent order MC 16-124, executed December 29, 2016

As it relates to the issues listed above, the Company was not in compliance with applicable Connecticut Statutes and Regulations.



# STATE OF CONNECTICUT

## INSURANCE DEPARTMENT

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IN THE MATTER OF: DOCKET MC 24-117  
PRIVILEGE UNDERWRITERS RECIPROCAL EXCHANGE:  
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### STIPULATION AND CONSENT ORDER

It is hereby stipulated and agreed between Privilege Underwriters Reciprocal Exchange and the State of Connecticut Insurance Department by and through Andrew N. Mais, Insurance Commissioner to wit:

#### I

WHEREAS, pursuant to a Market Conduct examination, the Insurance Commissioner alleges the following with respect to: Privilege Underwriters Reciprocal Exchange

1. Privilege Underwriters Reciprocal Exchange, hereinafter referred to as Respondent, is domiciled in the State of Florida and is licensed to transact property and casualty insurance in the State of Connecticut. The NAIC company code number is 12873.
2. From January 1, 2024 through August 15, 2024, the Department conducted an examination of Respondent's market conduct practices in the State of Connecticut covering the period January 1, 2022 through December 31, 2022.
3. During the period under examination, Respondent failed to follow established practices and procedures to ensure compliance with statutory requirements resulting in instances of:
  - (a) Thirty-one (31) entities acting as an agents of Respondent without the required appointment
  - (b) Ninety-Five (95) individuals acting as agents of Respondent without the required appointment
  - (c) Thirty-One (31) instances where the Respondent failed to undertake to pay Loss of Use
  - (d) Failure to take proper corrective action regarding producer appointments as mandated by Consent order MC 16-124, executed December 29, 2016

4. The conduct described in paragraph three is in violation of Sections 38a-702m of the Connecticut General Statutes, and 38a-334-2(c) and 38a-334-5(a) of the Connecticut Regulations and constitutes cause for the imposition of a fine or other administrative penalty under Sections 38a-2 and 38a-41 of the Connecticut General Statutes.

II

1. WHEREAS, Respondent admits the allegations in paragraphs three and four of Article I of this Stipulation and Consent Order; and
2. WHEREAS, Respondent agrees to undertake a complete review of its practices and procedures, with respect to those areas of concern, as described in the Market Conduct Report and this Stipulation, so that those areas of concern are compliant with Connecticut Statutes; and
3. WHEREAS, Respondent agrees to provide the Insurance Commissioner with a full report of findings and a summary of actions taken to comply with the requirements of paragraph two of this Section within ninety (90) days of the date of this document; and
4. WHEREAS, Respondent agrees to pay a fine in the amount of \$219,000 for the violations described herein; and
5. WHEREAS, Respondent, being desirous of terminating administrative action without the necessity of a formal hearing or further litigation, does consent to the making of this Consent Order and voluntarily waives:
  - a. any right to notice and a hearing; and
  - b. any requirements that the Insurance Commissioner's decision contain a statement of findings of fact and conclusions of law; and
  - c. any and all rights to object to or challenge before the Insurance Commissioner or in any judicial proceeding any aspect, provision or requirement of this Stipulation

NOW THEREFORE, upon the consent of the parties, it is hereby ordered and adjudged:

1. That the Insurance Commissioner has jurisdiction of the subject matter of this administrative proceeding.
2. That Respondent is fined the sum of Two Hundred and Nineteen Thousand Dollars (\$219,000) for the violations herein above described.

Privilege Underwriters Reciprocal Exchange

By: Kirk J. Rasbowski  
(Representative of Insurance Company)

CERTIFICATION

The undersigned deposes and says that she/he has duly executed this Stipulation and Consent Order on this 8 day of October 2024, for and on behalf of Privilege Underwriters Reciprocal Exchange; that she/he is the Secretary of such company, and she/he has authority to execute and file such instrument.

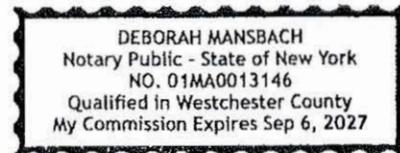
By: Kirk J. Raslowky  
STATE OF New York

SS

COUNTY OF Westchester

On the 8 day of October 2024, before me personally appeared Kirk Raslowky, sealer of the foregoing Stipulation and Consent Order, acknowledged same to be her/his act and deed.

Deborah Mansbach  
Notary Public/Commissioner of The Superior Court



*Section Below To Be Completed by State of Connecticut Insurance Department*

Dated at Hartford, Connecticut this 16th day of October 2024.

Andrew N. Mais  
Insurance Commissioner