



STATE OF MAINE  
DEPARTMENT OF PROFESSIONAL  
AND FINANCIAL REGULATION  
BUREAU OF INSURANCE  
34 STATE HOUSE STATION  
AUGUSTA, MAINE  
04333-0034

ANGUS S. KING, JR.  
GOVERNOR

ALESSANDRO A. IUPPA  
SUPERINTENDENT

**In re: Zurich U.S.: Late Payment  
Fees**

**STATE OF MAINE  
BUREAU OF INSURANCE  
Docket No. INS-01-2508**

**CONSENT AGREEMENT**

This document is a Consent Agreement authorized by Title 10 M.R.S.A. § 8003(5), entered into between and among Assurance Company of America, a New York corporation, Maine Bonding and Casualty Company, a Maine corporation, Maryland Casualty Company, a Maryland corporation, Northern Insurance Company of New York, a New York corporation (collectively, the “Zurich Companies”), the Maine Bureau of Insurance (the “Bureau”) and the Maine Department of the Attorney General (the “Department”). Its purpose is to resolve, in lieu of an adjudicatory proceeding, violations of the Maine Insurance Code, including Title 24-A M.R.S.A. §§ 2304-A, 2316 and 2174.

**STATEMENT OF FACTS**

1. The Superintendent of Insurance (the “Superintendent”) is the official charged with administering and enforcing Maine’s insurance laws and regulations. The Bureau is the agency with jurisdiction over same.
2. The Zurich Companies are licensed to sell certain property and casualty insurance policies in the State of Maine.
3. The Zurich Companies have issued certain property and casualty insurance policies in the State of Maine.
4. As part of its implementation of a new servicing model, the Zurich Companies migrated certain IT systems with other systems in the Zurich Group. The new system was designed to automatically include a late fee or charge for any bill for which premium is past due. As a result of this migration, certain bills for premium owed to the Zurich Companies were sent to Maine insureds containing a late fee or charge in the amount of twenty dollars for late premium payments.
5. None of the Zurich Companies’ rate filings at the Bureau reference or include a fee or charge for late premium payments. The Bureau has not authorized the use of such fees or charges by the Zurich Companies.
6. As soon as the Zurich Companies were notified that these charges were not permitted in Maine, the Zurich Companies immediately altered the system to ensure no further fees or charges for late payments would be sent to Maine insureds.



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7. The Zurich Companies are unable to accurately verify each and every bill sent to a Maine insured that may have contained a fee or charge for late payment.

### CONCLUSIONS OF LAW

8. Pursuant to Title 24-A M.R.S.A. §§ 2174 and 2316, an insurer may not charge a fee or premium in connection with a property or casualty insurance policy in excess of those rates and charges filed with and approved by the Bureau in accordance with Title 24-A M.R.S.A. § 2304-A (except as otherwise provided pursuant to Title 24-A M.R.S.A. § 2308).

9. Any charge or fee used by an insurer, including a fee or charge for late premium payments, in connection with a property or casualty insurance policy must be filed with and approved by the Bureau in accordance with Title 24-A M.R.S.A. § 2304-A.

10. The Zurich Companies had not filed with the Bureau the late fee or charge included in certain bills mailed to Maine insureds during the relevant period. The Zurich Companies, therefore, unintentionally violated the rating laws of the Maine Insurance Code, including Title 24-A M.R.S.A. §§ 2304-A, 2316 and 2174.

### COVENANTS

11. The Zurich Companies, the Bureau and the Department agree to the following:

12. This Consent Agreement is entered into in accordance with Title 10 M.R.S.A. § 8003(5) and is not subject to review or appeal.

13. For six months beginning from the date of this Consent Agreement, the Zurich Companies will include in their direct bill statements mailed to every Maine insured the following notice: "Your past direct bill statements may have included a late fee charge in error. These late fees were not authorized for this insurance under Maine law. If you find that such a charge was included on your direct bill statements in the past, please contact us at 1-800-332-6641."

14. In addition to the notice in the direct bill statements, the Zurich Companies will send correspondence to all of their producers in Maine notifying them that fees for late premium payments may have been impermissibly charged to certain Maine insureds and that a notice to this effect will be included in the Zurich Companies' direct bill statements for a six month period.

15. The Zurich Companies agree to either reimburse any late charges paid, or credit the account of an insured in the amount of any late charges paid, for any late charges that the Zurich Companies, either as a result of their own efforts, or from correspondence from a producer, insured or otherwise, discover was paid by an insured in Maine.

16. No later than seven months from the date of this Consent Agreement, the Zurich Companies will provide the Bureau with a report detailing the total number of late charges paid by Maine insureds as reported to the Zurich Companies either as a result of their own efforts or from correspondence from a producer, insured or otherwise and the total reimbursements and/or credits given to such insureds.

17. The Zurich Companies agree not to charge any fees or charges in connection with insurance policies in Maine now or in the future unless such charges are filed with and expressly approved by the Bureau

**MISCELLANEOUS**

18. The Zurich Companies understand and acknowledge that this Consent Agreement will constitute a public record within the meaning of 1 MRSA § 402, and will be available for public inspection and copying as provided for by 1 MRSA § 408, and will be reported to the NAIC "RIRS" database.


19. The Bureau may initiate a legal action to enforce the provisions of this agreement and may seek an order to revoke or suspend any or all of the Zurich Companies' licenses in the State of Maine in the event that they do not comply with the above terms.

20. Nothing in this Agreement shall affect the rights or interests of any person who is not a party to this Agreement.

**EXECUTION PAGE – ZURICH U.S. CONSENT AGREEMENT**

Dated: May 9, 2001


**Assurance Company of America,  
Maine Bonding and Casualty  
Maryland Casualty Company,  
Northern Insurance Company of New York.**

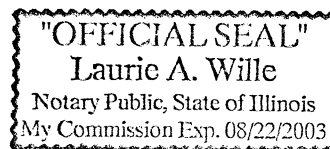
by:   
\_\_\_\_\_  
**DAVID A. BOWERS**  
(printed name)

Its Vice President

State of ~~Maine~~ Illinois  
County of COOK

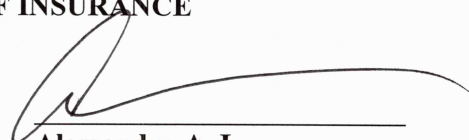
Subscribed and Sworn to before me  
this 9<sup>th</sup> day of May, 2001.

  
\_\_\_\_\_  
Notary Public/ Attorney



FOR THE MAINE BUREAU OF INSURANCE

Dated: 5/15, 2001

  
Alessandro A. Iuppa  
Superintendent

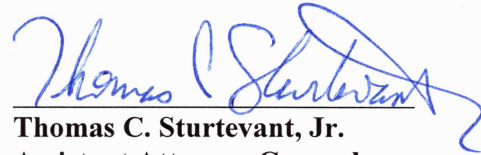
STATE OF MAINE  
KENNEBEC, SS.

Subscribed and Sworn to before me  
this 15<sup>TH</sup> day of May, 2001.

  
Notary Public/Attorney-at-Law

FOR THE MAINE ATTORNEY GENERAL

Dated: May 15, 2001

  
Thomas C. Sturtevant, Jr.  
Assistant Attorney General