



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 HANOVER** )  
**INSURANCE COMPANY** ) **CONSENT AGREEMENT**  
 )  
**Docket No. INS-01-2526** )

Hanover Insurance Company, the Maine Superintendent of Insurance (the "Superintendent"), and the Maine Department of the Attorney General hereby enter into this Consent Agreement, pursuant to 10 M.R.S.A. § 8003(5)(B), to resolve, without an adjudicatory proceeding, issues arising out of Hanover's conduct under a license issued by the Superintendent.

*Stipulations*

1. The Superintendent is the official charged with administering and enforcing the insurance laws of the State of Maine.
2. Hanover is domiciled in the State of ~~Massachusetts~~ <sup>New Hampshire</sup> and is authorized by the Superintendent to act as a workers' compensation insurer in the State of Maine.
3. Pursuant to 24-A M.R.S.A. §§ 2382-B(2) and 2384-C, each workers' compensation insurer doing business in Maine must participate in a data collection system established for the purpose of evaluating the costs and operation of the workers' compensation benefit delivery process and must report its experience to the National Council on Compensation Insurance (NCCI), the statistical advisory organization designated by the Superintendent, in accordance with the uniform statistical plan established by NCCI and approved by the Superintendent.
4. One component of the approved statistical plan is the request for Detailed Claims Information (DCI), under which carriers are required to randomly select a specified percentage of indemnity claims arising each month and report additional information on these claims, in order to provide insight into the underlying elements driving the aggregate costs of workers' compensation insurance.
5. In 1997, NCCI advised Hanover of its obligation to provide Maine DCI information "for claims effective January 1996 and after." After discussions between NCCI and Hanover representatives, NCCI sent a letter to Hanover on April 17, 1997, confirming Hanover's stated intention to come into compliance by May 15, 1997.



PRINTED ON RECYCLED PAPER

OFFICES LOCATED AT: 124 NORTHERN AVE., GARDINER, MAINE 04345

PHONE: (207) 624-8475 TDD (207) 624-8563 CUSTOMER COMPLAINT 1-800-300-5000 FAX: (207) 624-8599

6. Hanover has remained out of compliance, has not filed a compliance plan with NCCI, and the current NCCI Maine database shows no Hanover DCI claims. NCCI's most recent compliance requests include contacts on November 22, November 28, December 1, and December 21, 2000, and February 5, February 12, and May 14, 2001. Hanover did not respond to any of those contacts.

### *Covenants*

Hanover, the Superintendent, and the Department of the Attorney General agree to the following:

7. This Consent Agreement is entered into in accordance with 10 M.R.S.A. § 8003(5)(B) and is not subject to review or appeal. This Consent Agreement is enforceable by an action in the Superior Court.

8. Pursuant to 24-A M.R.S.A. § 12-A, Hanover agrees to pay a civil penalty of \$2000 for its failure to conduct required data reporting, and to pay a civil penalty of \$2000 for its failure to respond to inquiries by the statistical advisory organization. A check for \$4000, payable to the Treasurer of the State of Maine, shall be submitted at the time of the execution of this Agreement.

9. Hanover agrees to develop a DCI compliance plan acceptable to both NCCI and the Superintendent, and to submit a proposal within 20 days after the execution of this Agreement.

10. In consideration of Hanover's execution of and compliance with the terms of this Consent Agreement, the Superintendent agrees to forgo pursuing any disciplinary measures or other civil or administrative sanction for the actions described in the Stipulations, other than those agreed to in this Consent Agreement. However, should Hanover violate this Consent Agreement, the Superintendent reserves the right to pursue any available legal remedy for the violation, including without limitation the suspension or revocation of Hanover's certificate of authority to transact insurance in the State of Maine.

11. The parties to this Agreement understand that nothing herein shall affect any rights or interests that any person not a party to this Agreement may possess.


12. Hanover understands and acknowledges that this Agreement will constitute a public record within the meaning of 1 M.R.S.A. § 402, will be available for public inspection and copying as provided for by 1 M.R.S.A. § 408, and will be reported to the National Association of Insurance Commissioners' "RIRS" database.

13. Hanover has been advised of its right to consult with counsel, and has consulted with counsel before executing this Agreement.

14. This Consent Agreement may be modified only by a written agreement executed by all of the parties.

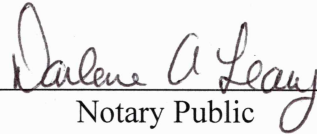
**FOR HANOVER**

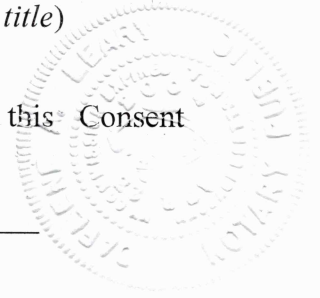
Dated: 7/26/01

  
\_\_\_\_\_  
(signature)

Lee D. Davidson A.V.P.  
(printed name and title)

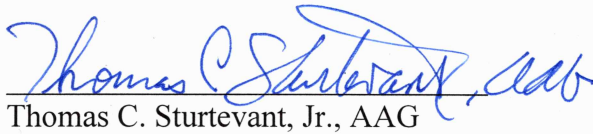
Personally appeared before me this day Lee D. Davidson, and signed this Consent Agreement in my presence.

  
\_\_\_\_\_  
Notary Public




**FOR THE DEPARTMENT OF THE ATTORNEY GENERAL**

Dated: 8/2/01

  
\_\_\_\_\_  
Thomas C. Sturtevant, Jr., AAG

**BY THE SUPERINTENDENT OF INSURANCE**

Dated: 8/2/01

  
\_\_\_\_\_  
Alessandro A. Iuppa, Superintendent



July 26, 2001

State of Maine  
Department of Professional and Financial Regulation  
Bureau of Insurance  
14 State House Station  
Augusta, ME 04333-0034  
ATT: Mr. Robert Alan Wake, Esq.

**Re: DCI Compliance  
Hanover Insurance Company**

Dear Mr. Wake:

This is in response to your letter of June 28, 2001 addressed to Jane Gordon of the Hanover Insurance Company regarding our DCI reporting activities. I want to apologize for our company's delay in the DCI reporting as well as our apparent non-responsiveness to the inquiries from the NCCI.

As requested in your letter, enclosed are two original executed consent orders. The \$4,000 check was inadvertently sent under separate cover yesterday. If you do not receive the check please contact me and I will take steps to issue a replacement.

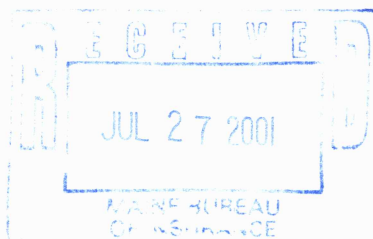
We are currently working on the process of adhering to the required DCI reporting. The Data Reporting area now reports directly to the Chief Compliance Officer and is committed to meeting its compliance obligations timely and accurately. We expect that the required reports will begin to be generated to the NCCI by the end of August.

I will forward you a more detailed compliance plan within the 20-day timeframe outlined in the consent order. That compliance plan will be consistent with the information provided to Pamela Heard of the NCCI.

Again, we apologize for the company delay in DCI reporting and any inconvenience that it may have inadvertently caused the Department. Please feel free to contact me directly at (508) 855-2075 if you have any other questions regarding this matter. We thank you for your cooperation.

Sincerely,

  
Lee D. Davidson  
Chief Compliance Officer  
Risk Management  
Hanover Insurance



Date: 7-30-2001

Payer: HANOVER INS CO

Check #: 20196992

Amount: \$4,000.00



Description: CONSENT AGREEMENT INS-01-2526

Name: HANOVER INS CO = PCF712