STATE OF TENNESSEE
BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE

IN THE MATTER OF:	)	
	)	
SELECTIVE INSURANCE COMPANY	)	
OF SOUTH CAROLINA	)	**TID Order No. 13-105**
	)	

CONSENT ORDER

The Insurance Division, of the Tennessee Department of Commerce and Insurance ("Division"), by and through counsel, and Selective Insurance Company of South Carolina, represented by Stephen D. Crosta (collectively referred to as "Selective"), hereby stipulate and agree, subject to the approval of the Commissioner of the Tennessee Department of Commerce and Insurance ("Commissioner"), as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Consent Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry of the Commissioner.

2. This Consent Order is executed by Selective for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Consent Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Consent

Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further participation or resolution of these proceedings.

3. Selective understands that this Consent Order will in no way preclude additional proceedings by the Commissioner for acts or omissions not specifically addressed in this Consent Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

4. Selective fully understands that this Consent Order will in no way preclude proceedings by state government representatives, other than the Commissioner, for violations of Title 56 of the Tennessee Code Annotated addressed specifically in this Consent Order, against Selective for violations of law under statutes, rules, or regulations of the State of Tennessee, which may arise out of facts, acts, or omissions contained in the Findings of Fact and Conclusions of Law stated herein, or which may arise as a result of the execution of this Consent Order by Selective.

5. Selective expressly waives all further procedural steps, and expressly waives all rights to seek judicial review of or to otherwise challenge or contest the validity of this Consent Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Consent Order by the Commissioner.

AUTHORITY AND JURISDICTION

6. The Commissioner has jurisdiction over this matter pursuant to the Tennessee Insurance Law ("Law"), Title 56 of the Tennessee Code Annotated, specifically Tenn. Code Ann. §§ 56-1-101, 56-1-202, 56-5-301, 56-5-306, and 56-5-317. The Law places on the Commissioner the responsibility of the administration of its provisions.

PARTIES

7. The Division is the lawful agent through which the Commissioner administers the Law and is authorized to bring this action for the protection of the public.

8. Selective is a foreign insurance company domiciled in Indiana, and has received a certificate of authority to sell insurance in the State of Tennessee.

FINDINGS OF FACT

9. On or around May 28, 2013, Selective notified the Division that the company had issued police professional policies using rates that were not approved by the Division. The Division had received a filing of forms and rates from Selective on February 13, 2008, that of which the Division marked as "filed" on March 27, 2008. The filing requested an effective date of July 1, 2008. The rates for the police professional policies, that are the subject of this Consent Order, were not included in the filing.

10. Absent the Division's approval of rates, Selective issued three (3) police professional policies in Tennessee. Selective has collected a total of Twenty–Nine Thousand Three Hundred Ninety Dollars ($29,390) for the following policies:

A) Policy number S1872805, in-force since October 12, 2008;

B) Policy number S1851718, in-force since July 14, 2009;

C) Policy number S1941419, in-force since July 1, 2010.

11. Selective currently has a rate filing submitted with the Division for approval of rates used for all future policies issued.

CONCLUSIONS OF LAW

12. Tenn. Code Ann. § 56-5-306(a)(1) provides, in pertinent part, that except for specified exceptions, "every insurer of commercial risk insurance shall file with the commissioner all rates, supplementary rate information, policy forms and endorsements, not later than fifteen (15) days after the effective date...."

13. Tenn. Code Ann. § 56-5-317(a) provides that:

> "[i]f the commissioner finds that any person or organization has violated this part, the commissioner may impose a penalty of not more than five hundred dollars ($500) for each violation, to be recovered for the use of the state in a civil action brought in the name of the state by the commissioner in a court of competent jurisdiction. Technical violations arising from systems or computer errors of the same type shall be treated as a single violation. In the event of an overcharge, if the insurer makes restitution, including payment of interest, no penalty shall be imposed."

14. Tenn. Code Ann. § 56-5-317(b) provides, that:

> "[t]he commissioner may, in lieu of subsection (a), impose a civil penalty after notice and hearing in accordance with the Uniform Administrative Procedures Act, compiled in Title 4, chapter 5, if the commissioner finds that any person or organization has violated this part. This civil penalty shall not exceed five hundred dollars ($500) for each violation as provided for in subsection (a)."

15. Based on the Findings of Fact stated above and the Conclusions of Law contained herein, the Commissioner finds the actions of Selective to be in violation of Tenn. Code Ann. § 56-5-306(a)(1) for issuing three (3) police professional liability policies using rates not approved by the Division, that remained in effect for a three (3) to five (5) year period.

16. Selective admits the Findings of Fact stated in Paragraphs 1 through 11, and understands that such findings could subject the company to sanctions specified in Tenn. Code Ann. § 56-5-317(a) or (b). In order to avoid further expenses or costs associated with litigating this matter in any administrative or judicial proceedings, Selective hereby acknowledges the

Commissioner's authority to administer the statutes cited herein, concedes that the Commissioner's interpretation of the statutes cited in the Conclusions of Law are reasonable and enforceable, and agrees to entry of this Consent Order, including each of the sanctions ordered by the Commissioner.

ORDER

NOW, THEREFORE, on the basis of the foregoing, and Selective's waiver of the right to a hearing and appeal under the Law and the Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101 to 4-5-404 (2011), and Selective's admission of jurisdiction of the Commissioner, the Commissioner finds that Selective, for the purpose of settling this matter admits to the Conclusions of Law, agrees to entry of this Order and agrees that this Order is in the public interest, necessary for the protection of consumers, and consistent with the purposes fairly intended by the policy and provisions of the Law.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 56-5-317(b) that Selective:

1. Pay **CIVIL PENALTIES** in the amount of Ten Thousand Dollars ($10,000). Payment will be made within two (2) weeks of the date this agreement is executed by the Commissioner, and payment shall be mailed to:

State of Tennessee
Department of Commerce and Insurance
Legal Office, Attn: Lauren Dantche
Davy Crockett Tower
500 James Robertson Parkway
Nashville, Tennessee 37243

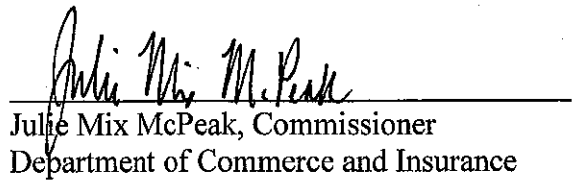
IT IS FURTHER ORDERED, that:

1. The Division shall limit publication of this Consent Order, containing Selective's admission of violations of Tenn. Code Ann. § 56-5-306(a)(1), to the Tennessee Department of Commerce and Insurance's website.

IT IS ORDERED that this Consent Order represents the complete and final resolution of, and discharge with respect to all administrative and civil, claims, demands, actions and causes of action by the Commissioner against Selective for violations of Tenn. Code Ann. § 56-5-306(a)(1) alleged by the Division to have occurred with respect to the transactions involving the above referenced policies and the facts contained herein.

This Consent Order is in the public interest and in the best interests of the parties, represents a compromise and settlement of the controversy between the parties, and is for settlement purposes only. By the signatures affixed below, Selective affirmatively states it has freely agreed to the entry of this Consent Order, that it waives the right to a hearing on the matters underlying this Consent Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made to it by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Consent Order, affirmatively state there agreement to be bound by the terms of this Consent Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of the settlement as set forth in this Consent Order, are binding upon them.

ENTERED this 8th day of January, 2014.



Julie Mix McPeak, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

Stephen Crosta
V.P. and Assistant General Counsel
Selective Insurance Company of South Carolina

Chlora Lindley-Myers
Deputy Commissioner
Department of Commerce and Insurance

Respectfully Submitted,

Nancy S. Jones,
Deputy Commissioner and General Counsel

By: _____
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