E26-13
ORDER NO. ~~E25~~

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF:

Proceedings by the Commissioner of Banking and Insurance, State of New Jersey, to revoke or suspend the Certificate of Authority and/or to fine Liberty Mutual Mid Atlantic Insurance Company, Wausau Underwriters Insurance Company, and Liberty Mutual Fire Insurance Company.	**ORDER TO SHOW CAUSE**

TO: Liberty Mutual Mid Atlantic Insurance Company
175 Berkeley Street
Boston, MA 02116

Wausau Underwriters Insurance Company
2000 Westwood Drive
Wausau, WI 54401

Liberty Mutual Fire Insurance Company
2000 Westwood Drive
Wausau, WI 54401

THIS MATTER, having been opened by the Commissioner of Banking and Insurance ("Commissioner"), State of New Jersey, upon information that Liberty Mutual Mid Atlantic Insurance Company, Wausau Underwriters Insurance Company, and Liberty Mutual Fire Insurance Company (collectively, "Respondents") may have violated various provisions of the insurance laws of the State of New Jersey; and

WHEREAS, Liberty Mutual Mid Atlantic Insurance Company ("Liberty Mutual Mid Atlantic") is a foreign insurance company admitted to transact business in New Jersey, pursuant to N.J.S.A. 17:32-1, since September 15, 1947; and

WHEREAS, Wausau Underwriters Insurance Company ("Wausau") is a foreign insurance company admitted to transact business in New Jersey, pursuant to N.J.S.A. 17:32-1, since August 8, 1980; and

WHEREAS, Liberty Mutual Fire Insurance Company ("Liberty Mutual Fire") is a foreign insurance company admitted to transact business in New Jersey, pursuant to N.J.S.A. 17:32-1, since April 24, 1922; and

WHEREAS, the Department of Banking and Insurance has general regulatory authority over insurance activities in New Jersey, pursuant to N.J.S.A. 17:1-1 to -28; and

WHEREAS, the Commissioner has wide discretion in his regulatory oversight of insurance companies and the general provisions of the insurance laws confer upon the Commissioner expansive powers to take various administrative measures against persons or entities who violate those laws; and

WHEREAS, Respondents are subject to the provisions of N.J.S.A. 17:32-1 to -22 and 17:33-2, as well as the Trade Practice Act, N.J.S.A. 17:29B-1 to -19; and

WHEREAS, under N.J.S.A. 17:1-15, the Commissioner is authorized, among other things, to institute or cause to be instituted the legal proceedings or processes necessary to enforce properly and give effect to any of the commissioner's powers or duties; and

WHEREAS, N.J.S.A. 17:29B-3 provides that no person shall engage in this State in any trade practice which is defined in this act as or determined pursuant to this act to be an unfair method of competition or an unfair or deceptive act or practice in the business of insurance; and

WHEREAS, pursuant to N.J.S.A. 17:29B-9, whenever the commissioner shall have reason to believe that any person engaged in the business of insurance is engaging in this State in any method of competition or in any act or practice in the conduct of such business which is not defined

in N.J.S.A. 17:29B-4, and that such method of competition is unfair or that such act or practice is unfair or deceptive and that a proceeding by him in respect thereto would be to the interest of the public, he may issue and serve upon such person a statement of the charges in that respect and a notice of a hearing thereon to be held at a time and place fixed in the notice; and

WHEREAS, N.J.A.C. 11:1-20.2(c) provides that "[e]xcept as provided in N.J.A.C. 11:1-20.2(m) with respect to medical malpractice liability insurance policies, no notice of nonrenewal shall be valid unless it is mailed or delivered by the insurer to the insured not more than 120 days nor less than 30 days prior to the expiration of the policy;" and

WHEREAS, N.J.A.C. 11:3-8.3(b) provides that each renewal offer shall be in the usual form of either a renewal policy, a certificate, or a renewal offer or bill. A renewal offer or bill shall indicate the date by which the renewal premium is due. The renewal bill or offer shall be mailed or delivered by the insurer to the insured not more than 45 days and not less than 30 days prior to the date the renewal premium is due; and

WHEREAS, N.J.S.A. 17:32-14 provides, in pertinent part, that the authority of an insurance company of another state or foreign country may be revoked, after notice and hearing, if it fails to comply with any provision of law obligatory upon it, or for any reason for which the commissioner may refuse to issue or renew its certificate of authority under section 17:32-2 of this Title; and

WHEREAS, N.J.A.C. 11:3-8.14 provides that any person violating the provisions of this subchapter shall be subject to such penalties as may be authorized by law. In addition to any such penalties, the Commissioner may, after notice and hearing, suspend or revoke the rights of any insurer or group of insurers under N.J.A.C. 11:3-8.4; and

WHEREAS, N.J.A.C. 11:1-20.11(a) provides that, in addition to any other penalty authorized by law, the Commissioner may, after notice and a hearing, impose penalties as prescribed by N.J.S.A. 17:29B-7, N.J.S.A. 17:32-1 to -22 and N.J.S.A. 17:33-2; and

WHEREAS, N.J.S.A. 17:29B-7 provides that, if after a hearing, the commissioner shall determine that the person complained of has engaged in a method of competition, act or practice in violation of that Act, then he shall make his findings in writing and shall issue and cause to be served upon the person charged with the violation an order requiring such person to cease and desist from engaging in such method of competition, act or practice and the commissioner may order payment of a penalty not to exceed $1,000.00 for each and every act or violation unless the person know or reasonably should have known he was in violation of this chapter, in which case the penalty shall be not more than $5,000.00 for every act or violation; and

WHEREAS, N.J.S.A. 17:33-2 provides that the penalty for each violation of any chapter of this subtitle or any supplement thereto, other than the failure of a company to file an annual statement, shall be a penalty not exceeding $1,000.00 for the first offense and not exceeding $2,000.00 for each succeeding offense; and

WHEREAS, N.J.A.C. 11:1-20.11(b) provides that, as an alternative or in addition to the penalties set forth in subsection (a), the Commissioner, where he or she deems such action will further the purposes of this subchapter, may require immediate reinstatement without lapse of any policy that has been cancelled or nonrenewed in violation of the provisions of this subchapter; and

COUNT ONE
(Liberty Mutual Fire)

IT APPEARING, that Liberty Mutual Fire has issued renewal packets to insureds which fail to specifically identify the premium due date, in violation of N.J.S.A. 17:29B-9, N.J.S.A. 17:32-1, and N.J.A.C. 11:1-20.2(c); and

IT FURTHER APPEARING, that in at least one instance, "M.R." had a New Jersey Condominium Policy with Liberty Mutual Fire which originated on July 26, 2011, and renewed annually; and

IT FURTHER APPEARING, that a renewal packet, dated June 21, 2024, was sent by Liberty Mutual Fire to M.R.; and

IT FURTHER APPEARING, that the aforementioned renewal packet sent to M.R. included the total amount of the premium due, but failed to disclose the date by which the premium was due to be paid; and

IT FURTHER APPEARING, that on July 25, 2024, a premium payment request was sent to M.R., requesting payment by August 9, 2024, of the premium due to Liberty Mutual Fire; and

IT FURTHER APPEARING, that Liberty Mutual Fire cancelled the policy effective July 26, 2024, when payment of the premium was not received by August 9, 2024; and

IT FURTHER APPEARING, that on August 19, 2024, M.R. contacted Liberty Mutual Fire to reinstate the policy, but Liberty Mutual Fire declined to reinstate or rewrite a policy because M.R. did not pay the renewal bill; and

IT FURTHER APPEARING, that each renewal packet sent to an insured in New Jersey that failed to specifically identify the premium due date constitutes a separate violation, the total number of violations to be obtained in discovery; and

COUNT TWO
(Liberty Mutual Mid Atlantic)

IT FURTHER APPEARING, that Liberty Mutual Mid Atlantic has issued renewal packets to insureds which fail to specifically identify the premium due date, in violation of N.J.S.A. 17:29B-9, N.J.S.A. 17:32-1, and N.J.A.C. 11:1-20.2(c); and

IT FURTHER APPEARING, that in at least one instance, "G.Z." had a New Jersey homeowner's insurance policy with Liberty Mutual Mid Atlantic which originated on November 17, 1995, and renewed annually; and

IT FURTHER APPEARING, that a renewal packet, dated October 14, 2024, was sent by Liberty Mutual Mid Atlantic to G.Z.; and

IT FURTHER APPEARING, that the aforementioned renewal packet sent to G.Z. included the total amount of the premium due, but failed to disclose the date by which the premium was due to be paid; and

IT FURTHER APPEARING, that on October 17, 2024, a premium payment request was sent to G.Z., requesting payment by November 1, 2024, of the premium due to Liberty Mutual Mid Atlantic; and

IT FURTHER APPEARING, that on November 20, 2024, G.Z. called Liberty Mutual Mid Atlantic to make an electronic check payment of the premium, but was prevented from doing so because Liberty Mutual Mid Atlantic had cancelled the policy three days earlier on November 17, 2024; and

IT FURTHER APPEARING, that each renewal packet sent to an insured in New Jersey that failed to specifically identify the premium due date constitutes a separate violation, the total number of violations to be obtained in discovery; and

COUNT THREE
(Wasau)

IT FURTHER APPEARING, that Wasau has issued renewal packets to insureds which fail to specifically identify the premium due date, in violation of N.J.S.A. 17:29B-9, N.J.S.A. 17:32-1, and N.J.A.C. 11:1-20.2(c); and

IT FURTHER APPEARING, that Wasau has failed to mail or deliver renewal offers not more than 45 days and not less than 30 days prior to the date the renewal premium is due, in violation of N.J.S.A. 17:29B-9, N.J.S.A. 17:32-1, and N.J.A.C. 11:3-8(b); and

IT FURTHER APPEARING, that in at least one instance, "T.E." had a New Jersey automobile insurance policy with Wausau which was effective January 25, 2024, through January 25, 2025; and

IT FURTHER APPEARING, that a renewal packet, dated December 23, 2024, was sent by Wausau to T.E.; and

IT FURTHER APPEARING, that the aforementioned renewal packet sent to T.E. included the total amount of the premium due, but failed to disclose the date by which the premium was due to be paid; and

IT FURTHER APPEARING, that on December 26, 2024, a premium payment request was sent to T.E., requesting payment by January 10, 2025, of the premium due to Wausau; and

IT FURTHER APPEARING, that on January 6, 2025, T.E. mailed a check to Wausau for the full premium amount due to them, but Wausau claimed that no payment was ever received; and

IT FURTHER APPEARING, that on January 28, 2025, T.E. received an email from Wausau stating that the policy had been cancelled effective January 25, 2025, because the premium due was not paid by January 10, 2025; and

IT FURTHER APPEARING, that each renewal packet sent to an insured in New Jersey that failed to specifically identify the premium due date constitutes a separate violation, the total number of violations to be obtained in discovery; and

IT FURTHER APPEARING, that each renewal offer to an insured in New Jersey that was delivered not more than 45 days and not less than 30 days prior to the date the renewal premium was due constitutes a separate violation, the total number of violations to be obtained in discovery; and

NOW, THEREFORE, IT IS on this 20th day of January, 2026,

ORDERED, that Respondents appear and show cause why the Commissioner should not revoke Respondents' certificates of authority, pursuant to the provisions of N.J.S.A. 17:32-14; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not require Respondents to cease and desist from engaging in unfair acts or practices, pursuant to the provisions of N.J.S.A. 17:29B-7; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not impose a penalty not exceeding $1,000.00, or not exceeding $5,000.00 if Respondents knew or reasonably should have known they were in violation, for each and every act or violation, pursuant to the provisions of N.J.S.A. 17:29B-7; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not impose a penalty not exceeding $1,000.00 for the first offense and not exceeding $2,000.00 for eaching succeeding offense, pursuant to the provisions of N.J.S.A. 17:33-2; and

IT IS FURTHER ORDERED, that Respondents appear and show cause why the Commissioner should not require immediate reinstatement, without any lapse, of any policy that was cancelled or nonrenewed in violation of N.J.A.C. 11:120.2(c), pursuant to the provisions of N.J.A.C. 11:1-20.11(b); and

IT IS PROVIDED, that Respondents have the right to request an administrative hearing, to be represented by counsel or other qualified representative, at their own expense, to take testimony, to call or cross-examine witnesses, to have subpoenas issued, and to present evidence or argument if a hearing is requested; and

IT IS FURTHER PROVIDED, that unless a request for a hearing is received within twenty (20) days of the service of this Order to Show Cause, the right to a hearing in this matter shall be deemed to have been waived by Respondents, and the Commissioner shall dispose of this matter in accordance with law. A hearing may be requested by mailing the request to Matthew Gervasio, Investigator, Department of Banking and Insurance, P.O. Box 329, Trenton, New Jersey 08625, or by faxing the hearing request to the Department at (609) 292-5337. A copy of the request for a hearing shall also be sent to Deputy Attorney General Chandra M. Arkema at: Division of Law, P.O. Box 117, Trenton, NJ 08625. The request shall contain the following:

(a) Respondent's full name, address and daytime telephone number;

(b) A statement referring to each charge alleged in this Order to Show Cause and identifying any defense intended to be asserted in response to each charge. Where the defense relies on facts not contained in the Order to Show Cause, those specific facts must be stated;

(c) A specific admission or denial of each fact alleged in this Order to Show Cause. Where Respondent has no specific knowledge regarding a fact alleged in the Order to Show Cause, a statement to that effect must be contained in the hearing request. Allegations of this Order to Show Cause not answered in the manner set forth above shall be deemed to have been admitted; and

(d) A statement requesting the hearing.

Justin Zimmerman
Commissioner