

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

In the Matter of:)	
Proceedings by the Commissioner of Banking)	CONSENT
and Insurance, State of New Jersey, to fine)	ORDER
Wesco Insurance Company)	

TO: Wesco Insurance Company
59 Maiden Lane
New York, NY 10038

This matter having been opened to the Commissioner (“Commissioner”) of the Department of Banking and Insurance (“Department”) of the State of New Jersey, upon information that Wesco Insurance Company (“Wesco”), a foreign insurance company admitted to transact business in New Jersey pursuant to N.J.S.A. 17:32-2 since February 2, 1995, may have violated the laws of the State of New Jersey; and

WHEREAS, N.J.A.C. 11:2-29.2 defines “withdraw” or “withdrawal” as the nonrenewal, cancellation, or termination of policies, or surrender of authority to transact the business of insurance in this State, or any insurer action that is equivalent to a withdrawal from the business of insurance in this State, which may include, but is not limited to, the elimination of a rating system, termination of agency contracts, reduction in agency commissions, restrictions on agency solicitation or binding authority, insurer refusal of applications or declaration of a dividend to an affiliate, when such action or actions exceed those occurring in the ordinary course of business; and

WHEREAS, N.J.A.C. 11:2-29.3(a) requires that any insurer seeking to withdraw shall make an informational filing with the Commissioner; and

WHEREAS, N.J.A.C. 11:2-29.3(d) provides that an insurer seeking to withdraw shall send a notice to its policyholders of the proposed withdrawal no later than 30 days following the submission of an informational filing to the Commissioner that has not been disapproved as non-compliant; and

WHEREAS, N.J.A.C. 11:2-29.3(h) requires that the notice of proposed withdrawal sent to policyholders shall state, among other things, that, as required by law, the insurer has submitted an informational withdrawal filing to the New Jersey Department of Banking and Insurance advising of its intent to withdraw; and

WHEREAS, N.J.A.C. 11:2-29.5(a) provides that a withdrawing carrier may use a replacement carrier for business that will not be renewed, subject to the approval of the Commissioner, and that the Commissioner will notify the insurer whether the replacement carrier is approved within 60 days of the later of the filing of the withdrawing insurer of a request for approval of a replacement carrier or the filing by the prospective replacement carrier to be approved as a replacement carrier; and

WHEREAS, on December 20, 2018 Wesco made an informational filing pursuant to N.J.A.C. 11:2-29.3 explaining that it proposes to cease writing 14,601 New Jersey workers' compensation policies and to have its affiliate, ARI Insurance Company ("ARI") offer replacement coverage to affected policyholders on the same terms and conditions using applicative forms that have been approved by the Department; and

WHEREAS, the informational filing stated that Wesco's New Jersey workers' compensation business would begin moving to ARI with policies that renew on January 1, 2019; and

WHEREAS, on December 21, 2018 the Department advised Wesco that N.J.A.C. 11:2-29.4(a)1.i requires that filings are to be submitted to the Department at least 120 days in advance of any non-renewals and asked the company to suspend any non-renewal activity until the Department has reviewed the filing; and

WHEREAS, on December 27, 2018 the Department asked Wesco to suspend all activity associated with the transfer until the Department has reviewed the filing; and

WHEREAS, on January 4, 2019 the Department asked Wesco several questions about the filing; and

WHEREAS, Wesco responded to the Department's question on January 10, 2019 and explained that ARI had already sent renewal notices to Wesco workers' compensation policyholders with effective dates of December 2018, January 2019 and February 2019; and

WHEREAS, the notices were sent prior the Department's approval of ARI as a replacement carrier and prior to its acknowledgment that the withdrawal filing is compliant and the Department's review is complete; and

WHEREAS, good cause exists under N.J.S.A. 17:33-2 to impose a fine; and

WHEREAS, Wesco has waived its right to a hearing on the aforementioned violations and has consented to payment of a fine in the amount of twenty five thousand dollars (\$25,000.00); and

NOW THEREFORE, IT IS on this 22nd day of February 2019

ORDERED AND AGREED that Wesco pay a fine in the amount of twenty five thousand dollars (\$25,000.00) by wire transfer or check made payable to the State of New Jersey, General Treasury due and payable immediately upon the execution of this Consent Order by Wesco; and

IT IS FURTHER ORDERED AND AGREED that the signed Consent Order together with the fine payment shall be transmitted to:

New Jersey Department of Banking and Insurance
Attention: Gale Simon, Assistant Commissioner
20 West State Street, 9th floor, Consumer Protection Services
P. O. Box 329
Trenton, NJ 08625-0329

; and

IT IS FURTHER ORDERED AND AGREED that the provisions of this Consent Order represent a final agency decision and constitute a final resolution of the violations contained herein.



Marlene Caride
Commissioner

Consented to as to
Form and Content:

Wesco Insurance Company

By: Stephen Urgan, Secretary
Name and Title

[Signature]
Signature

1/24/19
Date