



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

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In the Matter of

**SELECTIVE INSURANCE COMPANY OF AMERICA,
SELECTIVE WAY INSURANCE COMPANY AND
SELECTIVE INSURANCE COMPANY OF NEW YORK,**

No. 2018-0097-S

Respondents.

----- X

CONSENT ORDER

WHEREAS, the Department of Financial Services (the "Department") conducted a market conduct investigation into the business practices of Selective Insurance Company of America, Selective Way Insurance Company, and Selective Insurance Company of New York (hereinafter "Respondents") for the period from January 2003 through February 2016.

WHEREAS, this Consent Order contains the Department's findings and the relief agreed to by the Department and Respondents.

NOW, THEREFORE, the Department and Respondents are willing to resolve the matters cited herein in lieu of proceeding by notice and hearing.

FINDINGS

1. Respondents are foreign and domestic insurance companies authorized to transact accident and health, fire, miscellaneous property, water damage, burglary and theft, glass, boiler and machinery, elevator, animal, collision, personal injury liability, property damage liability, workers' compensation and employers' liability, fidelity and surety, credit, motor vehicle and aircraft physical damage, marine and inland marine, marine protection and indemnity,

gap and legal services insurance business in this State pursuant to Section 1113(a) of the New York Insurance Law.

2. Respondents, for the time period January 2003 through February 2016:
 - failed to use their filed and approved rating territories;
 - failed to use their filed territorial rating factors; and
 - failed to maintain adequate procedures to minimize the occurrence of improperly charged rates.
3. Respondents' violations during the aforementioned time period contravened New York Insurance Law and Regulations.

VIOLATIONS

4. By reason of the foregoing, Respondents violated:
 - a. Section 2307(a) of the New York Insurance Law;
 - b. Section 2314 of the New York Insurance Law; and
 - c. Section 160.2(c) and (g) of Insurance Regulation 57 [11 NYCRR 160].

AGREEMENT

IT IS HEREBY UNDERSTOOD AND AGREED by Respondents, their successors and assigns (on behalf of their agents, representatives, employees, parent company, holding company, and any corporation, subsidiary or division through which Respondents operate) that:

5. Respondents represent, and have demonstrated to the Department, that they have implemented the necessary actions to prevent recurrences of the violations described above including having made restitution in the total amount of \$3,091,571 including interest to policyholders who were overcharged the improper rates; and also represent that Respondents are now compliant with the aforementioned sections of the New York Insurance Law and Regulation. Respondents will also take all necessary steps to comply with the New York Insurance Law and Regulations with respect to their insurance products in the future.

MONETARY PENALTY

6. Within seven (7) days of the execution of this Consent Order, Respondents shall pay a civil penalty of Four Hundred Fifty Thousand Dollars (\$450,000.00). Respondents agree that they will not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state or local tax, directly or indirectly, for any portion of the civil monetary penalty paid pursuant to this Consent Order.
7. The above referenced payment shall be payable to the New York State Department of Financial Services account at JP Morgan Chase Bank, N.A. via electronic transfer in accordance with the Department's instructions.

BREACH OF THE CONSENT ORDER

8. In the event that the Department believes Respondents to be materially in breach of this Consent Order ("Breach"), the Department will provide written notice of such Breach to Respondents, and Respondents must, within ten (10) business days from the date of receipt of said notice, or on a later date if so determined in the sole discretion of the Department, appear before the Department and have an opportunity to rebut the evidence, if any, of the Department that a Breach has occurred and, to the extent pertinent, to demonstrate that any such Breach is not material or has been cured.
9. Respondents understand and agree that Respondents' failure to appear before the Department to make the required demonstration within the specified period as set forth herein is presumptive evidence of Respondents' Breach. Upon a finding of Breach, the Department has all the remedies available to it under New York or other applicable laws and may use any and all evidence available to the Department for all ensuing examinations, hearings, notices, orders and other remedies that may be available under New York or other applicable laws.

OTHER PROVISIONS

10. If Respondents default on any of their obligations under this Consent Order, the Department may terminate this Consent Order at its sole discretion, upon ten (10) days' written notice to Respondents. In the event of such termination, Respondents expressly agree and acknowledge that this Consent Order shall in no way bar or otherwise preclude the Department from commencing, conducting, or prosecuting any investigation, action, or proceeding, however denominated, related to the Consent Order, against Respondents or from using in any way the statements, documents, or other materials produced or provided by Respondents prior to or after the date of this Consent Order, including, without limitation, such statements, documents, or other materials, if any, provided for purposes of settlement negotiations.
11. The Department has agreed to the terms of this Consent Order based on, among other things, representations made to the Department by Respondents and the Department's own factual examination. To the extent that representations made by Respondents are later found to be materially incomplete or inaccurate, this Consent Order or certain provisions thereof are voidable by the Department in its sole discretion.
12. Upon the request of the Department, Respondents shall provide all documentation and information reasonably necessary for the Department to verify compliance with this Consent Order.
13. All notices, reports, requests, certifications, and other communications to the Department regarding this Consent Order shall be in writing and shall be directed as follows:

If to the Department:

New York State Department of Financial Services
One State Street, 19th Floor
New York, NY 10004-1511
Attention: Laura Evangelista, Executive Deputy Superintendent for Insurance

If to the Respondents:

Selective Insurance Group

40 Wantage Avenue


Branchville, NJ 07890

Attention: Maria Orecchio, Senior Vice President, Deputy General Counsel

14. This Consent Order and any dispute thereunder shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.
15. Respondents waive their right to further notice and hearing in this matter as to any allegations of past violations up to and including the Effective Date and agree that no provision of the Consent Order is subject to review in any court or tribunal outside the Department.
16. This Consent Order may not be amended except by an instrument in writing signed on behalf of all parties to this Consent Order.
17. This Consent Order constitutes the entire agreement between the Department and Respondents relating to the violations identified herein and supersedes any prior communication, understanding, or agreement, whether written or oral, concerning the subject matter of this Consent Order. No inducement, promise, understanding, condition, or warranty not set forth in this Consent Order has been relied upon by any party to this Consent Order.
18. In the event that one or more provisions contained in this Consent Order shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Consent Order.
19. Upon execution by the parties to this Consent Order, no further action will be taken by the Department against Respondents for the conduct set forth in this Consent Order, subject to the terms of this Order.


20. This Consent Order may be executed in one or more counterparts, and shall become effective when such counterparts have been signed by each of the parties hereto and So Ordered by the Superintendent of Financial Services.

SELECTIVE INSURANCE COMPANY OF AMERICA

By:  Dated: 8-29-18

Maria Orecchio
Senior Vice President, Deputy General Counsel


SELECTIVE WAY INSURANCE COMPANY

By:  Dated: 8-29-18

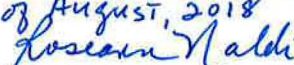
Maria Orecchio
Senior Vice President, Deputy General Counsel

ROSEANN NALDI
NOTARY PUBLIC
STATE OF NEW JERSEY
ID # 12619

SELECTIVE INSURANCE COMPANY OF NEW YORK

By:  Dated: 8-29-18

Maria Orecchio
Senior Vice President, Deputy General Counsel

STATE of NJ
COUNTY of SUSSEX ss:
THE ABOVE SIGNATURES of MARIA
ORECCHIO ARE SWORN TO BEFORE ME
THIS 29th DAY of AUGUST, 2018



MY COMMISSION EXPIRES OCT. 18, 2021

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

By:  Dated: 9/7/18

Laura Evangelista
Executive Deputy Superintendent for Insurance

THE FOREGOING CONSENT ORDER IS HEREBY APPROVED.

By:  Dated: 9/11/18

Maria T. Vullo
Superintendent of Financial Services



NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

----- X

In the Matter of

**SELECTIVE INSURANCE COMPANY OF SOUTH
CAROLINA AND SELECTIVE INSURANCE COMPANY OF
THE SOUTHEAST,**

No. 2018-0098-S

Respondents.

----- X

CONSENT ORDER

WHEREAS, the Department of Financial Services (the “Department”) conducted a market conduct investigation into the business practices of Selective Insurance Company of South Carolina and Selective Insurance Company of the Southeast (hereinafter “Respondents”) for the period from June 2013 through February 2016.

WHEREAS, this Consent Order contains the Department’s findings and the relief agreed to by the Department and Respondents.

NOW, THEREFORE, the Department and Respondents are willing to resolve the matters cited herein in lieu of proceeding by notice and hearing.

FINDINGS

1. Respondents are foreign insurance companies authorized to transact accident and health, fire, miscellaneous property, water damage, burglary and theft, glass, boiler and machinery, elevator, animal, collision, personal injury liability, property damage liability, workers’ compensation and employers’ liability, fidelity and surety, credit, motor vehicle and aircraft physical damage, marine and inland marine, marine protection and indemnity,

credit unemployment (Selective Insurance Company of South Carolina only), gap and legal services insurance business in this State pursuant to Section 1113(a) of the New York Insurance Law.

2. Respondents, for the time period June 2013 through February 2016:
 - failed to use their filed and approved rating territories;
 - failed to use their filed territorial rating factors; and
 - failed to maintain adequate procedures to minimize the occurrence of improperly charged rates.
3. Respondents' violations during the aforementioned time period contravened New York Insurance Law and Regulations.

VIOLATIONS

4. By reason of the foregoing, Respondents violated:
 - a. Section 2307(a) of the New York Insurance Law;
 - b. Section 2314 of the New York Insurance Law; and
 - c. Section 160.2(c) and (g) of Insurance Regulation 57 [11 NYCRR 160].

AGREEMENT

IT IS HEREBY UNDERSTOOD AND AGREED by Respondents, their successors and assigns (on behalf of their agents, representatives, employees, parent company, holding company, and any corporation, subsidiary or division through which Respondents operate) that:

5. Respondents represent, and have demonstrated to the Department, that they have implemented the necessary actions to prevent recurrences of the violations described above including having made restitution in the total amount of \$1,024,697 including interest to policyholders who were overcharged the improper rates; and also represent that Respondents are now compliant with the aforementioned sections of the New York Insurance Law and

Regulation. Respondents will also take all necessary steps to comply with the New York Insurance Law and Regulations with respect to their insurance products in the future.

MONETARY PENALTY

6. Within seven (7) days of the execution of this Consent Order, Respondents shall pay a civil penalty of One Hundred Thousand Dollars (\$100,000.00). Respondents agree that they will not claim, assert, or apply for a tax deduction or tax credit with regard to any U.S. federal, state or local tax, directly or indirectly, for any portion of the civil monetary penalty paid pursuant to this Consent Order.
7. The above referenced payment shall be payable to the New York State Department of Financial Services account at JP Morgan Chase Bank, N.A. via electronic transfer in accordance with the Department's instructions.

BREACH OF THE CONSENT ORDER

8. In the event that the Department believes Respondents to be materially in breach of this Consent Order ("Breach"), the Department will provide written notice of such Breach to Respondents, and Respondents must, within ten (10) business days from the date of receipt of said notice, or on a later date if so determined in the sole discretion of the Department, appear before the Department and have an opportunity to rebut the evidence, if any, of the Department that a Breach has occurred and, to the extent pertinent, to demonstrate that any such Breach is not material or has been cured.
9. Respondents understand and agree that Respondents' failure to appear before the Department to make the required demonstration within the specified period as set forth herein is presumptive evidence of Respondents' Breach. Upon a finding of Breach, the Department has all the remedies available to it under New York or other applicable laws and may use any and all evidence available to the Department for all ensuing examinations, hearings, notices, orders and other remedies that may be available under New York or other applicable laws.

OTHER PROVISIONS

10. If Respondents default on any of their obligations under this Consent Order, the Department may terminate this Consent Order at its sole discretion, upon ten (10) days' written notice to Respondents. In the event of such termination, Respondents expressly agree and acknowledge that this Consent Order shall in no way bar or otherwise preclude the Department from commencing, conducting, or prosecuting any investigation, action, or proceeding, however denominated, related to the Consent Order, against Respondents or from using in any way the statements, documents, or other materials produced or provided by Respondents prior to or after the date of this Consent Order, including, without limitation, such statements, documents, or other materials, if any, provided for purposes of settlement negotiations.
11. The Department has agreed to the terms of this Consent Order based on, among other things, representations made to the Department by Respondents and the Department's own factual examination. To the extent that representations made by Respondents are later found to be materially incomplete or inaccurate, this Consent Order or certain provisions thereof are voidable by the Department in its sole discretion.
12. Upon the request of the Department, Respondents shall provide all documentation and information reasonably necessary for the Department to verify compliance with this Consent Order.
13. All notices, reports, requests, certifications, and other communications to the Department regarding this Consent Order shall be in writing and shall be directed as follows:

If to the Department:

New York State Department of Financial Services
One State Street, 19th Floor
New York, NY 10004-1511
Attention: Laura Evangelista, Executive Deputy Superintendent for Insurance

If to the Respondents:


Selective Insurance Group
40 Wantage Avenue
Branchville, NJ 07890

Attention: Maria Orecchio, Senior Vice President, Deputy General Counsel

14. This Consent Order and any dispute thereunder shall be governed by the laws of the State of New York without regard to any conflicts of laws principles.
15. Respondents waive their right to further notice and hearing in this matter as to any allegations of past violations up to and including the Effective Date and agree that no provision of the Consent Order is subject to review in any court or tribunal outside the Department.
16. This Consent Order may not be amended except by an instrument in writing signed on behalf of all parties to this Consent Order.
17. This Consent Order constitutes the entire agreement between the Department and Respondents relating to the violations identified herein and supersedes any prior communication, understanding, or agreement, whether written or oral, concerning the subject matter of this Consent Order. No inducement, promise, understanding, condition, or warranty not set forth in this Consent Order has been relied upon by any party to this Consent Order.
18. In the event that one or more provisions contained in this Consent Order shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect any other provision of this Consent Order.
19. Upon execution by the parties to this Consent Order, no further action will be taken by the Department against Respondents for the conduct set forth in this Consent Order, subject to the terms of this Order.

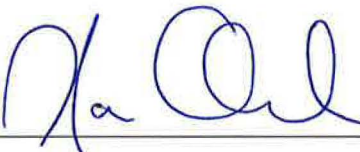
20. This Consent Order may be executed in one or more counterparts, and shall become effective when such counterparts have been signed by each of the parties hereto and So Ordered by the Superintendent of Financial Services.

SELECTIVE INSURANCE COMPANY OF SOUTH CAROLINA

By:  Dated: 8.29.18
Maria Orecchio
Senior Vice President, Deputy General Counsel


ROSEANN NALDI
NOTARY PUBLIC
STATE OF NEW JERSEY
ID # 12619
MY COMMISSION EXPIRES OCT. 18, 2021

SELECTIVE INSURANCE COMPANY OF THE SOUTHEAST

By:  Dated: 8.29.18
Maria Orecchio
Senior Vice President, Deputy General Counsel

STATE OF NJ; COUNTY of SUSSEX ss:
THE ABOVE SIGNATURES OF MARIA
ORECCHIO ARE SWORN TO THIS
29th DAY of August, 2018
Roseann Naldi

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

By:  Dated: 9/7/2018
Laura Evangelista
Executive Deputy Superintendent for Insurance

THE FOREGOING CONSENT ORDER IS HEREBY APPROVED.

By:  Dated: 9/11/18
Maria T. Vullo
Superintendent of Financial Services