



NEW YORK STATE
DEPARTMENT OF FINANCIAL SERVICES
25 BEAVER STREET
NEW YORK, NEW YORK 10004

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In the Matter of

ZURICH AMERICAN INSURANCE COMPANY,

**STIPULATION
No. 2013-0020-S**

Respondent.

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WHEREAS, Respondent Zurich American Insurance Company ("Respondent") is a domestic insurance company authorized to transact life, annuities and accident and health insurance business in this State pursuant to the provisions of the New York Insurance Law ("Insurance Law"); and

WHEREAS, Respondent issued New York statutory disability benefits policies to groups with less than fifty lives that were subject to the minimum benefit ratio as provided in Regulation 123, 11 NYCRR § 52.45(f)(1); and

WHEREAS, a review conducted by the New York State Department of Financial Services ("Department") for the period January, 2009 through December, 2011, revealed that Respondent did not achieve a sixty percent loss ratio as provided in 11 NYCRR 52.45(f)(1); and

WHEREAS, Respondent has been advised and is aware of its statutory right to notice and a hearing; and

WHEREAS, Respondent wishes to resolve this matter by entering into a Stipulation with the Department on the terms and conditions hereinafter set forth in lieu of proceeding with a hearing; **NOW THEREFORE**,

IT IS HEREBY STIPULATED AND AGREED by and between the Respondent and the Department, subject to the approval of the Superintendent of Financial Services, as follows:

1. Respondent waives its right to further notice and a hearing in this matter and admits that in connection with its New York statutory disability benefits policies issued during calendar years 2009, 2010 and 2011 to groups with less than fifty lives, Respondent did not achieve the minimum loss ratio of sixty percent as required under Regulation 123, 11 NYCRR § 52.45(f)(1).

2. In consequence of the foregoing, and in lieu of any other disciplinary or enforcement action that could be undertaken by the Department arising out of premiums charged by Respondent for its policies detailed above, Respondent agrees to take remedial actions pursuant to the Corrective Action Plan, dated March 18, 2013, (the "Corrective Action Plan"), previously submitted to the Department, including providing premium refunds totaling \$4,564,232 for calendar years 2009, 2010 and 2011 no later than April 8, 2013.

3. Respondent agrees to take all steps necessary to achieve the required minimum loss ratio as set forth in Respondent's filed and approved rate manual.


4. Within 14 days of both the mailing of the refund notices and the completion of the refund process, Respondent shall submit a report to the Department which shall contain detailed information as provided in the Corrective Action Plan regarding the mailing of the refund notices and the refunds given to all affected policyholders pursuant to the Corrective Action Plan and paragraph 2 above. The report must be subscribed and affirmed as true under penalty of perjury by an officer of Respondent. Additional reports will be provided in the manner described above, as detailed in the Corrective Action Plan.

5. Respondent acknowledges that this Stipulation and any admissions herein contained may be used against it in any future proceeding by the Department if there is reason to believe the terms of the Stipulation have been violated by Respondent, or if the Department institutes disciplinary action against Respondent for any reason other than the specific acts considered herein.

Dated: New York, New York

April 9, 2013

NEW YORK STATE DEPARTMENT OF FINANCIAL SERVICES

By: 
Beth Cohen
Associate Attorney

ZURICH AMERICAN INSURANCE COMPANY

By: [Signature]
Name: Bryan J. Salvatore
Title: Executive Vice President

STATE OF *New York*)
) ss.:
COUNTY OF *New York*)

On the *4th* day of *APRIL* 2013, before me personally came *BRYAN SALVATORE*, to me known, who, being duly sworn, did depose and say that he/she resides at *1 LIBERTY PLAZA NYC*; that he/she is the *PRESIDENT* of Zurich American Insurance Company, the corporation described in and which executed the foregoing instrument; and he/she signed his/her name thereto by order of the board of directors of the corporation.

VIRGINIA CAROL KITANI (KIKER)
Notary Public, State of New York
No. 01K16237052
Qualified in Queens County
Commission Expires March 14, 2015

[Signature]
Notary Public

THE FOREGOING STIPULATION IS HEREBY APPROVED.

Dated: New York, New York
 April 10, 2013

BENJAMIN M. LAWSKY
Superintendent of Financial Services

By: [Signature]
 Martha A. Lees
Deputy Superintendent & General Counsel-Insurance