

**IN THE MATTER OF**

**REGULATORY SETTLEMENT AGREEMENT**

**ON FAILURE TO REPORT VACATED AT-FAULT ACCIDENT  
DETERMINATIONS TO THE COMPREHENSIVE LOSS UNDERWRITING  
EXCHANGE (“C.L.U.E.”) AND FAILURE TO PROVIDE TIMELY FAIR CREDIT  
REPORTING ACT (“FCRA”) NOTICES TO CONSUMERS DENIED INSURANCE  
FOR CREDIT-RELATED REASONS**

This Regulatory Settlement Agreement ("RSA") is entered into as of this 13th day of November 2025 by and between the Safety Indemnity Insurance Company (“SIIC”), Safety Insurance Company (“SIC”), Safety Property and Casualty Insurance Company (“SPCIC”), and Safety Northeast Insurance Company (“SNIC”), collectively, the “Company” and the Commissioner of the Massachusetts Division of Insurance ("the Division").

**A. RECITALS**

1a. The Company maintains its home office in Boston, Massachusetts, and has been a licensed insurance company in Massachusetts at all relevant times. On March 1, 2024, pursuant to authority in Massachusetts General Laws ("M.G.L.") Chapter 175, § 4, the Division called a comprehensive market conduct examination ("examination") of the Company. The examination report is being issued concurrently with the execution of this RSA. In accordance with 211 CMR 134.00, the Company is required to report motor vehicle at-fault accident determinations, in which the Company has determined that fault is greater than 50% under 211 CMR 74.04, to the Merit Rating Board ("MRB") and to vehicle operators determined to be at-fault in motor vehicle accidents ("At-fault Operators") along with notice of their rights to appeal the at-fault accident determinations to the Massachusetts Board of Appeals ("BOA") or a court of competent jurisdiction following M.G.L. Chapter 175E, § 7A. *If the Company's at-*

*fault accident determination is vacated by the Massachusetts BOA or a court of competent jurisdiction, the At-fault Operator's insurer is required to refund any additional premium collected as a result of the Company's at-fault accident determination, and the Company must report such vacated at-fault accident determinations to the same consumer reporting agencies to whom the original at-fault accident determinations were reported in accordance with M.G.L. Chapter 175E, § 7A and Massachusetts Division of Insurance Bulletin 2010-11.*

1b. In accordance with Massachusetts statute M.G.L. c. 93, § 62 (a) requires that “ *Whenever credit or insurance for personal, family or household purposes, or employment involving a consumer is denied or terminated or the charge for such credit or insurance is increased either wholly or partly or whenever a consumer's line of credit is reduced, except when the consumer is delinquent with regard to such line of credit, because of information contained in a consumer report from a consumer reporting agency, the user of the consumer report shall, within ten business days of its decision to deny or terminate such credit, insurance or employment, or to increase the charge for such credit or insurance, or to reduce a consumer's line of credit, except when the consumer is delinquent with regard to such line of credit, notify such consumer in writing against whom such adverse action has been taken.*”

In addition to the requirements imposed by M.G.L. c. 93, § 62 (a), federal statutes, including the Fair Credit Reporting Act (“FCRA”) 15 U.S.C. § 1681m and § 615(a), also impose requirements on insurers to notify consumers when the insurer denies or terminates insurance coverage to consumers for reasons related in whole or in part to credit or credit-related issues.

2. During the 2024 examination the Division assessed the Company's compliance with the findings and recommendations included in the previous 2018 Market Conduct Comprehensive Examination Report. In two areas, the Company remains out of compliance.

As part of the 2018 examination's corrective action, the Company agreed to:

- a. Implement improved processes to ensure timely reporting to Comprehensive Loss Underwriting Exchange ("CLUE") of vacated at-fault accident determinations.
- b. For any policies/applicants declined for credit reasons, the Company indicated they would make enhancements to address the required corrective actions as noted below.
  - i. Ensure the FCRA adverse action notices are timely provided to homeowner applicants not meeting the Company's minimum threshold for credit-based insurance scores or declined coverage for credit-related reasons.
  - ii. Retain evidence of mailing for five years to show that the adverse action notices were sent to applicants.
  - iii. Provide training and guidance to staff and agents about the procedures and requirements for issuing FCRA adverse action notices
  - iv. Conduct a detailed internal audit by December 31, 2020, or another date acceptable to the Division to ensure that these required actions have been properly implemented.

*Examiners acknowledged that the Company provided a copy of the internal audit conducted in 2020 to the Division of Insurance.*

3. For the 2024 examination, the examiners reviewed the Company's compliance procedures for reporting vacated at-fault determination notices to CLUE and for issuing timely FCRA adverse action notices. The results of the review were as follows:

a. The examiners reviewed the Company's compliance with the required reporting of vacated at-fault determination related to the MRB, At-fault Operators, and CLUE, the Company's data collection agency. The Company is not reporting vacated driver at-fault surcharges correctly or in a timely manner to CLUE as required by M.G.L c. 175E § 7A and 211 CMR 134.00 "Safe Driver Insurance and Merit Rating Plans," and Massachusetts Division of Insurance Bulletin 2010-11 "Reporting and Rating Requirement." The Company reported that 545 at-fault determinations were not reported to CLUE for the examination period.

b. The examiners reviewed the Company's procedures when the applicant for homeowner insurance is denied, in whole or in part, for credit or credit-related reasons. The examiners reviewed twelve (12) policies that were declined for a low credit score or other credit-related reasons. Applicants who are refused insurance for credit-related reasons must receive an Adverse Determination Notice ("Notice") as required by FCRA 15 U.S.C. § 1681m and § 615(a), and M.G.L. c. 93, § 62. The Company could not verify that the Notices were sent for nine (9) of the twelve (12) applications. The remaining three applicants

received Notices, but not within the ten-day requirement of M.G.L. c. 93, § 62.

The Company delegated the distribution of the Notices to the selling agents but did not adequately monitor the agents' compliance with this requirement.

4. During the examination, the Division discussed the matters in this RSA with Company management. The Company agreed to the corrective actions as outlined in Section B. The corrective actions require the Company to implement or revise its business practices and monitoring efforts to ensure compliance with reporting requirements for CLUE in accordance with 211 CMR 134.00, Bulletin 2010-11, M.G.L. c. 93 §62, and the FCRA §615(a) for declinations.

## **B. PLAN OF CORRECTIVE ACTIONS**

1. The Company shall establish a procedure for ensuring that CLUE or any data collection agency to which the Company reports at-fault determinations is notified timely of any reversal of a surcharge or at-fault determination. Furthermore, as necessary, the Company shall implement appropriate monitoring procedures to ensure staff and any third party delegated this responsibility adhere to all related requirements to ensure the follow-up notification system continues to function correctly.

2. The Company shall ensure that FCRA adverse action notices are sent within the ten-day time frame as required by M.G.L. c.93, § 62, to homeowner applicants not meeting the Company's minimum threshold for credit-based insurance scores or formally declined coverage for credit-based insurance scores. The Company shall retain evidence of mailing for five years that the adverse action notices were sent to such applicants.

3. For both Corrective Actions listed above, the Company shall provide guidance for staff and any third party on these procedures and monitoring enhancements and complete the improved procedures by March 20, 2026. The Company will submit confirmation to the Division that the improved procedures have been implemented. Additionally, the Company shall conduct a detailed internal audit by December 31, 2026, or another date acceptable to the Division, to ensure that these required actions have been implemented. The Company must provide the internal audit report to the Division of Insurance; the report should include a description of the training provided to the staff.

#### **C. OTHER PROVISIONS**

1. The Division will monitor the Company's compliance with this RSA. The Division will conduct a re-examination of the issues addressed under this RSA and any other matters identified in the examination within 18 months after the execution of this RSA. The Company shall be deemed in compliance with this RSA unless the re-examination testing conducted within the 18-month period results in an error rate that exceeds three percent. The examiners will determine the three percent error rate using a credible statistical sample, based on guidance contained in the current version of the *NAIC Market Regulation Handbook*.

2. The Division's monitoring of the Company for compliance with the terms of this RSA constitutes an ongoing examination. In accordance with M.G.L. Chapter 175, § 4, the Division shall afford confidential treatment to the workpapers, recorded

information, or documents provided by the Company as part of the ongoing examination.

3. All Division monitoring and examination costs, including interim reviews and testing, shall be borne by the Company following M.G.L. Chapter 175, § 4.
4. The Company does not admit to any wrongdoing or violation of law.
5. The Company agrees that all amounts paid or incurred, in complying with the terms and conditions of this RSA shall not be included or recoverable as expenses in any rate filing submitted to the Division or any other insurance regulatory agency, and that the Company will comply with Federal and state tax laws and regulations related to the deductibility of such amounts paid or incurred.
6. The Parties may execute this RSA in counterparts. A true and correct copy of the RSA shall be enforceable the same as the original RSA. The provisions of this RSA may be amended, modified, or expanded solely in writing by joint consent of the Division and the Company.
7. This RSA shall be governed by and interpreted according to the laws of the Commonwealth of Massachusetts.
8. This RSA represents the entire understanding between the parties hereto for the subject matter hereof and supersedes all prior understandings, agreements, plans, and negotiations, whether written or oral, concerning the subject matter hereof.
9. The Division releases and discharges the Company with respect to all fines, claims, sanctions, or redress that the Division could have pursued due to the Company's past

- conduct addressed by the Plan of Corrective Action, other than as outlined in this RSA. Notwithstanding the preceding, the Division's authority to investigate any assertion of the Company's noncompliance with laws or regulations applicable to matters not within the scope of this RSA, and to act thereon, shall not be limited in any way by this RSA.
10. The Division retains the right to impose any regulatory penalty otherwise available by law, including fines, with respect to the Company's willful violation of this RSA or other violation of law.
  11. Except as set forth herein, nothing in this RSA shall be construed to waive or limit the right of the Division to seek such other remedies, or waive otherwise, or limit the continuing regulation of the Company in the normal course.
  12. The parties hereto agree that time shall be of the essence with respect to the performance of this RSA.

#### **D. REMEDIES**

1. Within 15 days of the execution of this RSA, the Company shall pay a combined fine of \$33,250 to the Division. The combined fine is comprised of \$27,250 for violations of M.G.L c. 175E, § 7A, 211 CMR 134.00, and Massachusetts Division of Insurance Bulletin 2010-11 and \$6,000 for violations of M.G.L. c. 93, § 62a. Also, after completion of the re-examination conducted within 18-months of the execution of this RSA, as referenced in Section C.1, the Commissioner may require an additional fine of up to \$33,250 if the error rate exceeds the maximum error rate for the violations listed above as outlined in Section C.1.



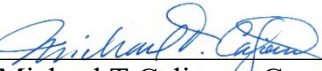
2. The Company shall be entitled to review and comment on any re-examination results in accordance with the current version of the *NAIC Market Regulation Handbook*.

SAFETY INSURANCE GROUP

BY: \_\_\_\_\_  
Christopher Whitford, Vice President, Chief Financial Officer, and Secretary

Month day, 2025

MASSACHUSETTS DIVISION OF INSURANCE

BY:  \_\_\_\_\_  
Michael T Caljouw, Commissioner

November 25, 2025

2. The Company shall be entitled to review and comment on any re-examination results  
in accordance with the current version of the *NAIC Market Regulation Handbook*.

SAFETY INSURANCE GROUP

BY: Christopher Whitford  
Christopher Whitford, Vice President, Chief Financial Officer, and Secretary  
11/19/25  
Date

MASSACHUSETTS DIVISION OF INSURANCE

BY: \_\_\_\_\_  
Michael T Caljouw, Commissioner  
\_\_\_\_\_  
Date