



with a singular goal – to deprive the NRA and its constituents of their First Amendment rights to speak freely about gun-related issues and defend the Second Amendment.

The foundation of Defendants’ selective-enforcement and retaliation campaign is a series of threats to financial institutions that DFS, an agency created to ensure the integrity of financial markets after the 2008 credit crisis, will exercise its extensive regulatory power against those entities that fail to sever ties with the NRA. To effect their sweeping agenda, Defendants issued public demands that put DFS-regulated institutions on notice to “discontinue[] their arrangements with the NRA” and other “gun promotion organizations” if they planned to do business in New York.

At the same time, Defendants engaged in back-channel communications to reinforce their intended purpose. Simply put, Defendants made it clear to banks and insurers that it is bad business in New York to do business with the NRA.

As a direct result of this coercion, multiple financial institutions have succumbed to Defendants’ demands and entered into consent orders with DFS that compel them to terminate longstanding, beneficial business relationships with the NRA, both in New York and elsewhere. Tellingly, several provisions in the orders bear no relation to any ostensible regulatory infraction. Moreover, Defendants’ abuses will imminently deprive the NRA of basic bank-depository services, corporate insurance coverage, and other financial services essential to the NRA’s corporate existence and its advocacy mission.

Absent injunctive relief, Defendants’ blacklisting campaign will continue to damage the NRA and its members, as well as endanger the free speech and association rights guaranteed by the constitutions of the United States and the State of New York. It is well-settled that viewpoint discrimination applied through “threat[s] of invoking legal sanctions and other means of coercion,

persuasion, and intimidation” violates the United States Constitution where, as here, such measures chill protected First Amendment activities.<sup>1</sup> Defendants’ *de facto* censorship scheme cannot survive judicial scrutiny. Nor should it.

## II.

### PARTIES

1. Plaintiff the National Rifle Association of America is a nonprofit corporation organized under the laws of the State of New York with its principal place of business in Fairfax, Virginia. The NRA is America’s leading provider of gun-safety and marksmanship education for civilians and law enforcement. It is also the foremost defender of the Second Amendment to the United States Constitution. The NRA has over five million members, and its programs reach millions more.

2. Defendant New York State Department of Financial Services is an agency of the State of New York that regulates financial services firms operating in New York in order to guard against financial crises and to protect New York consumers and markets from fraud. DFS has a regional office at One Commerce Plaza, Albany, New York 12257. Its main office is located at One State Street, New York, New York 10004-1511. It regulates more than 1,400 insurance companies with assets in excess of \$4.3 trillion, including 200 life insurers, 1,100 property casualty insurers, and 100 health insurance companies. DFS also regulates over 1,900 banking and other financial institutions with assets over \$2.9 trillion.

3. Defendant Maria T. Vullo is the Superintendent of the New York State Department of Financial Services and, at all times relevant to the Complaint, was acting under color of state

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<sup>1</sup> See, e.g., *Bantam Books, Inc. v. Sullivan*, 372 U.S. 58, 72 (1963).

law. Her principal place of business is One State Street, New York, New York 10004-1511. Vullo is sued in her individual and official capacities.

4. Defendant Andrew Cuomo is the Governor of the State of New York and, at all times relevant to the Complaint, was acting under color of state law. His principal place of business is The State Capitol Building, Albany, New York 12224. Cuomo is sued in his individual and official capacities.

### **III.**

#### **JURISDICTION AND VENUE**

5. Pursuant to 28 U.S.C. § 1331, the Court has subject matter jurisdiction over the claims asserted in this action because this action involves claims based on the First and Fourteenth Amendments to the United States Constitution (U.S. Const. amend. I, XIV), and because the action seeks to prevent state officials from interfering with federal rights. Further, subject matter jurisdiction is conferred on this Court by 28 U.S.C. § 1343(a)(3) because this action is brought to redress deprivations under color of state law of rights, privileges, and immunities secured by the United States Constitution. This Court has supplemental jurisdiction over all state-law claims asserted in this action under 28 U.S.C. § 1367.

6. Pursuant to 28 U.S.C. § 1391(b), venue is properly vested in this Court because defendant Cuomo resides in this judicial district.

7. There is a present and actual controversy between the parties.

8. The relief requested is authorized pursuant to 28 U.S.C. § 1343(a)(4) (recovery of damages or equitable relief or any other such relief for the protection of civil rights), 28 U.S.C. § 1651(a) (injunctive relief), 28 U.S.C. §§ 2201 and 2202 (declaratory and other appropriate relief), 42 U.S.C. § 1983 (deprivation of rights, privileges, and immunities secured by the Constitution), and 42 U.S.C. § 1988 (awards of attorneys' fees and costs).

#### IV.

##### STATEMENT OF RELEVANT FACTS

###### **A. The NRA: History Of Dedicated Support For Gun Safety And A Commitment To Core Political Speech.**

9. After the Civil War, two Union Army officers created a private association to promote marksmanship among the citizenry. The officers believed that the war would have ended significantly sooner if the northern troops had been able to shoot as well as the Confederate soldiers. They obtained a charter from the State of New York in November of 1871; thereafter, the National Rifle Association built a proud legacy in the State of New York.

10. From the NRA's inception, it received praise from the State of New York for its many public contributions. In 1872, the New York State legislature and the NRA jointly dedicated funds for the creation of a rifle range on Creed Farm, in what is now Queens Village, Queens, New York. For many decades, the NRA partnered with the State to advance firearms safety, education, conservation, and other laudable public policy goals. For example, when New York City public schools sought to educate boys in marksmanship and gun safety, NRA co-founder Gen. George Wingate designed and headed the resulting Public Schools Athletic League (PSAL) marksmanship program.<sup>2</sup> Likewise, in 1949, the NRA worked with the State of New York to create the nation's first hunter education program. Similar courses were subsequently adopted by state fish and game departments across the country and in Canada, and make hunting among the safest sports in existence.

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<sup>2</sup> See, e.g., STEVEN A. RIESS, SPORTS IN AMERICA FROM COLONIAL TIMES TO THE TWENTY-FIRST CENTURY: AN ENCYCLOPEDIA 736 (Steven A. Riess ed., 2015); ROBERT PRUTER, THE RISE OF AMERICAN HIGH SCHOOL SPORTS AND THE SEARCH FOR CONTROL, 1880-1930 122 (1st ed. 2013); Robert Pruter, *Boys Rifle Marksmanship*, ILLINOIS HIGH SCHOOL ASSOCIATION, [http://www.ihsa.org/archive/hstoric/marksmanship\\_boys.htm?NOCACHE=5:53:58%20PM](http://www.ihsa.org/archive/hstoric/marksmanship_boys.htm?NOCACHE=5:53:58%20PM) (last visited May 11, 2018).

11. First among the “Purposes and Objectives” contained in the NRA’s bylaws is “[t]o protect and defend the Constitution of the United States.” Accordingly, political speech is a major purpose of the NRA. The NRA engages in extensive legislative advocacy to promote its purposes, as well as to vindicate the rights of its members and all Americans.

12. The NRA spends tens of millions of dollars annually distributing pamphlets, fact sheets, articles, electronic materials, and other literature to advocate for its views on the Second Amendment and to assist NRA members engaging in national, state, and local firearm dialogue. The NRA’s direct mail, television, radio, and digital communications seek to educate the public about issues bearing on the Second Amendment, defend the NRA and its members against political and media attacks, and galvanize participation in the political process by NRA members and supporters.

13. Digital media is a particularly important communications medium for the NRA. The organization’s online video channel, NRATV, broadcasts original programming including three dozen original series. NRATV’s content consists substantially of political speech. Unsurprisingly, opponents of the NRA have criticized NRATV—but they acknowledge the channel’s prominence in public debate. For example, the *New York Times* describes NRATV as a “vital forum for the dissemination” of “pro-gun messaging in politics.”<sup>3</sup>

14. To its critics, the NRA is best known as a “superlobby – one of the largest and most truly conservative lobbying organizations in the country,” able to mobilize its millions of members

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<sup>3</sup> Jeremy W. Peters and Katie Benner, *Where the N.R.A. Speaks First and Loudest*, THE NEW YORK TIMES (Feb. 21, 2018), <https://www.nytimes.com/2018/02/21/us/politics/nratv-nra-news-media-operation.html>.

in concerted efforts to protect the Second Amendment rights of all Americans.<sup>4</sup> Of course, just like NRATV, the NRA’s letter-writing campaigns, peaceable public gatherings, and other grassroots “lobbying” activities constitute precisely the type of political speech which rests “[a]t the core of the First Amendment.”<sup>5</sup>

**B. Cuomo’s Political Vendetta Against The NRA.**

15. Andrew Cuomo has criticized the political speech and influence of “Second Amendment types”<sup>6</sup> generally, and the NRA specifically, for decades. Moreover, Cuomo has a history of abusing his regulatory power to retaliate against his political opponents on gun control issues.

16. The son of former Governor Mario Cuomo, Andrew Cuomo is a political opportunist who has consistently sought to gain political capital by attacking the NRA. During his tenure as Housing and Urban Development (“HUD”) Secretary in the 1990s, Cuomo coordinated a campaign of lawsuits (nearly all dismissed) against gunmakers that purported to hold them liable for crimes committed in public housing projects using illegally obtained firearms. Cuomo

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<sup>4</sup> Christina Robb, *HANDGUNS AND THE AMERICAN PSYCHE THE ATTEMPTED ASSASSINATION OF A PRESIDENT BRINGS THE ISSUE INTO SHARP FOCUS ONCE AGAIN. HANDGUNS – WHAT DO THEY MEAN TO AMERICANS? TO THE NRA, THEY ARE A SYMBOL OF FREEDOM; TO THOSE FRIGHTENED OF CRIME, THEY REPRESENT SAFETY – EVEN IF THE OWNER DOESN’T KNOW HOW TO USE THEM; TO GUN CONTROL ADVOCATES, THEY ARE SYMBOLS OF ULTIMATE EVIL.*, BOSTON GLOBE, 1981 WLNR 68847 (June 7, 1981).

<sup>5</sup> See *Brown v. Hartlage*, 456 U.S. 45, 52 (1982).

<sup>6</sup> On February 15, 2018, Cuomo appeared on the MSNBC program “The Beat,” where he discussed championing legislation that some believed “trampled the Second Amendment.” YOUTUBE, Gov. Andrew Cuomo On Background Checks: “Bunch Of Boloney” | *The Beat With Ari Melber* | MSNBC, <https://www.youtube.com/watch?v=Tz8X07fZ39o> (last visited May 7, 2018). However, Cuomo lamented that his “favorability rating” had dropped thereafter due to “backlash from conservatives and Second Amendment types.” *Id.*

admitted that his real aim was to coerce, via settlement, the “voluntary” industrywide adoption of certain equipment and sale restrictions, and warned that any manufacturer who refused to settle would suffer “death by a thousand cuts.”<sup>7</sup> Decried by even gun-control supporters as “wrong” and an abuse of agency authority,<sup>8</sup> the Cuomo campaign failed after the NRA and other pro-gun groups organized legislative and grassroots opposition.<sup>9</sup>

17. Cuomo blamed “gun lobby extremists” for the collapse of his efforts at HUD.<sup>10</sup> At a press conference on June 20, 2000, he referred to gun-rights supporters as “the enemy,” and announced a blueprint for defeating the NRA and its allies that would emphasize the use of state and municipal retaliatory authority: “If we engage the enemy in Washington we will lose. They

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<sup>7</sup> Bill McAllister, *Gun Industry Rejects Settlement Effort*, THE DENVER POST (Feb. 1, 2000), <http://www.wagc.com/gun-industry-rejects-settlement-effort/>.

<sup>8</sup> In an editorial dated December 17, 1999, the Washington Post described the Cuomo campaign as “disquieting even for those who, like us, strongly support rigorous controls on handguns.” *The HUD Gun Suit*, THE WASHINGTON POST (Dec. 17, 1999), [https://www.washingtonpost.com/archive/opinions/1999/12/17/the-hud-gun-suit/48ee0a45-18da-4e8d-9b86-b9512172ae09/?utm\\_term=.9a74ce83f538](https://www.washingtonpost.com/archive/opinions/1999/12/17/the-hud-gun-suit/48ee0a45-18da-4e8d-9b86-b9512172ae09/?utm_term=.9a74ce83f538). Anticipating themes that would continue to characterize Cuomo’s gun-control efforts over the next nineteen years, the editorial board stated that “it . . . seems wrong for an agency of the federal government” to put “pressure on an industry . . . to achieve policy results the administration has not been able to achieve through normal legislation or regulation.” *Id.*

<sup>9</sup> *See, e.g., House Blocks Money For Gun Pact*, CBS NEWS (June 21, 2000, 11:58 PM), <https://www.cbsnews.com/news/house-blocks-money-for-gun-pact/>.

<sup>10</sup> *HUD Archives: News Releases, HUD No. 00-150, COMMUNITIES FOR SAFER GUNS COALITION JOINS CUOMO IN CRITICIZING EFFORT IN CONGRESS TO KILL THE COALITION*, U.S. DEP’T OF HOUS. AND URBAN DEV. (June 27, 2000, archived Dec. 13, 2009).

will beat us in this town. They are too strong in this town. Their fortress is within the Beltway. We're going to beat them state by state, community by community.”<sup>11</sup>

18. As governor of New York, Cuomo has loudly supported the enactment of some of the nation’s harshest gun-control laws.<sup>12</sup> But rather than debate opponents of his anti-gun initiatives, he declared that conservative firearms advocates “have no place in the state of New York.”<sup>13</sup> In particular, Cuomo has sought to banish “the enemy” from public discourse altogether, and remains dissatisfied with what he perceives to be the excessive political influence of “conservatives and the Second Amendment types.”<sup>14</sup>

19. In truth, Cuomo bears distinct animus toward the NRA, which he accuses of exerting a “stifl[ing] . . . stranglehold” over national gun policy.<sup>15</sup> For Cuomo, weakening the political advocacy of the NRA is a career strategy.

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<sup>11</sup> *Remarks by Secretary Andrew Cuomo Handgun Control, Inc, Washington, D.C. Tuesday, June 20, 2000*, U.S. DEP’T OF HOUS. AND URBAN DEV. (Jan. 20, 2009), <https://archives.hud.gov/remarks/cuomo/speeches/handguncontrl.cfm>.

<sup>12</sup> *See, e.g., Teri Weaver, Judge: NY must release Safe Act stats from assault weapons registry*, SYRACUSE (May 7, 2015, 9:09 PM), [http://www.syracuse.com/news/index.ssf/2015/05/judge\\_ny\\_must\\_release\\_safe\\_act\\_data\\_on\\_assault\\_weapons\\_registry.html](http://www.syracuse.com/news/index.ssf/2015/05/judge_ny_must_release_safe_act_data_on_assault_weapons_registry.html).

<sup>13</sup> Heather Long, *Conservatives aren’t welcome in New York, according to Governor Cuomo*, THE GUARDIAN (Jan. 14, 2014, 8:49 AM), <https://www.theguardian.com/commentisfree/2014/jan/24/governor-cuomo-conservatives-not-welcome-new-york>.

<sup>14</sup> YOUTUBE, *Gov. Andrew Cuomo On Background Checks: “Bunch Of Boloney” | The Beat With Ari Melber | MSNBC*, <https://www.youtube.com/watch?v=Tz8X07fZ39o> (last visited May 7, 2018).

<sup>15</sup> Kenneth Lovett, *Exclusive: Cuomo fires back at Jeb Bush for ‘stupid’ and ‘insensitive’ gun tweet*, NY DAILY NEWS (Feb. 17, 2016), <http://www.nydailynews.com/news/politics/cuomo-blasts-jeb-stupid-insensitive-gun-tweet-article-1.2534528>.

**C. Defendants Attempt To Chill The NRA’s Political Speech In Support Of Americans’ Second Amendment Rights.**

20. Against the backdrop of recent tragedies and a polarized public gun-control debate, Cuomo and the other Defendants have abused their authority in an effort to stifle the NRA’s political advocacy and to retaliate against the NRA for the effectiveness of that advocacy.

21. Together with DFS Superintendent Vullo, his longtime lieutenant,<sup>16</sup> Cuomo has embarked on a campaign to chill the political speech of the NRA and other so-called “gun promotion” organizations by leveraging state power to punishing financial institutions which maintain “business arrangements with the NRA.” To achieve this, Defendants draw upon the formidable regulatory powers of DFS—an agency charged with ensuring the stability and integrity of New York’s financial markets.

22. At Cuomo’s behest, Vullo and DFS have threatened, and continue to threaten, regulated institutions with costly investigations and penalties should they fail to “discontinue[] . . . their arrangements with the NRA.”<sup>17</sup> And Defendants have already carried out some of these threats. Within a single week, DFS levied multi-million dollar fines against two insurance-industry firms that dared to do business with the NRA. Under intense scrutiny, both

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<sup>16</sup> Cuomo and Vullo have worked together since at least 2006 when Vullo served as a “top aide” to Cuomo in his role as attorney general. Cuomo nominated Vullo to be DFS Superintendent approximately ten years later. Jimmy Vielkind, *Cuomo nominates ex-aide to head Department of Financial Services*, POLITICO (Jan. 21, 2016, 5:14 AM), <https://www.politico.com/states/new-york/albany/story/2016/01/cuomo-nominates-ex-aide-to-head-department-of-financial-services-030286>.

<sup>17</sup> *GOVERNOR CUOMO DIRECTS DEPARTMENT OF FINANCIAL SERVICES TO URGE COMPANIES TO WEIGH REPUTATIONAL RISK OF BUSINESS TIES TO THE NRA AND SIMILAR ORGANIZATIONS*, N.Y. STATE GOVERNOR ANDREW M. CUOMO (Apr. 19, 2018), <https://www.governor.ny.gov/news/governor-cuomo-directs-department-financial-services-urge-companies-weigh-reputational-risk>.

firms were coerced to terminate their business arrangements with the NRA and its members—including arrangements having nothing to do with the allegedly unlawful conduct cited by DFS.

23. A DFS press release publicizing one recent enforcement action makes clear the gravamen of Defendants' campaign: financial institutions regulated by DFS must refrain from “[e]ntering into any . . . agreement or arrangement,” which “involv[es] the NRA, directly or indirectly”<sup>18</sup>—or face the consequences.

**1. DFS And Its Regulatory Mission.**

24. In 2011, as part of his state budget, Cuomo announced the merger of the New York State Insurance Department and the Banking Department to create DFS. The mandate of the new agency, which consolidated supervisory and enforcement powers previously vested in separate departments, is to “reform the regulation of financial services in New York to keep pace with the rapid and dynamic evolution of these industries, to guard against financial crises and to protect consumers and markets from fraud.”<sup>19</sup>

25. The Superintendent of DFS has broad regulatory and enforcement powers, which encompass the ability to initiate civil and criminal investigations and enforcement actions. In addition, pursuant to Financial Services Law, Article 3, § 301, the DFS superintendent has the

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<sup>18</sup> *DFS FINES LOCKTON COMPANIES \$7 MILLION FOR UNDERWRITING NRA-BRANDED “CARRY GUARD” INSURANCE PROGRAM IN VIOLATION OF NEW YORK INSURANCE LAW*, N.Y. STATE DEP’T OF FIN. SERVS. (May 2, 2018), <https://www.dfs.ny.gov/about/press/pr1805021.htm>; *see also* *DFS FINES CHUBB SUBSIDIARY ILLINOIS UNION INSURANCE COMPANY \$1.3 MILION FOR UNDERWRITING NRA-BRANDED “CARRY GUARD” INSURANCE PROGRAM IN VIOLATION OF NEW YORK INSURANCE LAW*, N.Y. STATE DEP’T OF FIN. SERVS. (May 7, 2018), <https://www.dfs.ny.gov/about/press/pr1805071.htm>.

<sup>19</sup> N.Y. STATE DEP’T OF FIN. SERVS. (Dec. 12, 2017), <https://www.dfs.ny.gov/about/mission.htm>.

power to refer matters to the attorney general for criminal enforcement. The creation of an agency with such expansive prerogatives and capabilities “grab[bed] power and headlines,” and the New York Times reported in 2015 that the first DFS superintendent, Benjamin Lawskey, was popularly caricatured as “the new sheriff of Wall Street” and an all-powerful monarch (“King Lawskey”).<sup>20</sup>

26. New York Financial Services Law, Article 2, § 201, provides the superintendent of DFS with formidable authority to, among other things, “ensure the continued solvency, safety, [and] soundness” of banks and insurance companies.<sup>21</sup> Accordingly, DFS directives regarding “risk management” must be taken seriously by financial institutions—as risk-management deficiencies can result in fines of hundreds of millions of dollars.

27. DFS’s regulatory mandate does not include setting gun-control policy. Nor does any statute or other authority empower DFS to blacklist, from receipt of insurance or banking services, speakers with political viewpoints objectionable to the governor or DFS superintendent. In addition, DFS has no authority to engage in unlawful viewpoint discrimination.

**2. The NRA Depends Upon Essential Financial Services to Fulfill Its Advocacy Mission**

28. The NRA’s direct-mail campaigns, digital media broadcasts, television and radio communications, grassroots organizing, membership recruitment, and other core political speech and associational activities are carried out by a combination of volunteers, employees, and independent contractors engaged by the NRA and its affiliates. To meet payroll obligations, purchase mailing materials and media airtime, maintain its Internet presence, and otherwise

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<sup>20</sup> Jessica Silver-Greenberg and Ben Protess, *Benjamin Lawskey, Sheriff of Wall Street, Is Taking Off His Badge*, THE NEW YORK TIMES (May 20, 2015), <https://www.nytimes.com/2015/05/21/business/dealbook/benjamin-lawskey-to-step-down-as-new-yorks-top-financial-regulator.html>.

<sup>21</sup> New York Financial Services Law Article 2, § 201 (“Declaration of Policy”).

continue to advocate for the Second Amendment of the United States Constitution, the NRA must have the ability to process and retain cash, check, wire-transfer, and other donations from members and events throughout the country, as well as transmit and apply these funds to meet operational needs. Accordingly, the NRA relies upon depository services, cash management services, lockbox services, disbursement services, wire-transfer services, and remote banking services of the type generally offered by major wholesale banking institutions.

29. To continue its existence as a not-for-profit organization and fulfill its advocacy objectives, the NRA also must maintain various corporate insurance coverage. General liability and related “umbrella” coverage allow the NRA to maintain physical premises, convene off-site meetings and events, and operate educational programs promoting the safe use of firearms which are vital to the NRA’s mission. For its Annual Meeting, Great American Outdoor Show, and other major rallies, conventions and assemblies with explicitly expressive purposes, the NRA generally must also purchase event-specific coverage. Finally, for any organization that produces and disseminates original media content—especially a controversial speaker like the NRA—media liability coverage is a practical necessity. Absent such coverage, it is likely that NRATV would be forced to cease operating; moreover, the NRA could be forced to cease circulation of various print publications and magazines.

30. In addition, like many affinity groups and organizations nationwide, the NRA seeks to make life, health, and other insurance coverage available to its members on affordable, tailored terms. To this end, the NRA contracted with multiple insurance-industry firms to develop, market, and underwrite insurance programs endorsed by the NRA. Pursuant to these arrangements, the NRA performs none of the functions of an insurer. It does lend its valuable logos, marks, and

endorsements to insurance programs brokered and serviced by others. Such “affinity” insurance plans are common, and believed by many to be a suitable substitute for employer-based coverage.<sup>22</sup>

31. From 2000 onward, the NRA contracted with affiliates of the world’s largest privately-held insurance broker, Lockton Companies, LLC (collectively with pertinent affiliates, “Lockton”),<sup>23</sup> for affinity-program brokerage and administration services. Lockton has provided services in the affinity-insurance market for decades, and caters to a wide array of industries and clients including franchises, professional and trade organizations, fraternal organizations, and common-cause groups such as the NRA. For roughly seventeen years, Lockton entities administered and marketed NRA-endorsed insurance in New York State and across the nation without incident. In addition to its affinity-insurance transactions with the NRA, Lockton has also served for decades as the NRA’s trusted insurance broker for various corporate coverage—such as general liability, media liability, and director and officer insurance.

32. The NRA-endorsed affinity insurance administered by Lockton consists primarily of life, health, property, and casualty policies that resemble policies offered by Lockton to other affinity groups. In addition, Lockton administers certain products, including a product known as “Carry Guard,” that provide coverage for expenses arising out of the lawful self-defense use of a legally possessed firearm. Illinois Union Insurance Company (“Illinois Union”), a subsidiary of Chubb Ltd., underwrote Carry Guard while doing business under the name “Chubb.”

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<sup>22</sup> See, e.g., Rachel Louise Ensign, *Affinity-Group Plans*, THE WALL STREET JOURNAL (Sept. 11, 2011), <http://online.wsj.com/article/SB10001424053111904836104576563341686006336.html>.

<sup>23</sup> In particular, the NRA contracted with Lockton Affinity Series of Lockton Affinity, LLC (f/k/a Lockton Risk Services, Inc.) (“Lockton Affinity”) and Kansas City Series of Lockton Companies, LLC (“Lockton KC”).

33. The NRA has been the target of activist boycott efforts in the past, including campaigns that urged insurance companies and other private actors to cease doing business with the NRA. However, because these campaigns were carried out by non-governmental activist groups who lack the ability to punish those who refused to join the boycott, their methods have centered on persuasion—not coercion. Unaided by the brute force of state power, activists never successfully persuaded the NRA’s banking or insurance partners to sever ties with the NRA. This changed in 2017, when one activist organization successfully enlisted Defendants in a joint effort to silence the NRA.

**3. DFS Commences A Politically Motivated Investigation Focused Ostensibly on NRA-Endorsed “Affinity” Insurance.**

34. During or about September 2017, a non-governmental activist organization known as Everytown for Gun Safety (“Everytown”) contacted the New York County District Attorney’s Office (the “DA’s Office”), as well as state and municipal authorities in other jurisdictions, in an effort to prompt a crackdown by sympathetic government officials that would target alleged compliance infirmities in Carry Guard. Notably, Everytown is not an organization dedicated to insurance compliance; instead, its explicit political mission is to oppose the NRA.<sup>24</sup> On September 13, 2017, representatives from the DA’s Office met with DFS to effectuate Everytown’s agenda.

35. As a result, in October 2017, DFS launched an investigation that focused ostensibly on Carry Guard, and was directed in the first instance at Lockton. On its website,

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<sup>24</sup> Aaron Blake, *Bloomberg launches new \$50 Million gun control effort*, THE WASHINGTON POST (Apr. 16, 2014), [https://www.washingtonpost.com/news/post-politics/wp/2014/04/16/bloomberg-aims-to-spend-50-million-on-gun-control/?noredirect=on&utm\\_term=.703fe67ee197](https://www.washingtonpost.com/news/post-politics/wp/2014/04/16/bloomberg-aims-to-spend-50-million-on-gun-control/?noredirect=on&utm_term=.703fe67ee197) (explaining that Everytown “will attempt to combat the vast influence of the National Rifle Association”).

Everytown took credit for instigating the inquiry<sup>25</sup>—but even if it had not, the political underpinnings and selective focus of the investigation were clear. The investigation was chronicled in the national media before the NRA received official notice of it, and it targeted none of the available self-defense insurance products except Carry Guard, which was endorsed by the NRA.

36. Of course, Carry Guard was not Defendants’ true focus, and the scope of the DFS investigation rapidly expanded. At first, Defendants purported to target a discrete subset of so-called “excess line” property and casualty policies relating to firearms—a category that encompassed Carry Guard, but also included policies such as Gun Club Insurance and Hunt Club Insurance. However, Defendants’ goal, from the outset, was to disrupt any and all business arrangements between the NRA and any insurance administrator, broker, or underwriter—indeed, any financial institution. Within weeks of commencing its investigation, DFS began to target insurance programs that had nothing to do with firearms, and instead provided coverage similar or identical to coverage endorsed by other New York affinity organizations such as the New York State Bar Association, the New York City Bar, the National Association for the Self-Employed, the New York Association of Professional Land Surveyors, and the New York State Psychological Association.

37. DFS has not announced similar inquiries concerning any of these other membership organizations, even though their affinity programs involve most, if not all, of the practices and features referenced by DFS in its investigation of the NRA’s affinity programs. Instead,

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<sup>25</sup> *Everytown, Moms Demand Action Statements Responding to Report That New York Department of Financial Services is Investigating NRA Carry Guard Insurance*, EVERYTOWN FOR GUN SAFETY (Oct. 25, 2017), <https://everytown.org/press/everytown-moms-demand-action-statements-responding-to-report-that-new-york-department-of-financial-services-is-investigating-nra-carry-guard-insurance/>.

Defendants selectively targeted the NRA because of the NRA's legislative and grassroots advocacy activities. Defendants specifically intend to undermine the NRA's ability to conduct its affairs in New York—and to advance Cuomo's anti-NRA political agenda.

**4. Over The Course Of The Investigation, Cuomo And DFS Exhort Firms To Sever Ties With The NRA.**

38. Throughout its purported investigation of Carry Guard in late 2017 and early 2018, DFS communicated to banks and insurers with known or suspected ties to the NRA that they would face regulatory action if they failed to terminate their relationships with the NRA. These exhortations extended far beyond Carry Guard (the policy purportedly raising regulatory concerns), indicating that any business relationship whatsoever with the NRA would invite adverse action.

39. The impact of Defendants' campaign on the NRA's ability to access essential financial services has been far greater than—and, clearly distinct from—the impact of any public controversy relating to recent tragedies.

40. For example, during February 2018, the NRA issued a Request for Proposal ("RFP") to multiple banks, inviting them to submit bids to provide depository services, cash-management services, and other basic wholesale banking services necessary to the NRA's advocacy. The NRA received enthusiastic responses from several banks.

41. Likewise, in early January 2018, the NRA began negotiating with a major DFS-regulated insurance carrier (the "Corporate Carrier") to renew its General Liability, Umbrella, and Media Liability insurance coverage policies, which were set to expire during Spring 2018. Those negotiations remained on-course until the final days of February 2018, when Defendants sharply escalated their threats.

42. On or about February 25, 2018, the Chairman of Lockton Companies, placed a distraught telephone call to the NRA. Lockton had been a close business partner of the NRA for nearly twenty years; its commitment to the parties' business relationship had not wavered in connection with the Parkland tragedy, nor the prior Sandy Hook tragedy, nor any previous wave of public controversy relating to gun control. Nonetheless, although he expressed that Lockton privately wished to continue doing business with the NRA, the chairman confided that Lockton would need to "drop" the NRA—entirely—for fear of "losing [our] license" to do business in New York.

43. On February 26, 2018, Lockton publicly tweeted that it would discontinue providing brokerage services for *all* NRA-endorsed insurance programs.

44. Days later, the Corporate Carrier abruptly reversed its position in its corporate-insurance-renewal negotiations with the NRA. Although it had previously indicated it would be willing to extend the NRA's General Liability, Umbrella, and Media Liability coverage on favorable terms consistent with the NRA's favorable claims history, the Corporate Carrier now stated that it was *unwilling to renew coverage at any price*. The Corporate Carrier severed mutually beneficial business arrangements with the NRA because it learned of Defendants' threats directed at Lockton, and feared it would be subject to similar reprisals.

45. Defendants soon supplemented their backchannel threats with official regulatory "guidance." In April 2018, Cuomo directed DFS to publicly "urge insurers and bankers statewide to determine whether any relationship they may have with the NRA or similar organizations sends

the wrong message to their clients and their communities who often look to them for guidance and support.”<sup>26</sup>

46. On April 19, 2018, Vullo, as Superintendent of DFS, issued a pair of ominous “guidance” letters (the “April 2018 Letters”) directed at the chief executive officers, or equivalents, of all New York State chartered or licensed financial institutions and all insurers doing business in New York. The April 2018 Letters urged recipients to sever ties with the NRA and other “gun promotion organizations.”<sup>27</sup> The directive was packaged in a sharply worded media advisory meant to generate headlines – and apply maximum public pressure to the NRA and those with whom it associates.

47. The April 2018 Letters are suffused with political concerns far afield from DFS’s mandate to prevent financial crises and financial fraud. For example, they urge banks and insurers to heed “the voices of the passionate, courageous, and articulate young people” speaking out in favor of gun control, and to reconsider any business relationships with “the [NRA], and similar organizations that promote guns and lead to senseless violence.” However, the April 2018 Letters

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<sup>26</sup> *GOVERNOR CUOMO DIRECTS DEPARTMENT OF FINANCIAL SERVICES TO URGE COMPANIES TO WEIGH REPUTATIONAL RISK OF BUSINESS TIES TO THE NRA AND SIMILAR ORGANIZATIONS*, N.Y. STATE GOVERNOR ANDREW M. CUOMO (Apr. 19, 2018), <https://www.governor.ny.gov/news/governor-cuomo-directs-department-financial-services-urge-companies-weigh-reputational-risk>, attached hereto as Exhibit A (the “Cuomo Press Release”).

<sup>27</sup> Maria T. Vullo, *Guidance on Risk Management Relating to the NRA and Similar Gun Promotion Organizations*, N.Y. STATE DEP’T OF FIN. SERVS. (Apr. 19, 2018), [https://www.dfs.ny.gov/legal/dfs/DFS\\_Guidance\\_Risk\\_Management\\_NRA\\_Gun\\_Manufacturers-Insurance.pdf](https://www.dfs.ny.gov/legal/dfs/DFS_Guidance_Risk_Management_NRA_Gun_Manufacturers-Insurance.pdf) (addressed to the CEOs or equivalents of insurers doing business in the State of New York), attached hereto as Exhibit B; Maria T. Vullo, *Guidance on Risk Management Relating to the NRA and Similar Gun Promotion Organizations*, N.Y. STATE DEP’T OF FIN. SERVS. (Apr. 19, 2018), [https://www.dfs.ny.gov/legal/dfs/DFS\\_Guidance\\_Risk\\_Management\\_NRA\\_Gun\\_Manufacturers-Banking.pdf](https://www.dfs.ny.gov/legal/dfs/DFS_Guidance_Risk_Management_NRA_Gun_Manufacturers-Banking.pdf) (addressed to the CEOs or equivalents of New York State chartered or licensed financial institutions), attached hereto as Exhibit C.

do not merely express Defendants’ own political opinions: they invoke the “risk management” obligations of recipients, and direct banks and insurers to “take prompt actions to manage” purported “reputational risks” arising from “dealings with the NRA or similar gun promotion organizations.”

48. Read in the context of the preceding months’ private communications—as well as disclosures that would soon follow concerning consequences imposed on firms doing business with the NRA—the April 2018 Letters were threats that deliberately invoked DFS’s “risk management” authority to warn of adverse action if institutions failed to support Defendants’ efforts to stifle the NRA’s speech and to retaliate against the NRA based on its viewpoint.

49. Importantly, the April 2018 Letters contain no language clarifying that DFS would forebear from directly enforcing the letters’ terms. Nor do the April 2018 Letters provide regulated institutions with any objective criteria for measuring the “reputational risks” imposed by dealings with entities that “promote guns that lead to senseless violence.” This is because Defendants intend the April 2018 Letters to intimidate institutions into acceding to a political blacklisting campaign, and have nothing to do with the types of market “risks” properly regulated by DFS.

50. To further dispel any ambiguity surrounding the April 2018 Letters, Cuomo and Vullo issued the contemporaneous Cuomo Press Release, containing and endorsing a statement by Vullo that directly “urge[s] all insurance companies and banks doing business in New York to join the companies that have already discontinued their arrangements with the NRA.”<sup>28</sup>

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<sup>28</sup> Ex. A.

51. Likewise, on April 20, 2018, Cuomo publicly tweeted: “The NRA is an extremist organization. I urge companies in New York State to revisit any ties they have to the NRA and consider their reputations, and responsibility to the public.”<sup>29</sup>

52. The intended and actual effect of the April 2018 Letters, and the actions by Cuomo and Vullo, is to coerce insurance agencies, insurers, and banks into terminating business relationships with the NRA that were necessary to the survival of the NRA as a charitable organization.

53. Third-party commentators immediately raised concerns about the First Amendment implications of DFS’s actions. For example, on April 22, 2018, shortly after issuance of the April 2018 Letters, Brian Knight, a Senior Research Fellow and financial regulation expert at George Mason University, published an article expressing alarm that the April 2018 Letters “appear[ed] to be *inherently* about political speech,” and should be immediately withdrawn.<sup>30</sup> In the face of such criticism (and this litigation), Cuomo doubled down, declaring that a lawsuit which alleges unconstitutional censorship of the NRA’s “dangerous agenda” means “you know you’re doing something right.”<sup>31</sup>

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<sup>29</sup> Andrew Cuomo (@NYGovCuomo), TWITTER (Apr. 20, 2018, 8:58 AM), <https://twitter.com/NYGovCuomo/status/987359763825614848>.

<sup>30</sup> Brian Knight, *Is New York using bank regulation to suppress speech?*, FINREGRAG (Apr. 22, 2018), <https://finregrag.com/is-new-york-using-bank-regulation-to-suppress-speech-ac61a7cb3bf>.

<sup>31</sup> Kenneth Lovett, *NRA slapping Cuomo with lawsuit over blacklisting campaign, violating First Amendment rights*, NEW YORK DAILY NEWS (May 11, 2018), <http://www.nydailynews.com/news/politics/nra-slapping-cuomo-lawsuit-blacklisting-campaign-article-1.3984861#>; Andrew Cuomo (@NYGovCuomo), TWITTER (May 12, 2018, 8:50 AM), <https://twitter.com/NYGovCuomo/status/995330370592632832>.

**D. The Damage Done.**

**1. DFS Permanently Restricts Lockton From Doing Business With The NRA In New York.**

54. On May 2, 2018, two weeks after Vullo issued the April 2018 Letters, Lockton entered into a consent order Under Articles 21, 23, and 34 of the Insurance Law (the “Lockton Consent Order”) with DFS—signed by Vullo—which imposes a civil monetary penalty of \$7 million.<sup>32</sup> Although the Lockton Consent Order ostensibly addresses discrete violations by specific Lockton entities of New York’s Insurance Law, its provisions go much further. Most notably, the Lockton Consent Order purports to restrict Lockton’s participation in *any* NRA-endorsed insurance programs in New York State, irrespective of whether such programs comply with the Insurance Law.

55. Specifically, the Lockton Consent Order requires that Lockton agree “not to participate in . . . any other NRA-endorsed programs with regard to New York State.” Nor may Lockton “enter into any agreement or program with the NRA to underwrite or participate in any affinity-type insurance program involving any line of insurance to be issued or delivered in New York State or to anyone known to Lockton to be a New York resident.” As a result, Lockton is prohibited from selling NRA affinity insurance outside New York to any individual who maintains a New York residence.

56. DFS and Vullo have no legal basis to restrict Lockton’s involvement with insurance programs that do not violate New York’s Insurance Law; nor do they have authority to regulate insurance transactions outside of New York. Nevertheless, DFS mandated that Lockton never

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<sup>32</sup> The Lockton Consent Order is attached hereto as Exhibit D.

enter into any future agreements with the NRA for legitimate and fully compliant insurance programs in New York.

57. Furthermore, Lockton would violate the Lockton Consent Order if it markets an ordinary property, casualty, or life insurance policy in the State of New York that was accompanied by an NRA logo or endorsement—notwithstanding that a comparable logo or endorsement referencing any other affinity or common-cause organization is permissible. This provision of the Lockton Consent Order is deliberate and intended to impair the NRA’s ability to negotiate insurance benefits for its members, damage the NRA’s goodwill among its membership, and unconstitutionally restrict the NRA’s speech on the basis of political animus.

58. Several of the purported “violations” assessed pursuant to the Lockton Consent Order concern programs commonly engaged in by numerous additional affinity associations that do not publicly advocate for Second Amendment rights and, therefore, are not targets of Defendants’ unconstitutional conduct. Several such organizations are clients of Lockton—yet the Consent Order does not compel Lockton to discontinue its purportedly unlawful conduct with respect to these clients.

59. For example:

- DFS claims that Lockton Affinity violated Insurance Law § 2122(a)(1) by referring to the insurer’s AM Best rating. Yet, in reference to Lockton Affinity’s affinity program for the American Optometric Association through AOAEExcel (“AOAEExcel”), Lockton Affinity states that it has the “backing of a carrier that is rated A+ (Superior) by A.M. Best.<sup>33</sup> Similarly, Lockton Affinity currently advertises that coverage for the affinity programs designed for the Veterans of

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<sup>33</sup> *Questions? We have answers for you.*, AOAINSURANCEALLIANCE, <http://aoainsurancealliance.com/faq/> (last visited May 7, 2018).

Foreign Wars (“VFW”) and Moose International Inc. (“Moose”) is through companies “rated ‘Excellent’ or higher by A.M. Best.”<sup>34</sup>

- DFS claims that Lockton Affinity violated Insurance Law § 2324(a) by giving or offering to give no cost insurance to NRA members in good standing. Yet, Lockton Affinity currently makes that same offer to members of both the Professional Photographers of America (“PPA”)<sup>35</sup> and the VFW.<sup>36</sup>
- DFS claims that Lockton Affinity violated Insurance Law § 2116 by compensating the NRA based on actual premiums collected. Yet, Lockton Affinity paid AOAEExcel, Moose, the VFW, and the PPA in the same or similar manner.

60. Even if such conduct does violate insurance law, DFS’s selective enforcement of such offenses as to NRA-endorsed policies—but not as to other policies marketed by Lockton in an identical fashion—constitutes impermissible viewpoint discrimination and a denial of equal protection under the law.

61. Despite the backlash concerning the expansive coercive scope and clear political agenda of the April 2018 Letters, Defendants remained undaunted in their effort to deprive the NRA of such services; as such, their overall messaging to financial institutions remained unaffected. Indeed, the DFS press release publicizing the Lockton Consent Order trumpeted the same concession by Lockton that had inspired its chairman’s furtive telephone call months before:

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<sup>34</sup> *FVW Post Insurance Program, Program Information*, VFW INSURANCE, [http://vfwinsurance.com/wp-content/uploads/sites/29/2017/12/VFW\\_Post\\_Insurance\\_Information\\_Packet.pdf](http://vfwinsurance.com/wp-content/uploads/sites/29/2017/12/VFW_Post_Insurance_Information_Packet.pdf) (last visited May 7, 2018); MOOSE INSURANCE PROGRAM, <http://mooseinsuranceprogram.com/> (last visited May 7, 2018).

<sup>35</sup> INSURANCE FOR PPA, <https://insuranceforppa.com/> (last visited May 7, 2018).

<sup>36</sup> VFW INSURANCE, <http://vfwinsurance.com/life-insurance/#no-cost> (last visited May 7, 2018).

Lockton must “refrain from [e]ntering into any other agreement or arrangement . . . involving the NRA, directly or indirectly”—including, but not limited to, affinity insurance.<sup>37</sup>

**2. DFS Purports To Prohibit Chubb From Doing Business With The NRA Anywhere.**

62. On May 7, 2018, Chubb Group Holdings, Inc. and Illinois Union (together, “Chubb”) entered into a Consent Order Under Sections 1101 and 3420 of the Insurance Law (the “Chubb Consent Order”) with DFS—signed by Vullo—which imposes a civil monetary penalty of \$1.3 million.<sup>38</sup> Similar to the Lockton Consent Order, in the Chubb Consent Order, DFS overextends its authority and purports to restrict Chubb’s participation in *any* affinity-type insurance program with the NRA, irrespective of whether such programs comply with the Insurance Law.

63. Although DFS restricts Lockton from participating in any affinity-type insurance programs with the NRA in New York or with New York residents, Defendants’ restrictions in the Chubb Consent Order contain no geographic constraint whatsoever. Instead, the Chubb Consent Order purports to limit Chubb’s involvement with the NRA anywhere, and everywhere, in the world.

64. Nevertheless, DFS allows Chubb to continue to underwrite affinity-type insurance programs with other affinity or common-cause organizations that do not publicly advocate for Americans’ Second Amendment rights, so long as Chubb undertakes “reasonable due diligence to

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<sup>37</sup> *DFS FINES LOCKTON COMPANIES \$7 MILLION FOR UNDERWRITING NRA-BRANDED “CARRY GUARD” INSURANCE PROGRAM IN VIOLATION OF NEW YORK INSURANCE LAW*, N.Y. STATE DEP’T OF FIN. SERVS. (May 2, 2018), <https://www.dfs.ny.gov/about/press/pr1805021.htm>.

<sup>38</sup> The Chubb Consent Order is attached hereto as Exhibit E.

ensure that any entity involved . . . is acting in compliance with the Insurance Law . . . .”<sup>39</sup> The only plausible explanation for the DFS’s complete exclusion of NRA-endorsed policies, even those “in compliance with the Insurance Law,” is that Defendants seek to misuse DFS’s power to deprive the NRA of insurance and financial services, on the sole ground that Defendants disapprove of the NRA’s viewpoint regarding gun control.

**3. Defendants’ Actions Are Causing Other Financial Institutions To Re-Evaluate Their Relationships With The NRA For Fear Of Significant Adverse Action By Defendants.**

65. Defendants’ concerted efforts to stifle the NRA’s freedom of speech and to retaliate against the NRA based on its viewpoints are causing other insurance, banking, and financial institutions doing business with the NRA, such as Lloyd’s of London (“Lloyd’s”), to rethink their mutually beneficial business relationships with the NRA for fear of monetary sanctions or expensive public investigations.<sup>40</sup> Indeed, Lloyd’s announced on May 9, 2018, that it would “terminate all insurance offered, marketed, endorsed, or otherwise made available” through the NRA in light of the DFS Investigation.<sup>41</sup>

66. The NRA has encountered serious difficulties obtaining corporate insurance coverage to replace coverage withdrawn by the Corporate Carrier. The NRA’s inability to obtain insurance in connection with media liability raises risks that are especially acute; if insurers remain afraid to transact with the NRA, there is a substantial risk that NRATV will be forced to cease operating. The NRA has spoken to numerous carriers in an effort to obtain replacement corporate

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<sup>39</sup> See Ex. E, at ¶ 22.

<sup>40</sup> See, e.g., *Lloyd’s Underwriters Told to Stop Insurance Linked to NRA*, THE NEW YORK TIMES (May 9, 2018), <https://www.nytimes.com/reuters/2018/05/09/business/09reuters-lloyds-of-london-nra.html>, attached hereto as Exhibit F.

<sup>41</sup> *Id.*

insurance coverage; nearly every carrier has indicated that it fears transacting with the NRA specifically in light of DFS's actions against Lockton and Chubb.

67. Defendants' threats have also imperiled the NRA's access to basic banking services, despite the absence of any alleged regulatory violations in connection with the NRA's banking activities. Multiple banks withdrew their bids in the NRA's RFP process following the issuance of the April 2018 Letters, based on concerns that any involvement with the NRA—even providing the organization with basic depository services—would expose them to regulatory reprisals.

68. Defendants' campaign is achieving its intended chilling effect on banks throughout DFS's jurisdiction. Speaking "on the condition of anonymity," one community banker from Upstate New York told *American Banker* magazine that in light of the apparent "politically motivated" nature of the DFS guidance, "[i]t's hard to know what the rules are" or whom to do business with, because bankers must attempt to anticipate "who is going to come into disfavor with the New York State DFS" or other regulators.<sup>42</sup> Other industry sources told *American Banker* that, "such regulatory guidelines are frustratingly vague, and can effectively compel institutions to cease catering to legal businesses."<sup>43</sup>

69. The NRA has suffered tens of millions of dollars in damages based on Defendants' conduct described above. Such damages include, without limitation, damages due to reputational harm, increased development and marketing costs for any potential new NRA-endorsed insurance

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<sup>42</sup> Neil Haggerty, *Gun issue is a lose-lose for banks (whatever their stance)*, AMERICAN BANKER (Apr. 26, 2018, 1:11 PM), <https://www.americanbanker.com/news/gun-issue-is-a-lose-lose-for-banks-whatever-their-stance>.

<sup>43</sup> *Id.*

programs, and lost royalty amounts owed to the NRA, as well as attorneys' fees, legal expenses, and other costs.

70. If the NRA is unable to collect donations from its members, safeguard the assets endowed to it, apply its funds to cover media buys and other expenses integral to its political speech, and obtain basic corporate insurance coverage, it will be unable to exist as a not-for-profit or pursue its advocacy mission. Defendants seek to silence one of America's oldest constitutional rights advocates. If their abuses are not enjoined, they will soon, substantially, succeed.

## V.

### CLAIMS

**A. Count One: Violation Of The NRA's First And Fourteenth Amendment Rights Under 42 U.S.C. § 1983, And Article 1, Section 8 Of The New York Constitution By The Establishment Of An Implicit Censorship Regime (As To All Defendants).**

71. The NRA repeats and re-alleges each and every allegation in the preceding paragraphs as though fully set forth herein.

72. The First Amendment, which applies to Defendants by operation of the Fourteenth Amendment, and Section Eight of the New York Constitution secure the NRA's right to free speech, including its right to express its viewpoints and political beliefs regarding the constitutionally protected right to keep and bear arms.

73. The NRA has a longstanding history of political advocacy advancing the Second Amendment rights of all Americans. Although Cuomo and Vullo disagree with and oppose the NRA's political views, the NRA's freedom to express its views with respect to the gun-control debate is a fundamental right protected by the First Amendment.

74. Defendants have regulatory authority over financial institutions and insurance entities that have done or are doing business with or are otherwise associated with the NRA, including Chubb, Lockton, and Lloyd's.

75. Defendants’ actions—including but not limited to the issuance of the April 2018 Letters and the accompanying backroom exhortations, the imposition of the Consent Orders upon Chubb and Lockton, and the issuance of the Cuomo Press Release—established a “system of informal censorship” designed to suppress the NRA’s speech.<sup>44</sup>

76. Defendants’ actions were for the purpose of suppressing the NRA’s pro-Second Amendment viewpoint. Defendants undertook such unlawful conduct with the intent to obstruct, chill, deter, and retaliate against the NRA’s core political speech.

77. Defendants’ unlawful exhortations to New York insurance companies, banks, and financial institutions that they, among other things, “manag[e] their risks, including reputational risks, that may arise from their dealings with the NRA . . . , as well as continued assessment of compliance with their own codes of social responsibility[,]” as well as “review any relationships they have with the NRA[,]” and “take prompt actions to managing these risks and promote public health and safety[,]” constitute a concerted effort to deprive the NRA of its freedom of speech by threatening with government prosecution services critical to the survival of the NRA and its ability to disseminate its message. Far from protected government speech, Defendants’ actions constitute an “implied threat[ ] to employ coercive state power” against entities doing business with the NRA, and they are reasonably interpreted as such.<sup>45</sup>

78. Defendants’ concerted efforts to stifle the NRA’s freedom of speech caused financial institutions doing business with the NRA to end their business relationships, or explore such action, due to fear of monetary sanctions or expensive public investigations. For example, Defendants coerced and caused Lockton and Chubb to cease their participation in NRA-endorsed

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<sup>44</sup> *Bantam Books, Inc. v. Sullivan*, 372 U.S. 58, 71 (1963).

<sup>45</sup> *Okwedy v. Molinari*, 333 F.3d 339, 342 (2d Cir. 2003).

insurance programs, regardless of whether the insurance programs met all legal qualifications under New York's Insurance Law. Defendants' implied threats also coerced and caused Lloyd's to cease doing insurance business with the NRA.

79. Defendants' unlawful and intentional actions are not justified by a substantial or compelling government interest and are not narrowly tailored to serve any such interest.

80. Defendants' intentional actions resulted in significant damages to the NRA, including but not limited to damages due to reputational harm, increased development and marketing costs for any potential new NRA-endorsed insurance programs, and lost royalty amounts owed to the NRA.

81. The NRA is also entitled to an award of attorneys' fees and costs pursuant to 42 U.S.C. § 1988 and New York Civil Practice Law and Rules § 8601.

82. In addition to the above-described damages, absent an injunction against Defendants, the NRA will suffer irrecoverable loss and irreparable harm if it is unable to acquire insurance or other banking services due to Defendants' actions. Accordingly, the NRA seeks an order preliminarily and permanently enjoining Cuomo and Vullo (in their official capacities) and DFS—including its officers, agents, servants, employees, and all persons in active concert or participation with them who receive actual notice of the injunction—from threatening or encouraging insurance companies, banks, or financial institutions to sever ties with or discontinue services to the NRA.

**B. Count Two: Violation Of The NRA's First And Fourteenth Amendment Rights Under 42 U.S.C. § 1983 And Article 1, Section 8 Of The New York Constitution By Retaliating Against The NRA Based On Its Speech (As To All Defendants).**

83. The NRA repeats and re-alleges each and every allegation in the preceding paragraphs as though fully set forth herein.

84. The First Amendment, which applies to Defendants by operation of the Fourteenth Amendment, and Section Eight of the New York Constitution, secures the NRA's right to free speech, including its right to express its viewpoints and political beliefs regarding the constitutionally protected right to keep and bear arms.

85. The NRA has a longstanding history of political advocacy advancing the Second Amendment rights of all Americans. Although Cuomo and Vullo disagree with and oppose the NRA's political views, the NRA's freedom to express its views with respect to the gun-control debate is a fundamental right protected by the First Amendment.

86. Defendants' actions—including but not limited to the issuance of the April 2018 Letters and the accompanying backroom exhortations, the imposition of the Consent Orders upon Chubb and Lockton, and the issuance of the Cuomo Press Release—were in response to and substantially caused by the NRA's political speech regarding the right to keep and bear arms. Defendants' actions were for the purpose of suppressing the NRA's pro-Second Amendment viewpoint. Defendants undertook such unlawful conduct with the intent to obstruct, chill, deter, and retaliate against the NRA's core political speech.

87. Defendants' actions have concretely harmed the NRA by causing financial institutions doing business with the NRA to end their business relationships, or explore such action, due to fear of monetary sanctions or expensive public investigations. For example, Defendants coerced and caused Lockton and Chubb to cease their participation in NRA-endorsed insurance programs in New York and elsewhere, regardless of whether the insurance programs met all legal qualifications under New York's Insurance Law. Defendants' implied threats also coerced and caused Lloyd's to cease participating in affinity insurance programs with the NRA.

88. Defendants had discretion in deciding whether and how to carry out their actions, including but not limited to the types of demands imposed on Chubb and Lockton in the Consent Orders, whether to issue the Cuomo Press Release, and the type of guidance provided in the April 2018 Letters. They exercised this discretion to harm the NRA because of the NRA's speech regarding the Second Amendment.

89. Defendants' unlawful and intentional actions are not justified by a substantial or compelling government interest and are not narrowly tailored to serve any such interest.

90. Defendants' intentional actions resulted in significant damages to the NRA, including but not limited to damages due to reputational harm, increased development and marketing costs for any potential new NRA-endorsed insurance programs, and lost royalty amounts owed to the NRA.

91. The NRA is also entitled to an award of attorneys' fees and costs pursuant to 42 U.S.C. § 1988 and New York Civil Practice Law and Rules § 8601.

92. In addition to the above-described damages, absent an injunction against Defendants, the NRA will suffer irrecoverable loss and irreparable harm if it is unable to acquire insurance or other financial services due to Defendants' actions. Accordingly, the NRA seeks an order permanently enjoining Cuomo, Vullo, and DFS—including its officers, agents, servants, employees, and all persons in active concert or participation with them who receive actual notice of the injunction—from threatening or encouraging insurance companies, banks, or financial institutions to sever ties with or discontinue services to the NRA.

**C. Count Three: Violation Of The NRA's Right To Freedom Of Association Protected By The First And Fourteenth Amendment Under 42 U.S.C. § 1983, And Article 1, Section 8 Of The New York Constitution (As To All Defendants).**

93. The NRA repeats and re-alleges each and every allegation in the preceding paragraphs as though fully set forth herein.

94. The First Amendment, which applies to Defendants by operation of the Fourteenth Amendment, and Section Eight of the New York Constitution, protects every citizen's right to engage in expressive association for the advancement of beliefs and ideas.

95. The NRA and its members associate for the purpose of engaging in political advocacy advancing the Second Amendment rights of all Americans. In order to meet the NRA's first "Purpose[]" and Objective[]" contained in its bylaws—" [t]o protect and defend the Constitution of the United States"—the NRA and its members engage in letter-writing campaigns, peaceable public gatherings, and other grassroots "lobbying" activities.

96. Defendants' actions—including but not limited to the issuance of the April 2018 Letters and the accompanying backroom exhortations, the imposition of the Consent Orders upon Chubb and Lockton, and the issuance of the Cuomo Press Release—are, in effect, limiting the NRA's ability to continue to operate as an ongoing entity and engage in political advocacy. Specifically, the NRA has encountered serious difficulties obtaining corporate insurance coverage, media liability coverage, and basic banking services.

97. For example, financial institutions previously doing business with the NRA, such as Lockton, Chubb, and Lloyd's, are ending their business relationships, or exploring such action, due to fear of monetary sanctions or expensive public investigations. The Corporate Carrier has now stated that it was *unwilling to renew coverage at any price*. The NRA has spoken to numerous carriers in an effort to obtain replacement corporate insurance coverage; nearly every carrier has indicated that it fears transacting with the NRA specifically in light of DFS's actions against Lockton and Chubb. Furthermore, multiple banks withdrew their bids following the issuance of the April 2018 Letters, based on concerns that any involvement with the NRA—even

providing the organization with bank-depository services—would expose them to regulatory reprisals.

98. Insurance coverage is necessary for the NRA to continue its existence as a not-for-profit organization and fulfill its advocacy objectives. Without appropriate media coverage, for example, there is a substantial risk that NRATV will be forced to cease operating; moreover, the NRA could be forced to cease circulation of various print publications and magazines. Additionally, the NRA cannot maintain its physical premises, convene off-site meetings and events, operate educational programs promoting the safe use of firearms, or hold rallies, conventions and assemblies without general liability and related “umbrella” coverage, or event-specific coverage.

99. Banking services—such as the ability to process and retain cash, check, wire-transfer, and other donations from members and events throughout the country, as well as transmit and apply these funds to meet operational needs—are a necessary and critical function for the NRA to continue as an organization.

100. Defendants’ actions were taken to specifically target the NRA’s and its members’ right to associate and express their political beliefs in order to banish pro-Second Amendment views from New York. Believing they could not directly bar the NRA from operating in New York, Defendants instead engaged in a censorship scheme to directly, substantially, and significantly infringe the NRA’s and its members’ right to associate by depriving it of critical insurance and banking services.

101. The NRA’s interest in associating to advance its political beliefs, along with the beliefs of its members, significantly outweighs the government’s interest in any restriction of that association.

102. Defendants' unlawful and intentional actions do not serve a compelling government interest and can be achieved through means significantly less restrictive of associational freedoms.

103. Defendants' intentional actions resulted in significant damages to the NRA, including but not limited to damages due to reputational harm and increased costs associated with finding replacement banking and insurance services, if available at all.

104. The NRA is also entitled to an award of attorneys' fees and costs pursuant to 42 U.S.C. § 1988 and New York Civil Practice Law and Rules § 8601.

105. The NRA does not have an adequate remedy at law for the harm and damage caused by Defendants' violations of its constitutional right of freedom of association. Absent an injunction against Defendants, the NRA will suffer irrecoverable loss and irreparable harm if it is unable to acquire insurance or other financial services due to Defendants' actions.

106. Accordingly, the NRA seeks an order permanently enjoining Cuomo, Vullo, and DFS—including its officers, agents, servants, employees, and all persons in active concert or participation with them who receive actual notice of the injunction—from threatening or encouraging insurance companies, banks, or financial institutions to sever ties with, refuse to offer services to, or discontinue services to the NRA.

**D. Count Four: Violation Of The Equal Protection Clause Of The Fourteenth Amendment Under 42 U.S.C. § 1983, And Article 1, Section 11 Of The New York Constitution (As To All Defendants).**

107. The NRA repeats and re-alleges each and every allegation in the preceding paragraphs as though fully set forth herein.

108. Defendants knowingly and willfully violated the NRA's equal protection rights by seeking to selectively enforce certain provisions of the Insurance Law against Lockton's affinity-insurance programs for the NRA. Meanwhile, other affinity-insurance programs that were

identically (or at least similarly) marketed by Lockton, but not endorsed by “gun promotion” organizations, have not been targeted by DFS’s investigation.

109. Defendants’ selective enforcement of the Insurance Law against the NRA and its business partners has been knowing, willful, arbitrary, capricious, unreasonable, discriminatory, and undertaken in bad faith and without a rational basis. Defendants’ conduct does not further any legitimate government interest.

110. Defendants’ selective enforcement of the Insurance Law against the NRA and its business partners is based on the NRA’s political views and speech relating to the Second Amendment. These considerations are impermissible bases for an enforcement action.

111. Defendants’ actions have resulted in significant damages to the NRA, including but not limited to damages due to reputational harm, increased development and marketing costs for any potential new NRA-endorsed insurance programs, and lost royalty amounts owed to the NRA.

112. The NRA is also entitled to an award of attorneys’ fees and costs pursuant to 42 U.S.C. § 1988 and New York Civil Practice Laws and Rules § 8601.

113. In addition, Defendants’ unlawful conduct inflicted, and threatens to continue to inflict immediate, irreparable harm on the NRA. Accordingly, the NRA seeks an order preliminarily and permanently enjoining Cuomo and Vullo (in their official capacities) and DFS—including its officers, agents, servants, employees, and all persons in active concert or participation with them who receive actual notice of the injunction—from selectively enforcing the Insurance Law by requiring Lockton or Chubb, through their respective consent orders, to forbear from doing business with the NRA which they could otherwise permissibly conduct with other affinity organizations.

**E. Count Five: Conspiracy Under 42 U.S.C. § 1983 (As To Cuomo And Vullo In Their Individual Capacities).**

114. The NRA repeats and re-alleges each and every allegation in the preceding paragraphs as though fully set forth herein.

115. Cuomo and Vullo, acting under color of state law, agreed with each other, and with others known and unknown, to deprive the NRA of rights secured and guaranteed by the First and Fourteenth Amendments to the United States Constitution and Sections Eight and Eleven of the New York Constitution.

116. In furtherance of these objectives, Cuomo directed Vullo to issue statements targeted at New York insurance and financial institutions to cause them to sever existing relationships with the NRA. Vullo agreed and subsequently released the April 2018 Letters, implicitly threatening DFS-regulated entities with potential prosecutorial action should they fail to sever ties with the NRA.

117. Less than two weeks after the April 2018 Letters, continuing to carry out her agreement with Cuomo to stifle the NRA's political speech, Vullo signed the Lockton Consent Order, imposing a monetary sanction of \$7 million against Lockton Affinity and Lockton Companies, and requiring them to never again participate in any lawful NRA-endorsed insurance program in New York. Shortly thereafter, Vullo signed the Chubb Consent Order imposing a monetary sanction of \$1.3 million against Chubb, and requiring them to never again participate in any lawful NRA-endorsed insurance program no matter where in the world the insured is located.

118. Cuomo's and Vullo's conspiracy was chiefly motivated by discriminatory animus against the NRA on account of its political speech, beliefs, and associations—in particular, its advocacy on behalf of Second Amendment rights. Vullo, at Cuomo's direction, agreed to issue the April 2018 Letters in an apparent effort to silence, intimidate, and deter those possessing a

particular viewpoint from participating in the debate with respect to gun control. This effectively prevents, or at a minimum chills, the NRA's enjoyment and exercise of its right to freedom of speech. Cuomo's and Vullo's intentional actions spawned by the conspiracy were motivated by an unlawful motive or intent and involved a reckless or callous indifference to, or disregard of, the NRA's protected constitutional rights.

119. Cuomo's and Vullo's unlawful actions, undertaken separately and jointly under color of state law, resulted from a concerted and malicious conspiracy to abridge the NRA's freedom of speech under the First and Fourteenth Amendments to the United States Constitution and Section Eight of the New York Constitution and the NRA's right to equal protection under the Fourteenth Amendment to the United States Constitution and Section Eleven of the New York Constitution.

120. Cuomo's and Vullo's conspiracy to stifle the NRA's speech and induce a boycott of the NRA has caused, and continues to cause, significant damages to the NRA. For example, the NRA is entitled to compensatory damages resulting from the loss of insurance program revenues. The NRA is also entitled to an award of attorneys' fees and costs pursuant to 42 U.S.C. § 1988 and New York Civil Practice Law and Rules § 8601.

**F. Count Six: Violation Of The NRA's Fourteenth Amendment Due Process Rights Under 42 U.S.C. § 1983, And Article 1, Section 6 Of The New York Constitution (As To All Defendants).**

121. The NRA repeats and re-alleges each and every allegation in the preceding paragraphs as though fully set forth herein.

122. Defendants' actions have deprived the NRA of its constitutionally protected interests in engaging in core political advocacy and pursuing revenue opportunities free from unreasonable government interference by coercing financial institutions to cease providing essential services to the NRA and other "gun promotion" organizations.

123. For decades, the NRA has contracted with, among others, insurance-industry firms and professionals to create affinity-insurance programs providing life, health, property, casualty, and other similar types of insurance to NRA members, as well as club and business affiliates. The NRA has invested significant time, money, and effort into these insurance programs in order to provide a valuable benefit to its members.

124. Additionally, in order to continue its public advocacy efforts in support of the right to bear arms, the NRA has contracted with financial institutions, including banks and insurers, to provide the NRA with: (a) depository services, cash management services, lockbox services, disbursement services, wire-transfer services, and remote banking services of the type generally offered by major wholesale banking institutions; and (b) corporate insurance coverage, including general liability and related “umbrella” coverage, and event-specific coverage.

125. Accordingly, the NRA has a property interest in its agreements with these financial institutions, as well as a liberty interest in its good name, reputation, honor, integrity, and its ability to endorse insurance products to its membership.

126. Defendants’ April 2018 Letters, backroom exhortations during the DFS Investigation, and public statements caused, at a minimum, Lockton Affinity, Lockton Companies, and Chubb to discontinue their NRA-endorsed insurance options in New York or (in Chubb’s case) nationwide and to never again participate in such programs, thus depriving the NRA of its property interest without due process of law. Furthermore, Defendants’ actions have interfered with and deprived the NRA of its tangible property interests in accessing banking and insurance products on equal terms with other citizens.

127. Defendants, in their April 2018 Letters and in other public pronouncements, have made stigmatizing statements, including that the NRA represents a potential reputation risk to

insurance companies and financial institutions, that the NRA is responsible for “senseless violence,” and that the NRA is a threat to the public health and safety, that call into question the NRA’s good name, reputation, honor, and integrity. These stigmatizing statements are false and capable of being proved false.

128. As evidenced by the actions multiple insurance companies have taken to terminate their business relationships with the NRA, Defendants’ public statements and other unlawful conduct have impugned the NRA’s reputation in such a fashion as to materially obstruct and hinder the NRA’s ability to continue its existence as a not-for-profit organization, fulfill its advocacy objectives, and carry its affinity insurance programs. Defendants’ conduct indeed shocks the conscience.

129. Defendants made these stigmatizing statements publicly, both through the release of the April 2018 Letters and in other public pronouncements.

130. Defendants made these statements concurrently with, or in close temporal relationship to, the decision by each of Lockton and Chubb to terminate one or more key business relationships with the NRA; those terminations directly resulted from the coercion applied by Defendants to Lockton and Chubb.

131. Defendants’ violation of the NRA’s due process rights and deprivation of the NRA’s interest in its contracted-for NRA-endorsed insurance programs, as well as its other property and liberty interests, has resulted in significant damages to the NRA, including increased development and marketing costs for any potential new NRA-endorsed insurance programs and increased costs associated with attempting to obtain new insurance and banking services. The NRA is also entitled to an award of attorneys’ fees and costs pursuant to 42 U.S.C. § 1988 and New York Civil Practice Law and Rules § 8601.

132. The NRA also seeks an order preliminarily and permanently enjoining Cuomo and Vullo (in their official capacities) and DFS—including its officers, agents, servants, employees, and all persons in active concert or participation with them who receive actual notice of the injunction—from engaging in any conduct or activity which has the effect of interfering with, terminating, or diminishing any of the NRA’s contracts and/or lawful business relationships with any organizations.

**G. Count Seven: Tortious Interference With Prospective Economic Advantage (As To Cuomo And Vullo In Their Individual Capacities).**

133. The NRA repeats and re-alleges each and every allegation in the preceding paragraphs as though fully set forth herein.

134. For over fifteen years, the NRA has had an ongoing business relationship with Lockton. Lockton entities administered and marketed NRA-endorsed insurance in New York State and across the nation, and also served as the NRA’s trusted insurance broker for various corporate coverage—such as general liability, media liability, and director and officer insurance.

135. As demonstrated through, for example, the Lockton Consent Order, Cuomo and Vullo knew that the NRA had an ongoing business relationship with Lockton and understood that the relationship was expected to continue for many years to come.<sup>46</sup> Prior to entering into the Lockton Consent Order or issuing the April 2018 Letters and associated press release, Cuomo and Vullo had access to the contracts between Lockton and the NRA, which indicated the long-term nature of the relationship and explained the duties and obligations of Lockton and the NRA.

136. Vullo, at the direction of Cuomo, intentionally and deliberately interfered with the NRA’s prospective business relationship with Lockton in an attempt to drive the NRA out of New

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<sup>46</sup> See Ex. D, at ¶ 15 (acknowledging the long-term relationship between Lockton and the NRA).

York. Vullo and Cuomo's interference included, but is not limited to, entering into an agreement with Lockton requiring it to not participate in "any other NRA-endorsed programs with regard to New York State" and to not "enter into any agreement or program with the NRA to underwrite or participate in any affinity-type insurance program involving any line of insurance to be issued or delivered in New York State or to anyone known to Lockton to be a New York resident."<sup>47</sup>

137. Cuomo and Vullo acted for a wrongful purpose, with malicious intent, and used dishonest, wrongful, and improper means when intentionally interfering with the NRA's business relationship with Lockton. Cuomo's and Vullo's sole purpose for requiring Lockton to no longer participate in lawful insurance programs with the NRA was to harm the NRA and drive it, and the advocacy Cuomo and Vullo disagreed with, out of New York state. Under the guise of governmental executive authority, Cuomo and Vullo took intentional steps to violate the NRA's rights afforded by the United States and New York Constitutions and committed independent tortious conduct.

138. Cuomo's and Vullo's intentional interference was directed at Lockton and convinced and induced Lockton to not enter any future business relationship or continue a prospective relationship with the NRA in New York.

139. Cuomo's and Vullo's intentional interference caused significant injury to the NRA's business relationship with Lockton, including Lockton's termination of its relationship with the NRA in New York (and elsewhere) and refusal to enter into any affinity-based insurance programs with the NRA in New York, even if those programs comply with New York Insurance Law.

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<sup>47</sup> *Id.* at ¶¶ 42-43.

140. As a result of Vullo's and Cuomo's actions, the NRA has sustained and is continuing to sustain economic damages from lost prospective business relations, including but not limited to actual damages resulting from the loss of royalty payments from future affinity programs and attorneys' fees and costs, which must be remedied through issuance of a permanent injunction and in an amount of actual damages.

141. The NRA is also entitled to an award of punitive damages for Cuomo's and Vullo's tortious interference with the NRA's prospective economic advantage because their intentional actions constituted a wanton and reckless disregard of the NRA's constitutional rights.

## VI.

### **DEMAND FOR JURY TRIAL**

142. The NRA hereby demands a trial by jury on all issues so triable.

## VII.

### **REQUEST FOR RELIEF**

WHEREFORE the NRA respectfully requests that the Court enter judgment in the NRA's favor and against Defendants, as follows:

a. Declaring, pursuant to 28 U.S.C. § 2201, that Defendants have violated the NRA's rights to free speech, freedom of association, due process, and equal protection under both the Federal and New York Constitutions;

b. Granting a preliminary and permanent injunction, pursuant to 28 U.S.C. § 1651 (a), 42 U.S.C. § 1983, and Rule 65 of the Federal Rules of Civil Procedure, ordering DFS, its agents, representatives, employees and servants and all persons and entities in concert or participation with it, Cuomo (in his official capacity), and Vullo (in her official capacity):

- (1) to immediately cease and refrain from engaging in any conduct or activity which has the purpose or effect of interfering with the NRA's exercise of

- the rights afforded to it under the First and Second Amendment to the United States Constitution and Section 8 to the New York Constitution;
- (2) to immediately cease and refrain from engaging in any conduct or activity which has the purpose or effect of interfering with, terminating, or diminishing any of the NRA's contracts and/or business relationships with any organizations;
  - (3) to immediately cease and refrain from further selective enforcement of the Insurance Laws to the NRA endorsed policies; and
  - (4) to enjoin or preclude the enforcement of the provisions of the Lockton and Chubb Consent Orders purporting to prohibit Lockton and Chubb from doing business with the NRA;
- b. Granting such other injunctive relief to which the NRA is entitled;
  - c. Awarding the NRA actual damages, including compensatory and consequential damages, in an amount to be determined at trial;
  - d. Awarding the NRA exemplary or punitive damages;
  - e. Awarding the NRA pre-judgment and post-judgment interest at the highest lawful rates;
  - f. Awarding the NRA such costs and disbursements as are incurred in prosecuting this action, including reasonable attorneys' and experts' fees; and
  - g. Granting the NRA such other and further relief as this Court deems just and proper.

Respectfully submitted,

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**ATTORNEYS FOR THE NATIONAL RIFLE  
ASSOCIATION OF AMERICA**

# **EXHIBIT A**



APRIL 19, 2018 Albany, NY

# **Governor Cuomo Directs Department of Financial Services to Urge Companies to Weigh Reputational Risk of Business Ties to the NRA and Similar Organizations**

## Insurance Companies, Banks, and Other Financial Institutions Encouraged to Review Relationships with the NRA and Similar Organizations

Governor Andrew M. Cuomo today directed the Department of Financial Services to urge insurance companies, New York State-chartered banks, and other financial services companies licensed in New York to review any relationships they may have with the National Rifle Association and other similar organizations. Upon this review, the companies are encouraged to consider whether such ties harm their corporate reputations and jeopardize public safety.

"New York may have the strongest gun laws in the country, but we must push further to ensure that gun safety is a top priority for every individual, company, and organization that does business across the state," **Governor Cuomo said.** "I am directing the Department of Financial Services to urge insurers and bankers statewide to determine whether any relationship they may have with the NRA or similar organizations sends the wrong message to their clients and their communities who often look to them for guidance and support. This is not just a matter of reputation, it is a matter of public safety, and working together, we can put an end to gun violence in New York once and for all."

DFS is encouraging regulated entities to consider reputational risk and promote corporate responsibility in an effort to encourage strong markets and protect consumers. A number of businesses have ended relationships with the NRA following the Parkland, Florida school shooting in order to realign their company's values. MetLife, a major insurer regulated by DFS, recently announced it was ending a discount program it offered with the NRA and Chubb, another DFS-regulated insurer, recently stopped underwriting the NRA-branded "Carry Guard" insurance program.

**Financial Services Superintendent Maria T. Vullo said,** "Corporations are demonstrating that business can lead the way and bring about the kind of positive social change needed to minimize the chance that we will witness more of these senseless tragedies. DFS urges all insurance companies and banks doing business in New York to join the companies that have already discontinued their arrangements with the NRA, and to take prompt actions to manage these risks and promote public health and safety.

DFS regulates more than 1,400 insurance companies with assets of \$4.3 trillion. These include 200 life insurers, 1,100 property casualty insurers, and 100 health insurance companies.

Click [here](#) for a copy of the DFS guidance that was sent to all DFS-regulated insurers and [here](#) for guidance sent to all DFS-regulated banks.

## Contact the Governor's Press Office



**Contact us  
by phone:**

Albany: (518) 474 - 8418

New York City: (212) 681 - 4640



**Contact us  
by email:**

[Press.Office@exec.ny.gov](mailto:Press.Office@exec.ny.gov)

# **EXHIBIT B**



**Department of  
Financial Services**

**MEMORANDUM**

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**TO:** The Chief Executive Officers or Equivalents of All Insurers Doing Business in the State of New York

**FROM:** Maria T. Vullo, Superintendent of Financial Services

**DATE:** April 19, 2018

**RE:** Guidance on Risk Management Relating to the NRA and Similar Gun Promotion Organizations

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The New York State Department of Financial Services is issuing this guidance in the wake of several recent horrific shootings, including in Parkland, Florida that left 17 students and staff members at Marjory Stoneman Douglas High School dead. This was only one of many prior gun violence tragedies, including those in Columbine High School, Sandy Hook, Pulse night club, and the Las Vegas music festival, that left many innocent people dead.

While the social backlash against the National Rifle Association (the “NRA”), and similar organizations that promote guns that lead to senseless violence, has in the past been strong, the nature and the intensity of the voices now speaking out, including the voices of the passionate, courageous, and articulate young people who have experienced this recent horror first hand, is a strong reminder that such voices can no longer be ignored and that society, as a whole, has a responsibility to act and is no longer willing to stand by and wait and witness more tragedies caused by gun violence, but instead is demanding change now.

Our insurers are, and have been, vital to the communities they serve for generations and are guided by their commitment to corporate social responsibility, including public safety and health. Insurers’ engagement in communities they serve is closely tied to the business they do with their clients and customers and its impact on such communities. Often insurers report to their stakeholders that their performance is based on both their strategic business vision as well as on a commitment to society as a whole. There is a fair amount of precedent in the business world where firms have implemented measures in areas such as the environment, caring for the sick, and civil rights in fulfilling their corporate social responsibility. The recent actions of a number of financial institutions that severed their ties with the NRA after the AR-15 style rifle killed 17 people in the school in Parkland, Florida is an example of such a precedent.

The tragic devastation caused by gun violence that we have regrettably been increasingly witnessing is a public safety and health issue that should no longer be tolerated by the public and there will undoubtedly be increasing public backlash against the NRA and like organizations.

Our insurers are key players in maintaining and improving public health and safety in the communities they serve. They are also in the business of managing risks, including their own reputational risks, by making risk management decisions on a regular basis regarding if and how

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they will do business with certain sectors or entities. In light of the above, and subject to compliance with applicable laws, the Department encourages its insurers to continue evaluating and managing their risks, including reputational risks, that may arise from their dealings with the NRA or similar gun promotion organizations, if any, as well as continued assessment of compliance with their own codes of social responsibility. The Department encourages regulated institutions to review any relationships they have with the NRA or similar gun promotion organizations, and to take prompt actions to managing these risks and promote public health and safety.

A handwritten signature in black ink, appearing to read "Maria T. Vullo", is written over a horizontal line.

Maria T. Vullo  
Superintendent of Financial Services

# **EXHIBIT C**



**Department of  
Financial Services**

**MEMORANDUM**

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**TO:** The Chief Executive Officers or Equivalents of New York State Chartered or Licensed Financial Institutions

**FROM:** Maria T. Vullo, Superintendent of Financial Services

**DATE:** April 19, 2018

**RE:** Guidance on Risk Management Relating to the NRA and Similar Gun Promotion Organizations

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The New York State Department of Financial Services is issuing this guidance in the wake of several recent horrific shootings, including in Parkland, Florida that left 17 students and staff members at Marjory Stoneman Douglas High School dead. This was only one of many prior gun violence tragedies, including those in Columbine High School, Sandy Hook, Pulse night club, and the Las Vegas music festival, that left many innocent people dead.

While the social backlash against the National Rifle Association (the “NRA”) and similar organizations that promote guns that lead to senseless violence has in the past been strong, the nature and the intensity of the voices now speaking out, including the voices of the passionate, courageous, and articulate young people who have experienced this recent horror first hand, is a strong reminder that such voices can no longer be ignored and that society, as a whole, has a responsibility to act and is no longer willing to stand by and wait and witness more tragedies caused by gun violence, but instead is demanding change now.

Our financial institutions, whether depository or non-depository, are, and have been, the cornerstone of the communities they serve for generations and are guided by their commitment to corporate social responsibility, including public safety and health. The manner by which financial institutions engage in communities they serve is closely tied to the business they do with their clients and customers and its impact on such communities. In fact, a review of performance reports of many firms to their stakeholders demonstrates how their performance is based on both their strategic business vision as well as on a commitment to society as a whole. There is a fair amount of precedent in the business world where firms have implemented measures in areas such as the environment, healthcare, and civil rights in fulfilling their corporate social responsibility. The recent actions of a number of financial institutions that severed their ties with the NRA and have taken other actions after the AR-15 style rifle killed 17 people in the school in Parkland, Florida is an example of such a precedent.

The tragic devastation caused by gun violence that we have regrettably been increasingly witnessing is a public safety and health issue. Our financial institutions can play a significant role in promoting public health and safety in the communities they serve, thereby fulfilling their corporate social responsibility to those communities. They are also in the business of managing risks, including their own reputational risks, by making risk management decisions on a regular

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basis regarding if and how they will do business with certain sectors or entities. In light of the above, and subject to compliance with applicable laws, the Department encourages its chartered and licensed financial institutions to continue evaluating and managing their risks, including reputational risks, that may arise from their dealings with the NRA or similar gun promotion organizations, if any, as well as continued assessment of compliance with their own codes of social responsibility. The Department encourages regulated institutions to review any relationships they have with the NRA or similar gun promotion organizations, and to take prompt actions to managing these risks and promote public health and safety.

A handwritten signature in black ink, appearing to read "Maria T. Vullo", written over a horizontal line.

Maria T. Vullo  
Superintendent of Financial Services

# **EXHIBIT D**

NEW YORK STATE DEPARTMENT  
OF FINANCIAL SERVICES

In the Matter of

LOCKTON AFFINITY, LLC and  
LOCKTON COMPANIES, LLC

**CONSENT ORDER UNDER  
ARTICLES 21, 23 AND 34 OF THE INSURANCE LAW**

Lockton Affinity, LLC, on behalf of each of its separate operating series, one of which, Lockton Affinity Series of Lockton Affinity, LLC, is the successor entity to Lockton Risk Services, Inc. (“Lockton Affinity”), Lockton Companies, LLC, on behalf of each of its separate operating series (“Lockton Companies”) (together, Lockton Affinity and Lockton Companies, “Lockton”), and the New York Department of Financial Services (the “Department”) (collectively, the “Parties”) are willing to resolve the matters described herein without further proceedings.

**THE DEPARTMENT’S FINDINGS FOLLOWING INVESTIGATION**

1. Lockton, together with its affiliates, is the world's largest privately owned, independent insurance brokerage firm, offering customers risk management, insurance and employee benefits services. At least one Lockton affiliate has been licensed by the Department since approximately 1987, and Lockton Affinity has been licensed by the Department to act as an insurance producer, including as an excess line broker, since at least 2013.

2. Illinois Union Insurance Company (“Illinois Union”) is an unauthorized insurer eligible to write excess lines insurance in New York State. It is a subsidiary of Chubb Ltd., and

in connection with the “Carry Guard” program discussed herein, Illinois Union held itself out to the public simply as “Chubb” (hereinafter, “Chubb”).

3. Lloyd’s of London is an insurance market encompassing more than 50 insurance companies, over 200 registered brokers, and global network of over 4,000 local agents who manage these arrangements, known as “coverholders.”<sup>1</sup> The Lloyd’s market is backed by the Lloyd’s Corporation (hereinafter, together with Lloyd’s of London, collectively referred to as “Lloyd’s”).

4. The National Rifle Association of America (“NRA”) is a New York not-for-profit corporation incorporated in 1871. The NRA describes its mission as “firearms safety, education, and training and advocacy on behalf of safe and responsible gun owners.” The NRA is not licensed by the Department.

#### **The Carry Guard Program**

5. From approximately April through November 2017, Lockton Affinity and the NRA offered an insurance program to new and existing NRA members in New York and elsewhere called “Carry Guard.” During that time, the NRA’s website described the program as follows:

***NRA Carry Guard is a two-pronged program. It was created to provide dynamic, state-of-the-art insurance protection to those who legally defend themselves with a firearm, and to offer an elite, one-stop training option. The insurance provides a cutting edge set of features that will help gun owners mitigate the potentially costly financial and legal consequences flowing from armed encounters, even if they did everything right.***

6. The NRA website further described the Carry Guard program as “the only membership carry program *developed and supported by the National Rifle Association*, the

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<sup>1</sup> A “coverholder” in the Lloyd’s syndicate is an insurance intermediary authorized by a managing agent to enter into contracts of insurance to be underwritten by the members of a syndicate managed by it, in accordance with the terms of a binding authority. See <https://www.lloyds.com/lloyds-around-the-world/europe/switzerland/becoming-an-intermediary-and-coverholder>.

most powerful civil rights organization in American history.” The website further stated that Carry Guard was “*created by the NRA.*”

7. Additional promotional materials disseminated by the NRA stated:

**Why do I need Carry Guard?** Although millions of Americans are prepared to use a firearm in self-defense, very few families can withstand the financial consequences that may come next. The legal fees to clear your good name could be enormous. Likewise, the costs of defending and potentially losing a civil lawsuit could cripple your finances for the rest of your life. *And many homeowners’ policies have severe limitations or exclusions related to intentional acts such as self-defense.*

These materials stated at the bottom of the page: “NRA CARRY GUARD™ Insurance Program Administered by Lockton Affinity, LLC • D/B/A/ Lockton Affinity Insurance Brokers, LLC.”

8. Pursuant to written agreements with Chubb and the NRA, Lockton Affinity served as the administrator for the Carry Guard program, carrying out such functions as marketing the insurance, binding the insurance, collecting and distributing premiums, and delivering policies to insureds.

9. Pursuant to written agreements with Lockton Affinity, Chubb -- through its Illinois Union subsidiary -- served as the underwriter for the Carry Guard insurance program, providing insurance policies to individuals who purchased Carry Guard insurance. According to the marketing and promotion website for the Carry Guard program, [www.nracarryguard.com](http://www.nracarryguard.com) (in effect from April to mid-December 2017), the Carry Guard insurance program “*is backed by insurance leader Chubb*” and is underwritten by a “*group within Chubb the world’s largest publicly traded property and casualty insurance company.*” The Carry Guard insurance program is referred to herein as the “Carry Guard Program.”

10. The Carry Guard Program tied insurance to free NRA membership, in violation of the New York Insurance Law (the “Insurance Law”). When purchasing Carry Guard insurance, members would also receive one year of free NRA membership. The NRA membership benefit

was not specified in the insurance policy, and one year of membership exceeded \$25 in market value. The NRA directly managed the membership aspect of the Carry Guard program.<sup>2</sup>

11. Lockton Affinity placed these insurance policies through New York's excess line market. Excess line coverage offers policyholders an opportunity to obtain insurance that could not be procured from an authorized insurer. An "authorized insurer" is an insurance company that has received a license from the Department to provide specified types of insurance to customers in New York. Authorized insurers are fully regulated by the Department in order to ensure solvency and adherence to consumer protection standards.

12. Excess line insurers are not licensed or authorized by the Department, but are permitted to do business in New York through an excess line broker. Unless another exemption applies, an insurance policy may be procured from an excess line insurer only after an excess line broker has obtained declinations of coverage from three authorized insurers.

13. The Carry Guard insurance program, as underwritten by Chubb and administered, solicited and marketed by Lockton Affinity, provided insurance coverage that may not be offered in the New York State excess line market, specifically: (a) defense coverage in a criminal proceeding that is not permitted by law; (b) liability coverage for bodily injury or property damage expected or intended from the insured's standpoint in an insurance policy limited to use of firearms and that was beyond the use of reasonable force to protect persons or property; and (c) coverage for expenses incurred by the insured for psychological counseling support.

14. Moreover, although it did not possess an insurance producer license from the Department, the NRA nonetheless engaged in aggressive marketing of and solicitation for the Carry Guard Program. For example (and without limitation):

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<sup>2</sup> In the event the purchaser was already an NRA member, the Carry Guard program allowed the member to carry a credit for a free one year membership forward, or allowed a transfer of the credit to a family member for use in obtaining NRA membership at no cost.

- The NRA broadcasted NRA-produced videos promoting the Carry Guard Program on YouTube;
- The NRA solicited participation in the Carry Guard Program through mass e-mail marketing, direct mail, banner ads, and articles in NRA publications;
- The NRA heavily promoted the Carry Guard Program at its 2017 “Carry Guard Expo” and its annual meetings;
- The NRA operated the website “www.nracarryguard.com,” which was an important marketing portal for the Carry Guard Program and linked to a website operated by Lockton Affinity ([www.lockton.nracarryguard.com](http://www.lockton.nracarryguard.com)), which provided additional information about the Carry Guard Program;
- The NRA promoted Carry Guard insurance on its main website, [www.nra.org](http://www.nra.org), which, among other things, featured an NRA spokesperson making claims such as, “*We’re proud to have developed* the one carry membership program that stands above all others – NRA Carry Guard”; and “I will never carry a gun without carrying this.”
- “Pop-up” internet advertising for the Carry Guard Program that featured one or more NRA spokespersons.

#### **Other NRA-Endorsed Programs**

15. From approximately January 2000 through March 2018, Lockton Affinity and the NRA together offered at least 11 additional insurance programs to new and existing NRA members in New York and elsewhere, including:

- a. “Retired Law Enforcement Officer Self-Defense Insurance,” which provided coverage for criminal and civil defense costs, and bodily injury and damage caused by the use of a firearm;
- b. “ArmsCare Plus Firearms Insurance,” which provided coverage for legal firearms and attached accessories against loss, damage, flood, fire, and theft (including theft from a locked vehicle);
- c. “No Cost ArmsCare Firearms Insurance,” which provided free coverage to NRA members in good standing for legal firearms and their attached accessories, up to \$2,500 in value, against loss, damage, flood, fire, and theft (including theft from a locked vehicle);
- d. “Firearms Instructor Plus Liability Insurance,” which provided coverage for injuries or damage the insured causes while acting as an instructor during a lesson, medical expenses up to \$5,000, legal expenses from lawsuits related to the injuries or damage,

and professional liability coverage that protects the member from allegations of negligent training;

- e. "Personal Firearms Protection Insurance," which provided coverage for any unintentional injuries or damage an insured causes while hunting or trapping on public or private land, shooting in competitions, or shooting at private shooting ranges, with a firearm, air gun, bow and arrow, or trapping equipment, and coverage for lawsuit defense costs;
- f. "Gun Collector Insurance," which provided coverage for certain firearms and their attached accessories against loss, damage, fire, and theft (including theft from a locked vehicle);
- g. "Gun Club Insurance," which provided coverage for loss or damage to any assets the gun club rents, leases or owns, coverage for general liability plus medical payments, coverage for claims of false advertising, and optional coverage for business income, boiler and machinery, glass, computers, valuable papers and records, and accounts receivable;
- h. "Hunt Club Insurance," which provided coverage for hunt clubs and the landowners to protect against injury and damage, provides host liquor coverage, and provided hired and non-owned auto coverage. In addition, an insured could select coverage for "personal and advertising," products/completed operations, and medical expenses up to \$5,000 for any one person;
- i. "NRA Business Alliance Insurance," which provided coverage for a firearms-related business, including coverage for loss or damage to any assets the insured business rents, leases or owns, coverage for general liability plus medical payments, coverage for claims of false advertising, gunsmith coverage, and optional coverage for business income, boiler and machinery, glass, computers, valuable papers and records, and accounts receivable;
- j. "Gun Show Insurance," which provided coverage for the insured's liability arising out of the insured's occupation as a gun show promoter; and
- k. "Home-Based Federal Firearms License Insurance" for gun dealers and gunsmiths, which provided coverage for the insured's business location, equipment and tools, and gear entrusted to the insured by the insured's clients, against theft, damage and other loss, and provides general liability coverage, including products/completed liability to insure the insured's finished work against later claims.

Together, these Lockton Affinity-administered Lloyd's insurance programs (and for a brief period, Lockton Affinity-administered Alea London Ltd. ("Alea") insurance programs), are referred to herein as the "Other NRA Programs."

16. Pursuant to written agreements with Lloyd's and the NRA, Lockton Affinity served as the administrator for the Other NRA Programs, carrying out such functions as marketing the insurance, binding the insurance, collecting and distributing premiums, and delivering policies to insureds.

17. Pursuant to written agreements with Lockton Affinity, Lloyd's and Alea served as the underwriters for the Other NRA Programs, providing insurance policies to individuals who purchased NRA-sponsored insurance. Lockton Affinity also placed these insurance policies through New York's excess line market.

**Lockton Affinity's NRA Programs Violated New York Laws and Regulations**

18. In violation of the Insurance Law, the Carry Guard Program, as brokered, administered, solicited and marketed by Lockton Affinity, provided insurance coverage that may not be offered in the New York State excess line market, specifically: (a) defense coverage in a criminal proceeding that is not permitted by law; (b) liability coverage for bodily injury or property damage expected or intended from the insured's standpoint in an insurance policy limited to use of firearms and that was beyond the use of reasonable force to protect persons or property; and (c) coverage for expenses incurred by the insured for psychological counseling support.

19. Similarly, the NRA Retired Law Enforcement Officer Self-Defense Insurance Program provided insurance coverage that may not be offered in the New York State excess line market, specifically: (a) defense coverage in a criminal proceeding that is not permitted by law; and (b) liability coverage for bodily injury or property damage expected or intended from the insured's standpoint in an insurance policy limited to use of firearms and that was beyond the use of reasonable force to protect persons or property.

20. Additionally, the Carry Guard insurance program, as administered by Lockton Affinity, failed to comply with Section 3420 of the Insurance Law, which sets forth minimum requirements for liability insurance policies.

21. Lockton Affinity also violated the Insurance Law by giving or offering to give: (a) the No Cost ArmsCare Firearms Insurance for free to NRA members in good standing; and (b) free NRA membership, which the insured could use him or herself, or transfer to a family member, if a person purchased the Carry Guard insurance, when the free NRA membership was not specified in the insurance policy and exceeded \$25 in market value.

22. Lockton has represented to the Department that, between approximately April and November 2017, 680 Carry Guard insurance policies were issued to New York residents. Lockton has further represented to the Department that no claims have been submitted under the New York Carry Guard insurance policies to date.

23. Lockton has also represented to the Department that, for the period January 2000 through March 25, 2018, 28,015 insurance policies were issued to New York residents under the Other NRA Programs.

24. Under written agreements between Lockton Affinity and the NRA, as of March 25, 2018, Lockton has represented that the NRA received royalties on the Carry Guard Program in the amount of about \$21,198, an amount based on a percentage of the actual premiums collected by Lockton Affinity under the Carry Guard Program from New York residents, in violation of the Insurance Law. Similarly, under written agreements between Lockton Affinity and the NRA, the NRA received additional royalties under the Other NRA Programs based on a percentage of premiums collected by Lockton Affinity from New York residents, similarly violating the Insurance Law.

25. Lockton has represented to the Department that revenue to the NRA from the Carry Guard Program and the Other NRA Programs in New York totaled approximately \$1,872,737 for the period January 2000 through March 25, 2018. Under written agreements between Lockton Affinity and the NRA, the NRA also received profit-sharing disbursements from Lockton Affinity based on a schedule agreed to by the parties in conjunction with the Other NRA Programs.

26. Between January 2000 and March 25, 2018, Lockton has represented to the Department that Lockton Affinity collected premiums from the Carry Guard Program and the Other NRA Programs in New York amounting to approximately \$12,056,627. Lockton has also represented that it collected approximately \$785,460 in administrative fees from insureds under the Carry Guard Program and the Other NRA Programs in New York during this time period.

**Lockton Affinity Submitted Inaccurate Affidavits Required By the Insurance Law Pertaining to Excess Lines Insurance Coverage**

27. Lockton Affinity, through one or more of its sublicensees, submitted affidavits to the Excess Line Association of New York (“ELANY”) required by Insurance Law § 2118 in connection with the Carry Guard Program and the Other NRA Programs. As set forth below, those affidavits contained inaccurate information concerning compliance with the Insurance Law and regulations promulgated thereunder.

28. As noted above, an authorized insurer is an insurance company that is licensed by the Department to write certain kinds of insurance in New York, as specified in Insurance Law § 1113(a). Authorized insurers are fully regulated by the Department in order to ensure solvency and adherence to consumer protection standards. An unauthorized insurer is an insurer not licensed by the Department to write insurance in New York, and may be an insurer that provides “excess line” insurance only under prescribed rules.

29. Under the Insurance Law, unless another exemption applies, an excess line broker like Lockton Affinity that seeks to procure excess line insurance must first approach three separate authorized insurers to determine if any one of those insurers will write coverage for the risk. If all three authorized insurers decline to provide the requested coverage, only then may the excess line broker place the insurance with an unauthorized insurer like Chubb. An excess line broker must seek three declinations for each insured; the broker may not rely upon declinations obtained with respect to other insureds.

30. In placing the Carry Guard Program and Other NRA Program insurance policies, Lockton Affinity only obtained declinations from three authorized insurers once annually for a single policy for each of these insurance programs, and then relied upon the single annual declination with respect to all other insureds who received policies under these programs. At least one Lockton Affinity sublicensee affirmed that, to the best of his knowledge and belief, every policy procured by the sublicensee on behalf of Lockton Affinity was in full compliance with the Insurance Law and regulations promulgated thereunder, when, in truth and in fact, the sublicensee had not secured such declinations in compliance with the Insurance Law.

**The Department's Investigation**

31. Since October 2017, the Department has been conducting an investigation of the involvement of Chubb, Lloyd's, Lockton and the NRA in the Carry Guard Program, the Other NRA Programs, and other matters, including review of thousands of pages of documents obtained from Chubb, Lockton and the NRA, and review of other information obtained from investigative resources (the "DFS Investigation").

32. Lockton has represented to the Department that, following initiation of the DFS Investigation in October 2017, which included information requests sent to Lockton in October

2017, Lockton Affinity suspended the Carry Guard Program on or about November 17, 2017, no longer making Carry Guard policies available for New York residents to purchase.

33. **NOW THEREFORE**, to resolve this matter without further proceedings, pursuant to Articles 21, 23 and 34 of the Insurance Law, Lockton Affinity, Lockton Companies, and the Department hereby stipulate and agree as follows:

**VIOLATIONS OF LAW AND REGULATIONS**

34. Lockton Affinity compensated the NRA based on actual premium collected when the NRA was acting as an unlicensed insurance broker by selling and soliciting insurance in New York, in violation of Insurance Law § 2116.

35. Lockton Affinity acted for and aided an unauthorized Chubb insurer, Illinois Union, in connection with Illinois Union's issuing or delivering policies in New York State, or otherwise issuing policies covering New York State residents, which provided insurance coverage that may not be offered in the New York State excess line market, specifically: (a) defense coverage in a criminal proceeding that is not permitted by law; (b) liability coverage for bodily injury or property damage expected or intended from the insured's standpoint in an insurance policy limited to use of firearms and that was beyond the use of reasonable force to protect persons or property; and (c) coverage for expenses incurred by the insured for psychological counseling support, in violation of Insurance Law § 2117.

36. Lockton Affinity gave, or offered to give, a free one-year NRA membership if a person purchased the Carry Guard Program insurance policy, when the NRA membership benefit was not specified in the policy and exceeded \$25 in market value, in violation of Insurance Law § 2324(a).

37. Lockton Affinity gave, or offered to give, the No Cost ArmsCare Firearms Insurance at no cost to NRA members in good standing, in violation of Insurance Law § 2324(a).

38. Lockton Affinity advertised the financial condition of a Chubb insurer by referring to the insurer's AM Best rating, in violation of Insurance Law § 2122(a)(1).

39. Lockton Affinity called attention to an unauthorized Chubb insurer by advertising Chubb's participation in the Carry Guard Program on the Carry Guard website, in violation of New York Insurance Law § 2122(a)(2).

40. Lockton Affinity failed to properly secure declinations from authorized insurers for each insured, in violation of Insurance Law § 2118.

### **SETTLEMENT PROVISIONS**

#### **Civil Monetary Penalty**

41. Lockton Affinity shall pay a civil monetary penalty to the Department pursuant to Articles 21, 23 and 34 of the Insurance Law in the amount of \$7,000,000. Lockton Affinity shall pay the entire amount within ten days of executing this Consent Order. Lockton Affinity agrees that it 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. Lockton further agrees that it will not claim, seek, or receive indemnification of the civil monetary penalty from any other person or entity. This provision is not intended, and shall not be construed, to prohibit Lockton affiliates from funding inter-company transfers to Lockton Affinity.

#### **Prohibition on NRA-Endorsed Insurance Programs**

42. Lockton agrees not to participate in the Carry Guard Program, any similar programs, or any other NRA-endorsed programs with regard to New York State, including,

without limitation, (a) by agreeing not to provide Carry Guard or other insurance policies specific to firearm usage that provides liability coverage for bodily injury or property damage from use of a firearm, whether they are written or issued in New York State or elsewhere; and (b) by agreeing not to provide liability coverage for bodily injury or property damage expected or intended from the insured's standpoint in general liability policies that is not limited to those occasions where bodily injury results from the use of reasonable force to protect persons or property, whether they are written or issued in New York State or elsewhere; provided, however, that Lockton Affinity may provide runoff administration for any in-force policies not cancelled pursuant to Paragraph 46. Furthermore, Lockton agrees not to issue or deliver any Carry Guard or similar insurance policies in New York State, regardless of the residence of the insured. For the avoidance of doubt, Lockton shall not be prohibited from procuring homeowners, renters or general liability insurance in New York State or for New York residents that includes personal injury liability insurance or property damage liability insurance for loss, damage, or expense that results from the negligent use of a firearm.

43. Lockton agrees that it shall not enter into any agreement or program with the NRA to underwrite or participate in any affinity-type insurance program involving any line of insurance to be issued or delivered in New York State or to anyone known to Lockton to be a New York resident; provided, however, that Lockton may assist the NRA in procuring insurance for the NRA's own corporate operations.

44. Lockton confirms and represents to the Department that, between approximately April and November 2017, 680 Carry Guard insurance policies were issued to New York residents. Lockton confirms and hereby represents to the Department that no claims have been submitted under the New York Carry Guard insurance policies to date.

45. Lockton confirms and represents to the Department that:
- a. for the period January 2000 through March 25, 2018, 28,015 insurance policies were issued to New York residents under the Other NRA Programs;
  - b. Under written agreements between Lockton Affinity and the NRA, as of March 25, 2018, the NRA received royalties from the Carry Guard Program in New York in the amount of approximately \$21,198;
  - c. Total revenue to the NRA from the Carry Guard Program and the Other NRA Programs in New York totaled approximately \$1,872,737 for the period January 2000 through March 25, 2018;
  - d. Lockton Affinity collected premiums from the Carry Guard Program and the Other NRA Programs in New York amounting to approximately \$12,056,627 for the period January 2000 through March 25, 2018;
  - e. Lockton Affinity collected approximately \$785,460 in administrative fees from insureds under the Carry Guard Program and the Other NRA Programs in New York during the period January 2000 through March 25, 2018.

46. Lockton agrees to fully cooperate with Chubb, Lloyd's and Alea (the "Underwriters") to effect any cancellation initiated by an Underwriter of Carry Guard insurance policies issued to New York residents, NRA Retired Law Enforcement Officer Self-Defense Insurance policies issued to New York residents, and any other NRA-related insurance policies issued to New York residents that provide coverage for intentional acts or legal services insurance that were procured by Lockton Affinity, such cancellation to be effective 90 days from the date of such notice. Lockton agrees to cooperate with the Underwriters in submitting any such draft notices to the Department for the Department's review and approval prior to the

mailing or delivery of such notices by the Underwriters. Lockton Affinity also agrees to fully cooperate in refunding the insurance premiums for the cancelled policies. Thereafter, Lockton Affinity shall promptly file a certification with the Department that sets forth its compliance with this Paragraph 46.

47. Lockton Affinity agrees not to procure from an unauthorized insurer any insurance policy to be issued or delivered in New York State, or to anyone known to Lockton Affinity to be a New York resident, in the New York State excess line market that provides: (a) defense coverage in a criminal proceeding; (b)(i) liability coverage for bodily injury or property damage expected or intended from the insured's standpoint in an insurance policy limited to use of firearms and that is beyond the use of reasonable force to protect persons or property, or (ii) liability coverage for bodily injury or property damage expected or intended from the insured's standpoint in general liability policies that is not limited to those occasions where bodily injury results from the use of reasonable force to protect persons or property; and (c) coverage for expenses incurred by the insured for psychological counseling support. For the avoidance of doubt, Lockton shall not be prohibited from procuring homeowners, renters or general liability insurance in New York State or for New York residents that includes personal injury liability insurance or property damage liability insurance for loss, damage, or expense that results from the negligent use of a firearm.

**Full and Complete Cooperation of Lockton**

48. Lockton commits and agrees to fully cooperate with the DFS Investigation and all terms of this Consent Order. Such cooperation shall include, without limitation:

- a. producing all non-privileged documents and other materials to the Department, as requested, wherever located in Lockton's possession, custody, or control;
- b. requiring employees or agents to appear for interviews, at such reasonable times and places, as requested by the Department;
- c. responding fully and truthfully in a prompt manner to all inquiries when requested to do so by the Department; and
- d. testifying at hearings, trials and other judicial, administrative or other proceedings, when requested to do so by the Department, in connection with its investigation of matters relating to any NRA-endorsed insurance program.

**Compliance Review**

49. Lockton agrees to fully and completely cooperate with the DFS Investigation by providing a truthful, accurate and complete report to the Department, within 60 days of the execution of this Consent Order (the "Compliance Review"), that reports on:

- a. any additional violations of the Insurance Law, or regulations promulgated thereunder, that Lockton has identified;
- b. any actions undertaken by Lockton to identify any violations of the Insurance Law, or the regulations promulgated thereunder; and
- c. a plan for remediation of any violation of the Insurance Law, or regulations promulgated thereunder, identified in connection with the Carry Guard Program, the Other NRA Programs, or any other insurance program or conduct that violates the Insurance Law, or regulations promulgated thereunder.

The Department may, in its sole regulatory discretion, accept, reject, or modify any plan of remediation submitted by Lockton.

**Breach of Consent Order**

50. If the Department believes Lockton or Lockton Affinity to be in material breach of this Consent Order, the Department will provide written notice to Lockton and/or Lockton Affinity and Lockton and/or Lockton Affinity (as the case may be) must, within ten business days of receiving such notice, or on a later date if so determined in the Department's sole discretion, appear before the Department to demonstrate that no material breach has occurred or, to the extent pertinent, that the breach is not material or has been cured.

51. The Parties understand and agree that Lockton's and/or Lockton Affinity's failure to make the required showing within the designated time period shall be presumptive evidence of such party's breach. Upon a finding that Lockton and/or Lockton Affinity has breached this Consent Order, the Department has all the remedies available to it under the New York Insurance and Financial Services Laws and may use any evidence available to the Department in any ensuing hearings, notices, or orders.

**Waiver of Rights**

52. The Parties understand and agree that no provision of this Consent Order is subject to review in any court or tribunal outside the Department.

**Parties Bound by the Consent Order**

53. This Consent Order is binding on the Parties, as well as any successors and assigns. This Consent Order does not bind any federal or other state agency or any law enforcement authority.

54. No further action will be taken by the Department against Lockton in connection with the Carry Guard Program and the Other NRA Programs for the period January 1, 2000 through March 31, 2018, provided that Lockton complies fully with the terms of this Consent Order, including Paragraphs 48 and 49 above.

55. Notwithstanding any other provision contained in this Consent Order, the Department may undertake action against Lockton for transactions or conduct that Lockton did not disclose to the Department in the written materials that Lockton submitted to the Department in connection with this matter, including, without limitation, any transactions or conduct that Lockton identifies to the Department pursuant to the Compliance Review that it will undertake as set forth in Paragraph 49 of this Consent Order.

**Notices**

56. All notices or communications regarding this Consent Order shall be sent to:

For the Department:

For the Department:

Hadas Jacobi  
Assistant Deputy Superintendent  
for Enforcement  
New York State Department of Financial Services  
One State Street  
New York, NY 10004

Megan Prendergast  
Deputy Superintendent for Enforcement  
New York State Department of Financial Services  
One State Street  
New York, NY 10004

Connor Mealey  
Excelsior Fellow  
New York State Department of Financial Services  
One State Street  
New York, NY 10004

For Lockton Companies, LLC:

William Humphrey  
Secretary  
Lockton Companies  
444 West 47<sup>th</sup> Street  
Kansas City, MO 64112

Scott A. Edelman  
Milbank, Tweed, Hadley & McCloy  
28 Liberty Street  
New York, NY 10005

Andrew R. Holland  
Sidley Austin  
787 Seventh Avenue  
New York, NY 10019

For Lockton Affinity, LLC:

William Humphrey  
Secretary  
Lockton Affinity  
444 West 47<sup>th</sup> Street  
Kansas City, MO 64112

Scott A. Edelman  
Milbank, Tweed, Hadley & McCloy  
28 Liberty Street  
New York, NY 10005

Andrew R. Holland  
Sidley Austin  
787 Seventh Avenue  
New York, NY 10019

**Miscellaneous.**

57. Each provision of this Consent Order shall remain effective and enforceable until stayed, modified, suspended, or terminated by the Department.

58. No promise, assurance, representation, or understanding other than those contained in this Consent Order has been made to induce any party to agree to the provisions of the Consent Order.

**IN WITNESS WHEREOF, the parties have caused this Consent Order to be signed this 2nd day of May, 2018.**

**LOCKTON COMPANIES, LLC, on  
behalf of each of its separate operating series,**

By:   
**WILLIAM HUMPHREY**  
Secretary

**NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES**

By:   
**MARIA T. VULLO**  
Superintendent of Financial Services

**LOCKTON AFFINITY, LLC, on  
behalf of each of its separate operating series,**

By:   
**WILLIAM HUMPHREY**  
Secretary

By:   
**MATTHEW L. LEVINE**  
Executive Deputy Superintendent for  
Enforcement

# **EXHIBIT E**

NEW YORK STATE DEPARTMENT  
OF FINANCIAL SERVICES

In the Matter of

CHUBB GROUP HOLDINGS INC. and  
ILLINOIS UNION INSURANCE COMPANY.

**CONSENT ORDER UNDER  
SECTIONS 1102 AND 3420 OF THE INSURANCE LAW**

Chubb Group Holdings Inc., its subsidiary, Illinois Union Insurance Company (“Illinois Union”) (together, “Chubb”) and the New York Department of Financial Services (the “Department”) are willing to resolve the matters described herein without further proceedings.

**THE DEPARTMENT’S FINDINGS FOLLOWING INVESTIGATION**

1. Chubb is the world’s largest publicly-traded property and casualty insurance company, and the largest commercial insurer in the United States. Chubb has operations in 54 countries and territories, providing commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to customers. Several Chubb subsidiaries have been licensed by the Department to conduct certain types of insurance business in the State of New York since at least 1922. Illinois Union, a Chubb subsidiary, is an unauthorized insurer that is eligible to write excess line insurance in New York State.

2. In connection with the “Carry Guard” insurance program discussed herein, Illinois Union held itself out to the public simply as “Chubb.”

3. Lockton Companies, LLC (“Lockton”) is the world’s largest privately owned, independent insurance brokerage firm, offering customers risk management, insurance and

employee benefits services. At least one of its affiliates has been licensed by the Department since approximately 1987. Lockton Affinity, LLC (“Lockton Affinity”) is an affiliate of Lockton Companies, and has been licensed by the Department to act as an excess line insurance broker since at least 2013.

4. The National Rifle Association of America (“NRA”) is a New York not-for-profit corporation incorporated in 1871. The NRA describes its mission as “firearms safety, education, and training and advocacy on behalf of safe and responsible gun owners.” The NRA is not licensed by the Department.

5. From approximately April through November 2017, the NRA offered an insurance program to new and existing members resident in New York called “Carry Guard.” According to the NRA’s website:

*NRA Carry Guard is a two-pronged program. It was created to provide dynamic, state-of-the-art insurance protection to those who legally defend themselves with a firearm, and to offer an elite, one-stop training option. The insurance provides a cutting edge set of features that will help gun owners mitigate the potentially costly financial and legal consequences flowing from armed encounters, even if they did everything right.*

The NRA website further described the Carry Guard program as “the only membership carry program *developed and supported by the National Rifle Association*, the most powerful civil rights organization in American history.” The website further stated that Carry Guard was “*created by the NRA.*”

6. Additional promotional materials disseminated by the NRA stated:

**Why do I need Carry Guard?** Although millions of Americans are prepared to use a firearm in self-defense, very few families can withstand the financial consequences that may come next. The legal fees to clear your good name could be enormous. Likewise, the costs of defending and potentially losing a civil lawsuit could cripple your finances for the rest of your life. *And many homeowners’ policies have severe limitations or exclusions related to intentional acts such as self-defense.*

These materials stated at the bottom of the page: “NRA CARRY GUARD™ Insurance Program Administered by Lockton Affinity, LLC • D/B/A/ Lockton Affinity Insurance Brokers, LLC.”

7. Pursuant to written agreements with Lockton, Chubb -- through Illinois Union -- served as the underwriter for the Carry Guard insurance program, providing insurance policies to individuals who purchased Carry Guard insurance. Lockton Affinity placed these insurance policies through New York’s excess line insurance market.

8. Pursuant to written agreements between Chubb/Illinois Union and Lockton Affinity, and between Lockton Affinity and the NRA, Lockton Affinity served as the administrator for the insurance program, carrying out such functions as marketing the insurance, binding the insurance, collecting and distributing premiums, and delivering policies to insureds.

9. Without a license by the Department, the NRA engaged in aggressive marketing of and solicitation for the Carry Guard insurance program. For example (and without limitation):

- The NRA broadcasted NRA-produced videos promoting the Carry Guard insurance program on YouTube;
- The NRA solicited participation in the Carry Guard insurance program through mass e-mail marketing, direct mail, banner ads, and articles in NRA publications;
- The NRA heavily promoted the Carry Guard insurance program at its 2017 “Carry Guard Expo” and its annual meetings;
- The NRA operated the website “[www.nracarryguard.com](http://www.nracarryguard.com),” which was an important marketing portal for the Carry Guard insurance program and linked to a website operated by Lockton Affinity ([www.lockton.nracarryguard.com](http://www.lockton.nracarryguard.com)), which provided additional information about the Carry Guard insurance program;

- The NRA promoted Carry Guard insurance on its main website, [www.nra.org](http://www.nra.org), which, among other things, featured an NRA spokesperson making claims such as, “*We’re proud to have developed* the one carry membership program that stands above all others – NRA Carry Guard”; and “I will never carry a gun without carrying this.”; and

- “Pop-up” internet advertising for the Carry Guard insurance program that featured one or more NRA spokespersons.

10. The Carry Guard insurance program, as underwritten by Chubb/Illinois Union and administered, solicited and marketed by Lockton Affinity, unlawfully provided insurance coverage that may not be offered in the New York State excess line market, specifically: (a) defense coverage in a criminal proceeding that is not permitted by law; (b) liability coverage for bodily injury or property damage expected or intended from the insured’s standpoint in an insurance policy limited to use of firearms and that was beyond the use of reasonable force to protect persons or property; and (c) coverage for expenses incurred by the insured for psychological counseling support.

11. The Carry Guard insurance program, as underwritten by Chubb/Illinois Union and administered by Lockton Affinity, failed to comply with Section 3420 of the Insurance Law, which sets forth minimum requirements for liability insurance policies.

12. Moreover, in underwriting and administering the Carry Guard insurance program at the behest of the NRA, with knowledge that the NRA did not have a license to conduct insurance business from the Department, Chubb/Illinois Union and Lockton Affinity engaged in practices with an unlicensed party, the NRA, in a manner that resulted in violations of the Insurance Law.

13. Chubb/Illinois Union has represented to the Department that, between approximately April and November 2017, 681 Carry Guard insurance policies were issued to New York

residents; and has represented to the Department that no claims have been submitted under the Carry Guard insurance policies to date by New York residents.

14. Under the written agreements between Lockton Affinity and the NRA, the NRA was entitled to and did receive a variety of compensation in connection with the Carry Guard insurance program, even though it had no license from the Department, including as follows:

- The NRA was entitled to be paid half of the “administrative fee” collected by Lockton Affinity from Carry Guard insureds for purported but unspecified services;
- The NRA was entitled to receive certain royalties from Lockton Affinity for use of the NRA’s name in conjunction with the Carry Guard insurance program; and
- The NRA was entitled to receive 100 percent of certain “profit sharing” awards arising out any funds generated and paid from a certain Lloyd’s insurance policy.

15. Since October 2017, the Department has been conducting an investigation of the involvement of Chubb, Lockton and the NRA in the Carry Guard insurance program and other matters, including a review of thousands of pages of documents obtained from Chubb, Lockton and the NRA, as well as other information obtained from investigative resources (the “DFS Investigation”).

16. Following initiation of the DFS Investigation in October 2017, which included document and information requests sent to Chubb in October 2017, Chubb and Illinois Union suspended participation in the Carry Guard program on or about November 17, 2017, and ceased making available Carry Guard policies for New York residents to purchase.

17. **NOW THEREFORE**, to resolve this matter without further proceedings, pursuant to Sections 1102 and 3420 of the Insurance Law, Chubb, Illinois Union, and the Department (collectively, the “Parties”) hereby stipulate and agree as follows:

**VIOLATIONS OF LAW AND REGULATIONS**

18. Chubb, through Illinois Union, engaged in the business of insurance without a license by issuing or delivering policies in New York State, or otherwise issuing policies covering New York State residents, which provided insurance coverage that may not be offered in the New York State excess line market, specifically: (a) defense coverage in a criminal proceeding that is not permitted by law; (b) liability coverage for bodily injury or property damage expected or intended from the insured's standpoint in an insurance policy limited to use of firearms and that was beyond the use of reasonable force to protect persons or property; and (c) coverage for expenses incurred by the insured for psychological counseling support, in violation of Insurance Law § 1102.

19. Chubb, through Illinois Union, issued liability insurance coverage to New York residents that failed to contain required liability insurance policy provisions, in violation of Insurance Law § 3420.

**SETTLEMENT PROVISIONS**

**Civil Monetary Penalty**

20. Chubb shall pay a civil monetary penalty to the Department pursuant to Sections 1102 and 3420 of the Insurance Law in the amount of \$1,300,000. Chubb shall pay the entire amount within ten days of executing this Consent Order. Chubb agrees that it 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. Chubb further agrees that it will not claim, seek, or receive indemnification of the civil monetary penalty from any other person or entity.

**Prohibition on Carry Guard and Other Insurance Programs**

21. Chubb and Illinois Union agree not to participate in the Carry Guard insurance program or any similar program with regard to New York State, including, without limitation, by agreeing not to provide Carry Guard or other insurance policies specific to firearm usage that provide liability coverage for bodily injury or property damage from use of a firearm; and by agreeing not to provide liability coverage for bodily injury or property damage expected or intended from the insured's standpoint in general liability policies that is not limited to those occasions where bodily injury results from the use of reasonable force to protect persons or property, whether they are written or issued in New York State or elsewhere. Furthermore, Chubb and Illinois Union agree not to issue or deliver any Carry Guard or similar insurance policies in New York State, regardless of the residence of the insured. For the avoidance of doubt, Chubb and Illinois Union shall not be prohibited from providing homeowners, renters or general liability insurance in New York State or for New York residents that includes personal injury liability insurance or property damage liability insurance for loss, damage, or expense that results from the negligent use of a firearm.

22. Chubb and Illinois Union agree that they shall not enter into any agreement or program with the NRA to underwrite or participate in any affinity-type insurance program involving any line of insurance; provided, however, that the NRA may itself purchase insurance from Chubb for the sole purpose of obtaining insurance for the NRA's own corporate operations. Chubb and Illinois Union further agree that they shall not enter into any affinity-type insurance program without undertaking reasonable due diligence to ensure that any entity involved in the issuance, brokering, administration or marketing of such affinity insurance program is acting in compliance with the Insurance Law and the regulations promulgated thereunder, including but

not limited to, any licensure requirements of the Insurance Law or regulations promulgated thereunder.

23. Chubb/Illinois Union has represented to the Department that, between approximately April and November 2017, 681 Carry Guard insurance policies were issued to New York residents; and has represented to the Department that no claims have been submitted under the Carry Guard insurance policies to date by New York residents.

24. Within 10 business days of the execution of this Consent Order, Illinois Union shall mail or deliver to all New York State insureds notice stating that Illinois Union is canceling the insured's Carry Guard insurance policy effective 90 days from the date of notice. Illinois Union agrees to submit the draft notices to the Department for the Department's review and approval prior to Illinois Union mailing or delivering such notices. Illinois Union also agrees to fully refund the insurance premiums for the cancelled policies. Thereafter, Illinois Union shall promptly file a certification with the Department that sets forth its compliance with this Paragraph 24.

25. Chubb and Illinois Union agree not to issue or deliver in New York State an insurance policy, or otherwise issue an insurance policy covering a New York State resident, that provides defense coverage in a criminal proceeding unless expressly permitted by law.

26. Illinois Union and any other unauthorized Chubb insurer agree not to issue or deliver in New York State an insurance policy, or otherwise issue an insurance policy covering a New York State resident, that provides insurance for expenses incurred for psychological counseling support because such conduct violates the Insurance Law.

**Full and Complete Cooperation of Chubb**

27. Chubb and Illinois Union commit and agree to fully cooperate with the DFS Investigation and all terms of this Consent Order. Such cooperation shall include, without limitation:

- a. producing all non-privileged documents and other materials to the Department, as requested, wherever located in the possession, custody, or control of Chubb or Illinois Union;
- b. requiring employees or agents to appear for interviews, at such reasonable times and places, as requested by the Department;
- c. responding fully and truthfully in a prompt manner to all inquiries when requested to do so by the Department; and
- d. testifying at hearings, trials and other judicial, administrative or other proceedings, when requested to do so by the Department, in connection with its investigation of matters relating to the Carry Guard insurance program.

**Breach of Consent Order**

28. If the Department believes Chubb or Illinois Union to be in material breach of this Consent Order, the Department will provide written notice to Chubb or Illinois Union and Chubb or Illinois Union must, within ten business days of receiving such notice, or on a later date if so determined in the Department's sole discretion, appear before the Department to demonstrate that no material breach has occurred or, to the extent pertinent, that the breach is not material or has been cured.

29. The parties understand and agree that the failure of Chubb or Illinois Union to make the required showing within the designated time period shall be presumptive evidence of Chubb's

or Illinois Union's breach. Upon a finding that Chubb or Illinois Union has breached this Consent Order, the Department has all the remedies available to it under New York Insurance and Financial Services Law and may use any evidence available to the Department in any ensuing hearings, notices, or orders.

**Waiver of Rights**

30. The parties understand and agree that no provision of this Consent Order is subject to review in any court or tribunal outside the Department.

**Parties Bound by the Consent Order**

31. This Consent Order is binding on the Department, Chubb and Illinois Union, as well as any successors and assigns. This Consent Order does not bind any federal or other state agency or any law enforcement authority.

32. No further action will be taken by the Department against Chubb for the specific conduct set forth in this Consent Order, provided that Chubb complies fully with the terms of this Consent Order, including paragraph 27 above.

33. Notwithstanding any other provision contained in this Consent Order, the Department may undertake action against Chubb or Illinois Union for transactions or conduct that Chubb or Illinois Union did not disclose to the Department in the written materials that Chubb and Illinois Union submitted to the Department in connection with this matter.

**Notices**

34. All notices or communications regarding this Consent Order shall be sent to:

For the Department:

For the Department:

Hadas Jacobi  
Assistant Deputy Superintendent  
for Enforcement  
New York State Department of Financial Services  
One State Street  
New York, NY 10004

Megan Prendergast  
Deputy Superintendent for Enforcement  
New York State Department of Financial Services  
One State Street  
New York, NY 10004

Connor Mealey  
Excelsior Fellow  
New York State Department of Financial Services  
One State Street  
New York, NY 10004

For Chubb:

Kevin Rampe  
General Counsel  
Chubb Group  
1133 Avenue of the Americas  
New York, NY 10036

John P. Mulhern  
Drinker, Biddle & Reath LLP  
1177 Avenue of the Americas  
New York, NY 10036

For Illinois Union:

Kevin Rampe  
General Counsel  
Chubb Group  
1133 Avenue of the Americas  
New York, NY 10036

John P. Mulhern  
Drinker, Biddle & Reath LLP  
1177 Avenue of the Americas  
New York, NY 10036

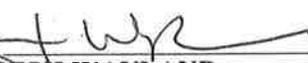
**Miscellaneous**

35. Each provision of this Consent Order shall remain effective and enforceable until stayed, modified, suspended, or terminated by the Department.

36. No promise, assurance, representation, or understanding other than those contained in this Consent Order has been made to induce any party to agree to the provisions of the Consent Order.

IN WITNESS WHEREOF, the parties have caused this Consent Order to be signed this 7<sup>th</sup> day of May, 2018.

**CHUBB GROUP HOLDINGS INC.**

By:   
**JOSEPH WAYLAND**  
Executive Vice President and  
General Counsel

**ILLINOIS UNION INSURANCE  
COMPANY**

By:   
**JOSEPH WAYLAND**

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**NEW YORK STATE DEPARTMENT OF  
FINANCIAL SERVICES**

By:   
**MARIA T. VULLO**  
Superintendent of Financial Services

By:   
**MATTHEW L. LEVINE**  
Executive Deputy Superintendent for  
Enforcement

# **EXHIBIT F**

## The New York Times

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# *Lloyd's Underwriters Told to Stop Insurance Linked to NRA*

By Reuters

May 9, 2018

LONDON — Lloyd's of London [SOLYD.UL] said on Wednesday it would direct underwriters to terminate all insurance offered, marketed, endorsed or otherwise made available through the National Rifle Association of America.

The move comes after insurer Chubb was fined \$1.3 million over its role in an NRA insurance program after an investigation found the NRA's "Carry Guard" insurance program unlawfully provided liability insurance "to gun owners for acts of intentional wrongdoing".

"The Lloyd's Corporation has given very careful consideration as to whether syndicates at Lloyd's should continue to insure programs offered, marketed, endorsed or otherwise made available through the National Rifle Association of America (NRA).

"This is now subject to an inquiry by the New York Department of Financial Services (NYDFS). Therefore Lloyd's Corporation has decided to direct underwriters in the market to terminate any existing programs of this type and not to enter into any new ones," a Lloyd's spokesman said.

(Reporting by Simon Jessop; editing by Maiya Keidan)