

No. **2023-8331**

**Official Order  
of the  
Texas Commissioner of Insurance**

**Date: 11/7/2023**

**Subject Considered:**

Auto Club Indemnity Company PO  
Box 25001  
Santa Ana, California 92799-5001

Consent Order  
TDI Enforcement File No. 33134

**General remarks and official action taken:**

This is a consent order with Auto Club Indemnity Company (Auto Club). Auto Club self-reported to the department that it made an error in a recent homeowners rate filing that resulted in certain policyholders being overcharged and certain policyholders being undercharged. Auto Club has agreed to pay restitution to the policyholders who were overcharged.

**Waiver**

Auto Club acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Auto Club waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

**Findings of Fact**

1. Auto Club is a domestic fire and casualty insurance company holding a certificate of authority to transact business in Texas.

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2. In October 2023, Auto Club notified the department that it made an error in its homeowners rate filing IACA-132865127, which was effective January 1, 2022. The error resulted in both overcharges and undercharges.
3. Auto Club represents it discovered the error on September 25, 2023. The company submitted filing IACA-133832953 on September 28, 2023, to correct the errors and reflect the rates the company had been charging.
4. Auto Club represents the overcharges are approximately \$3.3 million and the undercharges are approximately \$557,000.
5. Auto Club represents it will not recover premium from the policyholders who were undercharged.

## Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 801.051–801.053, and 2251.101.
2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056; TEX. INS. CODE §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.
3. Auto Club has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not limited to, issuance and service of notice of intention to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Auto Club violated TEX. INS. CODE § 2251.101 by charging rates different than those on file with the department.
5. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct Auto Club to make complete restitution to each policyholder impacted by the violation.

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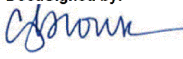
Auto Club is ordered to comply with the following:

- a. Auto Club must identify all homeowners insurance policies issued or renewed in Texas with effective dates from January 1, 2022, through September 30, 2023 (the Review Period).
- b. For each policy in the Review Period, Auto Club must calculate the Corrected Premium using the rate on file with the department. If the premium charged is more than the Corrected Premium, the difference constitutes the "Overcharge."
- c. Auto Club must pay restitution in the form of a company check or account credit to each policyholder identified in the Review Period as having an Overcharge (the Qualifying Policyholders). The restitution check or account credit must include both the dollar amount of the overcharge, plus simple interest due on the overcharge. The rate of interest is 5% per annum.
- d. Auto Club must mail the restitution checks or issue the account credits to the Qualifying Policyholders on or before December 15, 2023.
- e. Any restitution checks that are returned to Auto Club with an address correction must be promptly resent to the correct address. Funds from any restitution checks that are returned thereafter for incorrect addresses and from checks that are not negotiated must be reported and delivered to the comptroller pursuant to the procedures and deadlines set forth in TEX. PROP. CODE §§ 72.001 *et. seq.*, 73.001 *et. seq.*, and 74.001 *et. seq.*
- f. On or before March 1, 2024, Auto Club must report the restitution paid to the Qualifying Policyholders by submitting a complete and sortable electronic spreadsheet to the department. The spreadsheet must contain the following information:
  - i. policy number;
  - ii. policyholder name;
  - iii. policyholder address;
  - iv. effective date of the policy;

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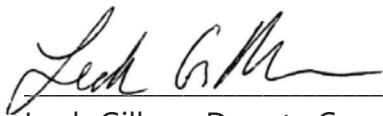
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- v. expiration date of the policy;
  - vi. amount of Overcharge;
  - vii. dollar amount of simple interest;
  - viii. amount of Overcharge and interest;
  - ix. date(s) of mailing of restitution check or credits;
  - x. the total sum of all Overcharges;
  - xi. the total sum of all simple interest; and
  - xii. the total sum of all restitution paid (total Overcharges plus the total of the simple interest).
- g. Auto Club must send all submissions required under the terms of this order by email to: EnforcementReports@tdi.texas.gov.

DocuSigned by:  
  
FC5D7EDDFFBB4F8...

Cassie Brown  
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner  
Fraud and Enforcement Division



Mandy Meesey, Associate Commissioner  
Enforcement

**Affidavit**

**STATE OF** California §  
§  
**COUNTY OF** Orange

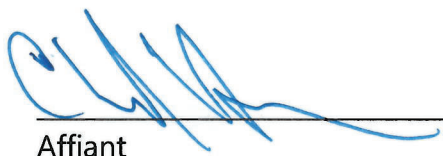
Before me, the undersigned authority, personally appeared Chad D. Hourigan  
who being by me duly sworn, deposed as follows:

"My name is Chad D. Hourigan. I am of sound mind, capable of making  
this statement, and have personal knowledge of these facts which are true and correct.

Vice President, Chief

I hold the office of Financial Officer & Treasurer and am the authorized representative of  
Auto Club Indemnity Company. I am duly authorized by said organization to execute this  
statement.

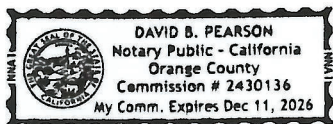
Auto Club Indemnity Company has knowingly and voluntarily entered into the foregoing  
consent order and agrees with and consents to the issuance and service of the same by  
the commissioner of insurance of the state of Texas."

  
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Affiant

SWORN TO AND SUBSCRIBED before me on 10/25, 2023.

(NOTARY SEAL)



  
\_\_\_\_\_  
Signature of Notary Public

DAVID B. PEARSON  
\_\_\_\_\_  
Printed Name of Notary Public