

No. 2024-8527

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

Date: 2/13/2024

Subject Considered:

Laura Jeanine McCormick
[REDACTED]
Grapevine, Texas 76051-7416

Consent Order
SOAH Docket No. 454-22-03743
TDI Enforcement File No. 25488

General remarks and official action taken:

This is a consent order with Laura Jeanine McCormick (McCormick). The department alleges that McCormick altered insurance policy applications without authorization. McCormick has agreed to pay an administrative penalty of \$3,500 for these violations.

Waiver

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

Findings of Fact

Licensure and Background

1. McCormick, individual identification number 555674, holds a general lines agent license with a property and casualty qualification originally issued by the department on September 16, 2003, and a surplus lines agent license issued by the department on January 31, 2012.

2024-8527

Commissioner's Order

Laura Jeanine McCormick

SOAH Docket No. 454-22-03743

Page 2 of 7

2. Prior to McCormick's licensure, she worked in risk management roles in the telephone answering service (TAS) industry for over twenty years.
3. McCormick was employed at US Risk Brokers, Inc. (US Risk) as a Senior Broker from August 2011 – October 2015, and then was employed at MarketScout as a Senior Vice President from November 2015 – March 2020.
4. In 2012, while employed at US Risk, she was contacted by a representative of a TAS company who sought her assistance in obtaining supplemental professional liability coverage for their business. She was specifically contacted due to her prior experience in TAS.
5. McCormick helped craft professional liability policy language which met the TAS company's insurance needs, and she used that language to assist other TAS companies who sought her out while she was employed at US Risk.
6. After McCormick transitioned to MarketScout in 2015, some of her TAS accounts followed her. McCormick continued to use the policy language she crafted as additional TAS companies sought her assistance in obtaining supplemental professional liability insurance.
7. McCormick maintains that during her tenure at MarketScout, she handled up to 1,000 unique accounts in her annual book of business, and TAS companies represented approximately 40 of those accounts.

Agent Misconduct

8. In May 2020, after McCormick left MarketScout, a renewal application from a TAS company was submitted to McCormick's MarketScout replacement. This application contained projected and annual revenues significantly greater than the amount listed on previous applications. The insured confirmed that the numbers on the renewal application were accurate.
9. Due to the difference in revenues on the renewal application, MarketScout reviewed McCormick's former book of business. Of the nearly 1,000 accounts in McCormick's annual book of business, MarketScout identified an additional seven with altered applications. MarketScout informed Chubb, the underwriter of the

2024-8527

Commissioner's Order

Laura Jeanine McCormick

SOAH Docket No. 454-22-03743

Page 3 of 7

- policies, and Chubb assigned an investigator. The investigator informed US Risk of the matter, and requested it also review McCormick's former book of business.
10. The reviews at both US Risk and MarketScout identified a combined total of 34 applications with unsupported alterations, for a total of eight TAS companies, submitted from 2013 – 2019 to Chubb for underwriting.
 11. McCormick maintains that in her initial conversations with the TAS companies in her book of business, she would inquire in detail about the business' revenue streams because sometimes not all of them were coverable under the professional liability policy sought by those clients.
 12. From the information provided during that initial conversation, McCormick would alter the application by removing the revenue streams she determined were not coverable under the requested policy, and therefore should not be rated. Then, when renewal applications were submitted, McCormick stated she would reach out to the company to confirm there were no significant changes in the business' revenue streams from the previous year. Once the insured confirmed there were no significant changes, McCormick would proceed with altering the revenue listed on the application.
 13. McCormick admits to altering the actual and projected revenue on the identified applications. However, McCormick states she made the alterations in good faith based on her experience in both the TAS industry and as an insurance agent.
 14. McCormick maintains she kept a physical file with her handwritten notes from her conversations with the insureds, and that the file remained with MarketScout when she left her position. MarketScout was unable to locate the physical file referenced by McCormick.
 15. McCormick admits that when she made the alterations, she failed to send the altered application back to the insured for approval and admits she did not submit documentation supporting the alterations to Chubb.
 16. McCormick's actions were outside the scope of her position. If, in her professional opinion, she believed some of the insured's revenue streams were not coverable under the professional liability policy requested, then she was required to submit documentation to the underwriter to support that opinion. The underwriter,

2024-8527

Commissioner's Order

Laura Jeanine McCormick

SOAH Docket No. 454-22-03743

Page 4 of 7

Chubb, did not receive any supporting documentation and was therefore unable to make a determination as to what, if any, revenue should be excluded from rating.

17. McCormick's alteration of the applications led to a decrease in premiums assessed. If the entirety of the insureds' revenue streams were eligible to be rated for the supplemental professional liability coverage obtained, then up to \$197,301 in premiums were uncollected from 2013 – 2019. McCormick's alterations of the insured's revenue streams negatively impacted her book of business, and led to a decrease in commissions paid to herself, US Risk, and MarketScout, as well as decreased premiums remitted to Chubb.

Mitigating Evidence

18. Chubb's investigation revealed that only 34 applications for eight TAS companies were altered. McCormick stated her total book of business contained approximately 1,000 accounts, 40 of which were TAS company accounts.
19. No claims were paid on the professional liability policies of the eight identified TAS company accounts.
20. There is no evidence McCormick benefitted financially from any of the alterations and she maintains the changes were made based on her years of experience.
21. McCormick has been licensed by the department for over 20 years and has not been the subject of prior department action.
22. The insureds received declaration pages for the policies after they were bound, which included the altered application reviewed by the underwriter. There is no evidence that any insured reached out to McCormick or Chubb regarding any variations.

2024-8527

Commissioner's Order

Laura Jeanine McCormick

SOAH Docket No. 454-22-03743

Page 5 of 7

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 981.202, 4001.002, 4005.101, 4005.102, 4051.051, and TEX. GOV'T CODE §§ 2001.051–2001.178.
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. McCormick has knowingly and voluntarily waived all procedural rights to which she 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. McCormick willfully violated an insurance law of this state as contemplated by TEX. INS. CODE § 4005.101(b)(1).
5. McCormick altered applications for insurance policies without authorization as contemplated by TEX. INS. CODE § 4001.051(c).

2024-8527

Commissioner's Order
Laura Jeanine McCormick
SOAH Docket No. 454-22-03743
Page 6 of 7

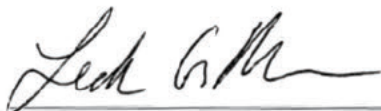
Order

It is ordered that Laura Jeanine McCormick pay an administrative penalty of \$ 3,500 within 90 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which the department will send after entry of this order.

DocuSigned by:

FC5D7EDDFB4F8...
Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Stephanie Daniels
Enforcement

Approved as to form:



Bogdan Rentea
Counsel for Respondent

Affidavit

STATE OF Texas §
 §
COUNTY OF Tarrant §

Before me, the undersigned authority, personally appeared Laura Jeanine McCormick, who being by me duly sworn, deposed as follows:

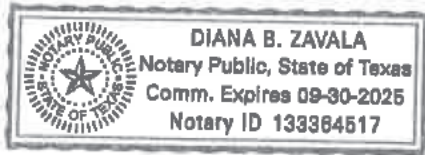
"My name is Laura Jeanine McCormick. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I have knowingly and voluntarily entered into the foregoing consent order and agree with and consent to the issuance and service of the same by the commissioner of insurance of the state of Texas."

[Handwritten Signature]
Affiant

SWORN TO AND SUBSCRIBED before me on December 26, 2023

(NOTARY SEAL)



Diana B. Zavala
Signature of Notary Public
Diana B. Zavala
Printed Name of Notary Public