

No. 2020-6343

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

Date: 05/11/2020

Subject Considered:

Vaught Insurance Services Inc
Mary Desilva Vaught
[REDACTED]
Houston, Texas 77218

Consent Order
SOAH Docket No. 454-19-1031.C
TDI Enforcement File Nos. 14039 and 15126

General remarks and official action taken:

This is a consent order with Mary Desilva Vaught (Vaught) and Vaught Insurance Services Inc (Vaught Insurance). The department alleges that Vaught Insurance and Vaught withheld a discount from a client and did not obtain that client's consent to charge the discount as an agent fee.

Waiver

Vaught Insurance and Vaught acknowledge that the Texas Insurance Code and other applicable law provide certain rights. Vaught Insurance and Vaught waive all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order. Pursuant to TEX. INS. CODE § 82.055(b), Vaught Insurance and Vaught agree to this consent order with the express reservation that they do not admit a violation of the Texas Insurance Code or of a rule and that the existence of a violation is in dispute.

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Findings of Fact

License Information

1. Vaught Insurance, firm identification number 4219, holds a general lines agency license with a property and casualty qualification issued by the department on August 29, 1989.
2. Vaught, individual identification number 194881, holds a general lines agent license with a property and casualty qualification issued by the department on February 6, 1996, and a life, accident, and health qualification issued by the department on May 9, 2002.

Discount Misappropriation and Undisclosed Fees

3. In March 2016, consumer E.L. purchased a commercial auto policy from Vaught and Vaught Insurance, effective from March 21, 2016, to March 21, 2017.
4. On March 17, 2016, Vaught and Vaught Insurance paid for the policy in full entitling E.L. to receive a discount of \$3,243. Ms. Vaught and Vaught Insurance then invoiced E.L. for the full premium of \$12,458, to be paid in four installments, without reference to any discount.
5. Vaught and Vaught Insurance kept the discount amount instead of crediting that amount on E.L.'s invoice and disclosing it to him.
6. Vaught represented to the department that she considered the discount amount as fees she used towards other work she does for E.L. However, Vaught and Vaught Insurance did not have an agreement or contract with E.L. that outlines the scope of their agent responsibilities or the fees associated with their services.
7. Vaught and Vaught Insurance did not disclose the policy discount to E.L. or notify E.L. that by paying in full upfront, he would receive a discount on the policy.

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Mitigating Circumstances

8. Vaught and Vaught Insurance paid back the discounted amount to E.L. before the department initiated a disciplinary action against them.
9. According to the department's investigation, this is the only occurrence of the above described conduct.
10. Vaught and Vaught Insurance agree to notify clients of each fee charged and to obtain written consent from clients for each fee to be charged.

Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051-82.055, 84.021-84.044, 4005.101-4005.103, 4051.051, and 4054.051, 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. Vaught and Vaught Insurance have knowingly and voluntarily waived all procedural rights to which they 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. Vaught and Vaught Insurance violated TEX. INS. CODE § 4005.101(b)(4) by misappropriating, converting to their own use, or illegally withholding money belonging to an insured.
5. Vaught and Vaught Insurance Inc violated TEX. INS. CODE § 4005.003 and 28 TEX. ADMIN. CODE § 19.1503 by collecting fees and failing to notify the client of the agent's fees and obtain the client's written consent for each fee to be charged.

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Order

It is ordered that Mary Desilva Vaught and Vaught Insurance Services Inc pay jointly and severally an administrative penalty of \$5,000 within 90 days from the date of this order. The administrative penalty must be paid by cashier's check or money order made payable to the "State of Texas" and transmitted to the Texas Department of Insurance, Attn: Enforcement, Division 60851, MC 9999; P.O. Box 149104, Austin, Texas 78714-9104.

Kent C. Sullivan
Commissioner of Insurance

By: 
Doug Slape
Chief Deputy Commissioner
Commissioner's Order No. 2018-5528

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Recommended and reviewed by:

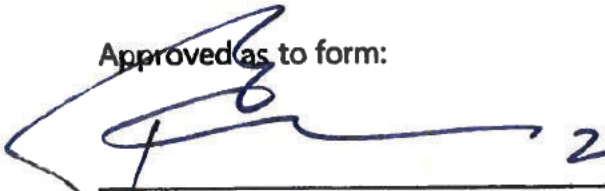


Leah Gillum, Deputy Commissioner
Enforcement Division



Sarah White, Staff Attorney
Enforcement Division

Approved as to form:



2/11/2020

Bogdan Rentea
Rentea & Associates



Affidavit

STATE OF Texas §

COUNTY OF Harris §

Before me, the undersigned authority, personally appeared Mary De Silva Vaught who being by me duly sworn, deposed as follows:

"My name is Mary De Silva Vaught of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of President and am the authorized representative of Vaught Insurance Services Inc. I am duly authorized by said organization to execute this statement.

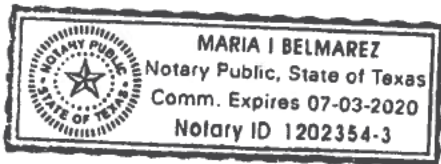
Vaught Insurance Services Inc has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

[Signature]

Affiant

SWORN TO AND SUBSCRIBED before me on February 11, 2020

(NOTARY SEAL)



[Signature]
Signature of Notary Public

Maria I. Belmarz
Printed Name of Notary Public

