

No. 2023-7837

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

Date: 03/06/2023

Subjects Considered:

AmTrust Insurance Company
First Nonprofit Insurance Company
Milford Casualty Insurance Company
Republic Underwriters Insurance Company
Security National Insurance Company
Southern Insurance Company
Technology Insurance Company, Inc.
Wesco Insurance Company
Republic Lloyds
Rochdale Insurance Company
CorePointe Insurance Company
Sequoia Insurance Company
800 Superior Avenue E, 21st Floor
Cleveland, Ohio 44114-2605

Consent Order

TDI Enforcement File Nos. 29744, 29745, 29746, 29747, 29748, 29749, 29750, 29751,
29752, 29753, 29754, and 29755

General remarks and official action taken:

This is a consent order with twelve AmTrust Financial Group insurance companies (AmTrust).¹ AmTrust charged rates different than those on file with the department and has agreed to pay restitution to the affected policyholders.

¹AmTrust Insurance Company, First Nonprofit Insurance Company, Milford Casualty Insurance Company, Republic Underwriters Insurance Company, Security National Insurance Company, Southern Insurance Company, Technology Insurance Company, Inc., Wesco Insurance Company, Republic Lloyds, Rochdale Insurance Company, CorePointe Insurance Company, and Sequoia Insurance Company (collectively referred to as AmTrust).

Waiver

AmTrust acknowledges that the Texas Insurance Code and other applicable law provide certain rights. AmTrust 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 Appointment

1. AmTrust Insurance Company, First Nonprofit Insurance Company, Milford Insurance Company, Security National Insurance Company, Technology Insurance Company, Inc., Wesco Insurance Company, Rochdale Insurance Company, CorePointe Insurance Company, and Sequoia Insurance Company are foreign fire and casualty insurers holding certificates of authority to transact business in Texas.
2. Republic Underwriters Insurance Company and Southern Insurance Company are domestic fire and casualty insurers holding certificates of authority to transact business in Texas.
3. Republic Lloyds is a domestic Lloyd's plan holding a certificate of authority to transact business in Texas.

AmTrust's Use of Rates Not on File

4. Effective December 1, 2018, in filing S658217, AmTrust revised its minimum premium for all AmTrust companies from a minimum premium formula, with a maximum \$250 minimum premium, to a flat \$250 minimum premium.
5. However, in subsequent filings, beginning with filing S667187, effective July 1, 2019, AmTrust represents it unintentionally included the minimum premium formula on the rate pages instead of the flat \$250 minimum premium as revised in filing S658217.
6. AmTrust self-reported that it has been charging the flat \$250 minimum premium filed in 2018, as the companies originally intended.
7. The rates and rating rules used by AmTrust for the period July 1, 2019, to June 30, 2022, were not those on file with the department.

8. AmTrust reported that 903 policies were impacted over a three-year time period between July 1, 2019, and June 30, 2022. AmTrust also reported the amount overcharged—the difference between the rate charged and the rate filed with the department—was \$37,202.
9. In filing S701540, effective July 1, 2022, AmTrust corrected and clarified the intended rate to show the correct flat \$250 minimum premium that the companies intended to use, which was originally filed in S658217 in 2018.

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, 941.101-941.103, and 2053.003.
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. AmTrust 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. AmTrust violated TEX. INS. CODE § 2053.003 by charging a rate different than that on file with the department.
5. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct AmTrust to make complete restitution to each policyholder impacted by the violation.

Order

AmTrust is ordered to comply with the following:

- a. AmTrust must identify all workers' compensation insurance policies issued in Texas with effective dates from July 1, 2019, through June 30, 2022 (the "Review Period").
- b. For each policy in the Review Period, AmTrust must calculate the Corrected Premium using the rating rules on file with the department at the time.
- c. For each policy in the Review Period, AmTrust must calculate and determine whether the dollar amount of the premium charged for each policy is less than, more than, or the same as the Corrected Premium. If the premium charged is more than the Corrected Premium, the difference constitutes the Overcharge.
- d. AmTrust 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 and/or account credit must include both the dollar amount of the Overcharge, plus simple interest due on the Overcharge. The rate of interest is five percent per annum.
- e. AmTrust must mail the restitution checks and/or issue the account credits to the Qualifying Policyholders on or before April 1, 2023.
- f. Any restitution checks that are returned to AmTrust with an address correction must be promptly re-sent 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 Texas Comptroller of Public Accounts 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.
- g. On or before August 15, 2023, AmTrust 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. name of insurer;
 - ii. policy number;
 - iii. policyholder name;
 - iv. policyholder address;
 - v. effective date of the policy;
 - vi. expiration date of the policy;
 - vii. amount of Overcharge;
 - viii. dollar amount of simple interest;
 - ix. amount of Overcharge and interest;
 - x. date(s) of mailing of restitution check or credits;
 - xi. the total sum of all Overcharges;
 - xii. the total sum of all simple interest; and,
 - xiii. the total sum of all restitution paid (total Overcharges plus the total of the simple interest).
- h. AmTrust must send all submissions required under the terms of this order by email to: EnforcementReports@tdi.texas.gov.

DocuSigned by:

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Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Allison J. Anglin, Staff Attorney
Enforcement

Affidavit

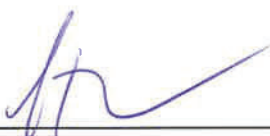
STATE OF New York §
§
COUNTY OF New York §

Before me, the undersigned authority, personally appeared Stephen Ungar,
who being by me duly sworn, deposed as follows:

"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of
AmTrust Insurance Company. I am duly authorized by said organization to execute this
statement.

AmTrust Insurance 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."

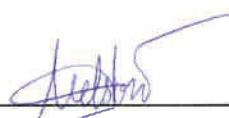


Affiant

SWORN TO AND SUBSCRIBED before me on February 8, 2023.

(NOTARY SEAL)





Signature of Notary Public
Patricia A. Nelson

Printed Name of Notary Public

Affidavit

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who being by me duly sworn, deposed as follows:

"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of
First Nonprofit Insurance Company. I am duly authorized by said organization to execute
this statement.

First Nonprofit Insurance 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."




Affiant

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who being by me duly sworn, deposed as follows:

"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of
Milford Casualty Insurance Company. I am duly authorized by said organization to
execute this statement.

Milford Casualty Insurance 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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"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of
Republic Underwriters Insurance Company. I am duly authorized by said organization to
execute this statement.

Republic Underwriters Insurance 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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"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of
Security National Insurance Company. I am duly authorized by said organization to
execute this statement.

Security National Insurance 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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"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of
Southern Insurance Company. I am duly authorized by said organization to execute this
statement.

Southern Insurance 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."

[Signature]
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who being by me duly sworn, deposed as follows:

"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of Technology Insurance Company. I am duly authorized by said organization to execute this statement.

Technology Insurance 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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"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of
Wesco Insurance Company. I am duly authorized by said organization to execute this
statement.

Wesco Insurance 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."

[Signature]

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who being by me duly sworn, deposed as follows:

"My name is Stephen Ungar. I am 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 Underwriter and am the authorized representative of
Republic Lloyds. I am duly authorized by said organization to execute this statement.


Republic Lloyds 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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"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of
Rochdale Insurance Company. I am duly authorized by said organization to execute this
statement.

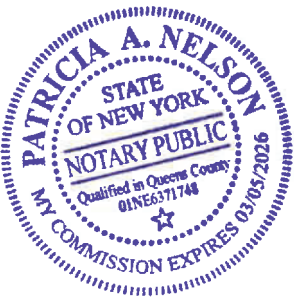
Rochdale Insurance Company has knowingly and voluntarily entered into the foregoing
consent order and agrees with and consents to the issuance and service of the same by
the commissioner of insurance of the State of Texas."



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"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of
CorePointe Insurance Company. I am duly authorized by said organization to execute this
statement.

CorePointe Insurance 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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"My name is Stephen Ungar. I am 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 Secretary and am the authorized representative of
Sequoia Insurance Company. I am duly authorized by said organization to execute this
statement.

Sequoia Insurance 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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