

No. **2021-7022**

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

Date: 10/19/2021

Subject Considered:

Mercury County Mutual Insurance Company
PO Box 728847
Oklahoma City, Oklahoma 73172

Consent Order
TDI Enforcement File No. 27998

General remarks and official action taken:

This is a consent order with Mercury County Mutual Insurance Company (Mercury). Mercury used credit scoring models without filing them with the department. Mercury agrees to pay a \$15,000 administrative penalty.

Waiver

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

Findings of Fact

1. Mercury is a county mutual company holding a certificate of authority to transact business in the state of Texas.

Credit Scoring Model

2. Texas law requires insurers to file their own credit scoring models with the department. Texas rules prohibit insurers from combining a credit scoring model

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filing with any other filing type. An insurer must make its own credit scoring model filing, either including its own credit scoring model or referencing another filer's model.

3. On June 15, 2020, Mercury submitted a private passenger auto rate and rule filing to the department. That filing included a memo referencing two credit scoring models which had previously been filed with the department by an unaffiliated insurer.
4. In the memo, Mercury represented that it would begin using the credit scoring models for new business on June 26, 2020, and for renewals beginning August 15, 2020.
5. On May 28, 2021, after correspondence with the department, Mercury filed the two credit scoring models and confirmed they had been used since June 26, 2020. Mercury used credit scoring models from June 26, 2020, to May 28, 2021, that were not filed by Mercury with the department.

Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 801.051-801.053, 912.002, and 912.101, 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. Mercury 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. Mercury violated TEX. INS. CODE § 559.151 by using two credit scoring models not filed by Mercury with the department.

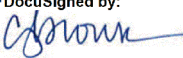
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5. Mercury violated 28 TEX. ADMIN. CODE § 5.9352 by failing to submit a credit scoring model filing to reference the models it uses and to provide the required information listed in the rule.

Order

It is ordered that Mercury County Mutual Insurance Company pay an administrative penalty of \$15,000 within 30 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:

FC5D7EDDFFBB4F8...

Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Enforcement Division



Anna Kalapach, Staff Attorney
Enforcement Division

Affidavit

STATE OF CALIFORNIA §

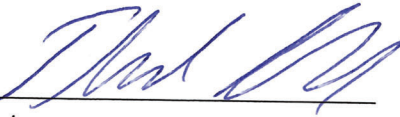
COUNTY OF LOS ANGELES §

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

"My name is Theodore Stalick. 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 Treasurer and am the authorized representative of Mercury County Mutual Insurance Company. I am duly authorized by said organization to execute this statement.

Mercury County Mutual 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 _____.

(NOTARY SEAL)

Signature of Notary Public

Printed Name of Notary Public

SEE NOTARY STATEMENT ATTACHED

CALIFORNIA JURAT WITH AFFIANT STATEMENT

GOVERNMENT CODE § 8202

- See Attached Document (Notary to cross out lines 1-6 below)
- See Statement Below (Lines 1-6 to be completed only by document signer[s], not Notary)

1 _____

2 _____

3 _____

4 _____

5 _____

6 _____

Signature of Document Signer No. 1

Signature of Document Signer No. 2 (if any)

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

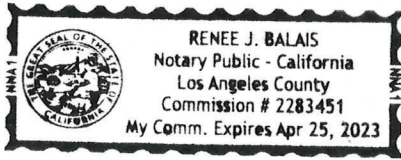
State of California
 County of Los Angeles

Subscribed and sworn to (or affirmed) before me
 on this 15th day of September, 2021,
 by Theodore Stalick
Date Month Year

(1) _____
 (and (2) _____),
Name(s) of Signer(s)

proved to me on the basis of satisfactory evidence
 to be the person(s) who appeared before me.

Signature Renee J. Balais
Signature of Notary Public



Seal
 Place Notary Seal Above

OPTIONAL

Though this section is optional, completing this information can deter alteration of the document or fraudulent reattachment of this form to an unintended document.

Description of Attached Document Mercury County Mutual
 Title or Type of Document: Commissioners Order Affidavit Document Date: 9/15/21
 Number of Pages: 4 Signer(s) Other Than Named Above: NONE