

No. **2021-7031**

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

Date: 10/25/2021

Subject Considered:

State National Insurance Company, Inc.
1900 L Don Dodson Drive
Bedford, Texas 76021

Consent Order
TDI Enforcement File No. 25743

General remarks and official action taken:

This is a consent order with State National Insurance Company, Inc. (State National). The Texas Department of Insurance (TDI) conducted a targeted market conduct examination and found violations of Texas law. State National has agreed to pay a \$15,000 administrative penalty.

Waiver

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

Findings of Fact

1. State National is a domestic fire and casualty insurance company holding a certificate of authority to transact business in Texas.
2. TDI conducted a targeted market conduct examination of State National for the period of January 1, 2017, through December 31, 2017, on State National's homeowners line of business.

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3. The purpose of the examination was to determine State National's compliance with the Texas Insurance Code and Title 28 of the Texas Administrative Code related to sales, advertising, marketing, underwriting and rating, claims practices, and consumer complaints.
4. During the examination, TDI found violations of the Texas Insurance Code and the Texas Administrative Code.

Agents' Licensing and Appointments

5. State National used 1,723 active agents and terminated 16 agents during the period under examination. TDI sampled 100 issued policies to determine compliance with agent licensing and appointment requirements.
6. In one instance, State National issued a policy where the producing agency named on the declaration page was not appointed to act as an agent for State National.
7. In 16 instances, State National issued policies where the individual agent or subagent who performed acts related to the policies, including soliciting insurance, receiving the insurance applications, receiving premium, or binding coverage was not appointed by State National or was not appointed as a subagent by State National's producing agent.
8. In one instance, State National issued a policy where the agent of record did not hold the requisite general property and casualty license, and instead only held a limited property and casualty license.

Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, and 801.051–801.053.
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. State National has knowingly and voluntarily waived all procedural rights to which it may have been entitled regarding the entry of this order, including, but not

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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. State National violated TEX. INS. CODE § 4001.201 by issuing policies where the agent was not appointed to act for State National.
5. State National violated TEX. INS. CODE § 4001.205 by issuing a policy where the subagent was not appointed by State National's agent.
6. State National violated TEX. INS. CODE § 4051.051(a) by issuing a policy where the agent of record did not hold the appropriate license.

Order

It is ordered that State National 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:

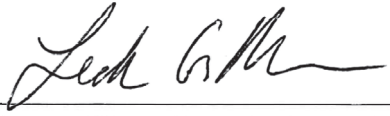
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Cassie Brown
Commissioner of Insurance

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Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Enforcement Division



Kaycee Crisp, Staff Attorney
Enforcement Division

Affidavit

STATE OF Texas §


COUNTY OF Tarrant §

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

"My name is Kelly Brown. 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 Vice President of Compliance and am the authorized representative of State National Insurance Company, Inc. I am duly authorized by said organization to execute this statement.

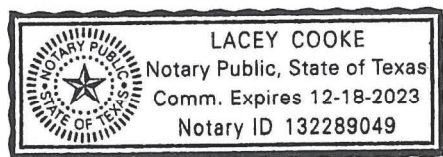
State National Insurance Company, Inc. has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."



Affiant

SWORN TO AND SUBSCRIBED before me on October 13, 2021.

(NOTARY SEAL)



Lacey Cooke

Signature of Notary Public

Lacey Cooke

Printed Name of Notary Public