

No. **2021-7089**

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

Date: 11/18/2021

Subject Considered:

ADM Insurance Company
76 Saint Paul Street, Suite 500
Burlington, VT 05401

Consent Order
TDI Enforcement File No. 26570

General remarks and official action taken:

This is a consent order with ADM Insurance Company (ADM). In 2017, ADM began taking steps to reduce its total annual premium by 50 percent or more without filing a withdrawal plan for approval by the commissioner. In 2018, ADM completely exited the Texas insurance market. This prohibits ADM from resuming to write insurance in Texas before December 10, 2025, without approval of the commissioner. ADM has also agreed to pay a \$25,000 administrative penalty.

Waiver

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

Findings of Fact

1. ADM is a foreign fire and casualty company domiciled in Arizona and holds a certificate of authority to transact business in Texas.

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2. ADM is a wholly owned subsidiary of Agrinational Insurance Company (Agrinational), which is wholly owned by Archer Daniels Midland Company (Archer Daniels).

Background

3. Texas law requires an insurer to file a withdrawal plan with the department for approval by the commissioner if the insurer proposes to reduce its total annual premium volume by 50 percent or more.
4. By law, an insurer that withdraws from writing all lines of insurance in this state may not, without commissioner approval, resume writing insurance in this state before the fifth anniversary of the date of the withdrawal. This five-year ban takes effect on the later of the date the insurer intends to begin its withdrawal as stated in a commissioner-approved plan or the date of discovery by the department of the insurer's failure to file a withdrawal plan.

Unapproved Withdrawal from Texas

5. In its annual financial statement for calendar year 2017, ADM reported over \$4.65 million in direct premium written in Texas for the following lines of business: private crop, multiple peril crop, and allied lines.
6. In its 2017 financial statements, ADM represented:
 - a. Effective January 1, 2017, ADM entered into a 100% quota reinsurance agreement with an unaffiliated insurer, Stratford Insurance Company (Stratford), related to its private crop line (crop hail or named peril) for calendar year 2017.
 - b. Effective May 1, 2017, ADM's owner, Agrinational, transferred Agrinational's reinsurance agreement to Stratford. Under the terms of that agreement, all of ADM's crop policies were novated to Stratford.
 - c. Effective with the July 1, 2017, renewal, ADM declined to write any prospective risks for multiperil crop insurance.

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7. In its 2018 financial statements, ADM represented that effective with the July 1, 2018, renewal, ADM also declined to write any prospective risks for private crop insurance.
8. In its 2018 financial statement, ADM reported zero direct premium written in Texas.
9. ADM did not file any plan with the department for commissioner consideration before completely exiting the Texas insurance market.
10. On or about December 10, 2020, the department discovered ADM's failure to file a withdrawal plan.

Policyholder Service and Run-Off

11. Prior to January 2017, ADM's policyholders were serviced through an affiliated licensed agency, ADM Crop Risk Services, Inc. (Crop Risk), firm identification number 24126.¹ Crop Risk was owned by Agrinational at that time.
12. On March 27, 2017, the department granted a managing general agent license to Crop Risk.
13. On March 29, 2017, Crop Risk notified the department of a proposed change of control. Specifically, Agrinational entered into a stock purchase agreement with Stratford on January 30, 2017, in which Stratford assigned its purchasing rights to its affiliate, Western World Insurance Group, Inc. (Western World). Under the agreement, Western World proposed to wholly acquire Crop Risk.
14. ADM represents that in early May 2017, its then-affiliate Crop Risk sent written notice to its multiperil crop policyholders of the novation from ADM to Stratford, and of continued service by Crop Risk. ADM further represents that upon expiration of the multiperil crop policies in July 2017, those policyholders were given the option to directly purchase coverage through Stratford.
15. In March 2018, Crop Risk notified the department that its acquisition by Western World was completed in May 2017, with Crop Risk becoming an affiliate of Stratford and unaffiliated from ADM.

¹ Department records show Crop Risk dropped ADM from its name on September 26, 2017, changing it to "Crop Risk Services, Inc."

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16. For its private crop business, ADM represents that Crop Risk did not provide notice to the 590 private crop policyholders of the change in underwriter to Stratford in 2017. However, ADM represents that it is not aware of any such policyholder denied coverage by Stratford in 2018.
17. For its allied lines business, ADM represents that in 2017 there was only one allied lines policyholder—its affiliated holding company, Archer Daniels. After 2017, Archer Daniels elected to purchase a combined policy for property and allied lines coverage from an unaffiliated insurer.

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, and 827.006–827.007.
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. ADM 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. ADM violated TEX. INS. CODE § 827.003(1) and 28 TEX. ADMIN. CODE § 7.1804(a)(1) by failing to file a withdrawal plan for approval by the commissioner.

Order

It is ordered that due to ADM Insurance Company's total withdrawal from Texas, and as contemplated by TEX. INS. CODE § 827.006 and 28 TEX. ADMIN. CODE § 7.1808, ADM is prohibited from writing new insurance business in the state of Texas and may not resume writing insurance in this state before December 10, 2025, without approval of the commissioner.

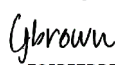
As contemplated in 28 TEX. ADMIN. CODE §§ 7.1807 and 7.1808, it is further ordered that:

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- a. ADM may not resume writing insurance in this state without complying with all applicable statutory and regulatory provisions governing authorization to write insurance in this state and receiving the written approval of the commissioner to resume such writing;
- b. ADM is not relieved of its contractual obligations, and must continue to file all annual financial statement data and any other filings required of an entity holding a certificate of authority; and
- c. ADM is not exempt from any filings or information requests required by the department.

It is furthered ordered that ADM Insurance Company pay an administrative penalty of \$25,000 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

Recommended and reviewed by:


Leah Gillum, Deputy Commissioner
Enforcement Division


Rachel Cloyd, Director
Enforcement Division

Affidavit

STATE OF Vermont §

§

COUNTY OF Chittenden §

Before me, the undersigned authority, personally appeared Peter Anthony Joy, who being by me duly sworn, deposed as follows:

"My name is Peter Anthony Joy. 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 + Assistant Secretary and am the authorized representative of ADM Insurance Company. I am duly authorized by said organization to execute this statement.

ADM 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 November 3, 2021.

(NOTARY SEAL)




Signature of Notary Public

Tess Couture-Pretty
Printed Name of Notary Public