

No. **2022-7411**

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

Date: 07/28/2022

Subject Considered:

Redpoint County Mutual Insurance Company
13215 Bee Caves Parkway, Ste. B240
Austin, Texas 78738-0064

Consent Order
TDI Enforcement File No. 27359

General remarks and official action taken:

This is a consent order with Redpoint County Mutual Insurance Company (Redpoint). Redpoint self-reported rate filing errors to the department that resulted in overcharges to certain policyholders. Redpoint has agreed to pay restitution for the rating errors to the affected policyholders.

Waiver

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

Findings of Fact

1. Redpoint is a domestic county mutual insurance company that holds a certificate of authority to transact business in Texas.
2. Redpoint sells private passenger automobile insurance in Texas through several managing general agents.

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3. TEX. INS. CODE § 2251.101(a) requires each insurer to file with the commissioner all rates, applicable rating manuals, supplementary rating information, and additional information as required by the commissioner.

Cover Financial of Texas, Inc. (Cover Financial)

4. Redpoint, in coordination with its managing general agent, Cover Financial, made a private passenger automobile rate filing (S678064) on April 9, 2020, effective the same date. The filing inadvertently included a revised table of financial responsibility rating factors that were not being used.
5. Redpoint amended the filing on June 25, 2020, to correct the mistake.
6. Redpoint represents that 27 policies were written during this time through Cover Financial using different financial responsibility rating factors than on file.
7. Redpoint represents that 17 of the 27 policies were overcharged relative to the filed rates and resulted in an estimated \$683 in premium.

Lakepointe General Agency, Inc. dba Diamond Specialty Insurance (Diamond Specialty)

8. Redpoint, in coordination with its managing general agent, Diamond Specialty, made a private passenger automobile rate filing (S689139) on February 26, 2021, with an effective date for new business of February 1, 2021.
9. Redpoint identified the filing timing error in an audit and self-reported it to the department at the time of the rate filing.
10. Redpoint represents the unfiled rates were used in 1,026 new policies and resulted in an estimated \$616,000 in premiums. Redpoint represents that no renewal policies were impacted.
11. Redpoint, in coordination with Diamond Specialty, made a private passenger automobile rate filing (S697452) on December 6, 2021, after the effective date for new business of November 29, 2021.
12. Redpoint identified the filing timing error in an audit and self-reported it to the department at the time of the filing.

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13. Redpoint represents the unfiled rates were used in 163 new policies and resulted in an estimated \$92,400 in premium. Redpoint represents that no renewal policies were impacted.
14. Redpoint finished its remediation process by providing refunds related to rate filing S697452 to impacted policies, including interest, in an amount of \$2,613.25. Redpoint provided the department with a report detailing the remediation on February 14, 2022.

Root Lone Star Insurance Agency (Root)

15. Redpoint, in coordination with Root, made a private passenger automobile rate filing (S691361) on April 27, 2021, with an effective date of August 18, 2021. Redpoint inadvertently filed its credit scoring model documents in the wrong place in its rate/rule filings.
16. Redpoint corrected the error on December 6, 2021, after the department pointed out that the credit scoring model documents had been filed in the wrong place.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 801.052–801.053, and 2251.101.
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. Redpoint 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. Redpoint violated TEX. INS. CODE § 2251.101 by using a rate different than that on file with the department.
5. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct Redpoint to make complete restitution to each policyholder impacted by the violations.

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Order

Redpoint County Mutual Insurance Company is ordered to comply with the following:

1. Redpoint must identify all private passenger automobile insurance policies issued in Texas:
 - a. written through Cover Financial from April 9, 2020, to June 24, 2020, related to rate filing S678064;
 - b. written through Diamond Specialty from February 1, 2021, to February 25, 2021, related to rate filing S689139; and
 - c. these are the "Review Periods."
2. For each policy in the Review Periods, Redpoint must identify any policyholder who was charged a higher premium than the rate filing actually on file with the department at the time. The increased premium amount is the Overcharge.
3. Redpoint must pay restitution in the form of a company check or account credit to each policyholder identified in the Review Periods 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.
4. Redpoint must mail the restitution checks or issue the account credits to the Qualifying Policyholders on or before August 31, 2022.
5. Any restitution checks that are returned to Redpoint with an address correction must be promptly resent 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 comptroller 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.*
6. On or before October 1, 2022, Redpoint 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:

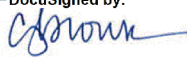
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- a. policy number;
 - b. policyholder name;
 - c. policyholder address;
 - d. effective date of the policy;
 - e. expiration date of the policy;
 - f. managing general agent policy was written through;
 - g. amount of Overcharge;
 - h. dollar amount of simple interest;
 - i. amount of Overcharge and interest;
 - j. date(s) of mailing of restitution check or credits;
 - k. the total sum of all Overcharges;
 - l. the total sum of all simple interest; and
 - m. the total sum of all restitution paid (total Overcharges plus the total of the simple interest).
7. Redpoint 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



Whitney Fraser, Litigation Director
Enforcement

Affidavit

STATE OF Texas §

§

COUNTY OF Travis §

Before me, the undersigned authority, personally appeared Christopher A McClellan, who being by me duly sworn, deposed as follows:

"My name is Christopher A McClellan. 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 President & CEO and am the authorized representative of Redpoint County Mutual Insurance Company. I am duly authorized by said organization to execute this statement.

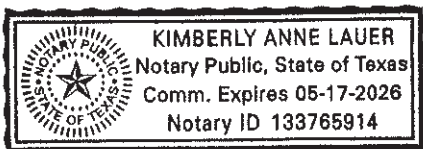
Redpoint County Mutual Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

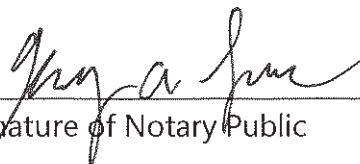


Affiant

SWORN TO AND SUBSCRIBED before me on July 13, 2022.

(NOTARY SEAL)





Signature of Notary Public

Kimberly Anne Lauer

Printed Name of Notary Public