

No. 4628

**OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE**

Date: AUG 15 2016

Subject Considered:

KNIGHTBROOK INSURANCE COMPANY
4751 Wilshire Blvd., Ste. 111
Los Angeles, California 90010

CONSENT ORDER
TDI ENFORCEMENT FILE NO. 10554

General remarks and official action taken:

The commissioner of insurance considers disciplinary action against Knightbrook Insurance Company, which holds a certificate of authority issued by the department.

WAIVER

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

FINDINGS OF FACT

1. Knightbrook is a fire and casualty company currently holding a certificate of authority to transact business in the state of Texas.
2. At least once every two years, the department conducts evaluation of the loss control information and services of each insurer writing commercial automobile liability insurance.
3. Knightbrook's commercial automobile liability loss control program was evaluated by the department in 2013. While the evaluation resulted in an adequate rating, TDI provided recommendations to assist the company in several areas related to their loss control programs.
4. In December 2015, the department conducted a biennial inspection and evaluation to determine the adequacy of Knightbrook's commercial automobile liability loss control program, and it resulted in an inadequate rating. The department provided Knightbrook

with a copy of its "Evaluation of Loss Control" report dated January 8, 2016, detailing the department's findings and notifying Knightbrook of the inadequate rating.

5. During the inspection, Knightbrook requested and the department granted two extensions from the department's original deadline to provide the requested materials related to its Texas loss control program. Because of the date that Knightbrook submitted the data and information, the department was unable to conduct a worksheet and file review.
6. Knightbrook's submission included the following serious deficiencies:
 - a. Texas policyholder list provided failed to include important loss information, such as the number of claims and loss ratio for each account;
 - b. policies and procedure manuals were not provided; and
 - c. safety and training resources were also not provided.
7. Because of the lack of data and information submitted by Knightbrook in the 2015 evaluation, the department was unable to identify the total number of Texas losses and determine what those losses were to recommend appropriate responses to be made by Knightbrook.
8. As of May 2016, Knightbrook submitted all of the requested information.

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, and 1952.058; and 28 TEX. ADMIN. CODE §§ 5.301-5.311.
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 § 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. Pursuant to TEX. INS. CODE § 1952.058, an insurer must provide loss control information to policyholders as a prerequisite to writing commercial automobile liability insurance in Texas. The loss control information must be reasonably commensurate with the risks, exposures, and experience of the insured's business.
4. Additional loss control information to be provided by insurers writing commercial automobile liability insurance is further described in 28 TEX. ADMIN. CODE §§ 5.301-5.311.
5. Knightbrook violated TEX. INS. CODE § 1952.058 and 28 TEX. ADMIN. CODE §§ 5.301-5.311, by failing to demonstrate a capability to provide its commercial automobile liability policyholders with loss control information and services in accordance with Texas law.

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The commissioner of insurance orders Knightbrook Insurance Company to provide its policyholders with loss control information and administer its loss control program in accordance with Texas law on all new and renewal policies.

The commissioner further orders that the department will conduct the next inspection of Knightbrook Insurance Company's Texas loss control program at its Austin office. The on-site inspection will include the review of selected account files to ensure that Knightbrook is providing requisite loss control information and services to the company's Texas insureds. The commissioner further orders Knightbrook to provide the following information in response to the department's requirements and requests for information within defined timelines during any subsequent loss control inspections. This includes:

1. a Texas policyholder list formatted in accord with instructions provided by the department at that time, which includes the number of claims and loss ratio information for each account;
2. Form 2 listing each qualified loss control representative, employee, or contractor, who provided or may provide loss control information and services to Knightbrook's Texas insureds;
3. a complete Loss Control Presentation Outline;
4. Knightbrook's policies and procedures that address applicable items in department's *Outline of a Minimum Plan for a Loss Control Program* (TDI Form PC392);
5. annual written notifications of the availability of loss control information and services that accompany each new and renewal policy;
6. thorough representation of safety and training resources for each line of insurance;
7. thoroughly answered and completed Loss Control Information Worksheets, without entering "unknown" for any request for information; and
8. the individual file documentation, which must verify the information contained within the Loss Control Information Worksheets and must include all applicable information and types of documentation described pursuant to the department's instructions.

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The commissioner of insurance orders that Knightbrook Insurance Company pay an administrative penalty of \$40,000 within 30 days from the date of this order. The payment must be paid by cashier's check or money order made payable to the "State of Texas" and sent to the Texas Department of Insurance, Attn: Enforcement Section, Division 40111, MC 9999, P.O. Box 149104, Austin, Texas 78714-9104.



David C. Mattax
Commissioner of Insurance

APPROVED AS TO FORM AND CONTENT



Whitney Fraser, Staff Attorney
Texas Department of Insurance

