

No. 2017- 5244

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

Date: OCT 09 2017

**Subject Considered:**

**Federated Mutual Insurance Company**  
121 East Park Square  
Owatonna, MN 55060

**CONSENT ORDER**  
TDI ENFORCEMENT FILE NO. 14038

**General remarks and official action taken:**

This order is in consideration of whether disciplinary action should be taken against Federated Mutual Insurance Company (Federated).

**WAIVER**

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

**FINDINGS OF FACT**

1. Federated, TDI License No. 29005, is a fire and casualty company currently holding a certificate of authority issued by TDI to transact the business of insurance in the State of Texas.
2. Federated sent a letter dated June 20, 2017 to TDI notifying it that it was withdrawing from the group health insurance market effective December 31, 2017.
3. On June 23, 2017 and June 26, 2017 Federated sent notices to policyholders (employers) and certificate holders (employees) notifying them of its withdrawal from the group health market.

4. Federated did not file a withdrawal plan with TDI before the notices to policyholders and certificate holders were sent.
5. There were approximately 5611 Texas residents insured by Federated for group health coverage.
6. Federated stated that it relied upon Thompson-Reuters Westlaw references reporting Tex. Ins. Code Article 21.49-2C was repealed, without a reference to recodification or Chapter 827.
7. Federated has cooperated with TDI in its investigation and resolution of this matter.

**CONCLUSIONS OF LAW**

1. The commissioner has jurisdiction over this matter pursuant to Tex. Ins. Code §§ 82.052-82.055 and 827.001-827.011; 28 Tex. Admin. Code §§ 7.1801-7.1808; and Tex. Gov't Code §§ 2001.051-2001.178.
2. The commissioner has authority to dispose of this case informally pursuant to the provisions of Tex. Gov't Code § 2001.056; Tex. Ins. Code § 82.055; and 28 Tex. Admin. Code § 1.47.
3. Federated violated Tex. Ins. Code § 827.003; and 28 Tex. Admin. Code §§ 7.1804-7.1805.
4. Federated has withdrawn from writing group health insurance coverage in Texas effective December 31, 2017 and may not, without the approval of the commissioner, resume writing group health insurance in this state before the fifth anniversary of the date of withdrawal pursuant to Tex. Ins. Code § 827.005.

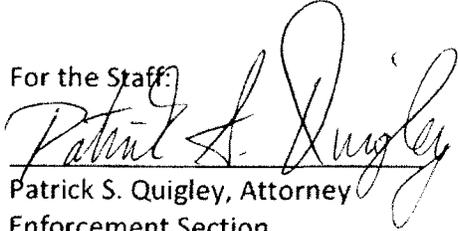
The commissioner orders Federated Mutual Insurance Company to pay an administrative penalty of \$5,000 within 30 days of the date this Order. The administrative penalty must be paid by company check, cashier's check, or money order payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 60851, MC 9999, P.O. Box 149104, Austin, Texas 78714-9104.

  
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Mark Einfalt  
Deputy Commissioner for Compliance  
Texas Department of Insurance  
Delegation Order 4506

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For the Staff:

  
Patrick S. Quigley, Attorney  
Enforcement Section  
Texas Department of Insurance

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AFFIDAVIT

THE STATE OF MINNESOTA §  
§  
COUNTY OF STEELE §

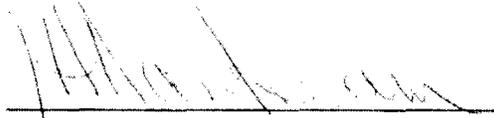
Before me, the undersigned authority, on this day personally appeared the affiant, who being by me duly sworn, deposed as follows:

"My name is Jeanne Hankerson. 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 First Vice President, Director of Compliance, and am the authorized representative of Federated Mutual Insurance Company. I am duly authorized by said organization to execute this statement.

Federated Mutual Insurance Company waives rights provided by the Texas Insurance Code and other applicable law and acknowledges the jurisdiction of the commissioner.

Federated Mutual Insurance Company is voluntarily entering into this consent order and consents to the issuance and service of this consent order."



Affiant

SWORN TO AND SUBSCRIBED before me on Sept. 29, 2017.

(Notary Stamp)

  
Signature of Notary Public