

No. 2018- 5518

OFFICIAL ORDER
of the
TEXAS COMMISSIONER OF INSURANCE

Date: MAY 24 2018

Subject Considered:

HOME STATE COUNTY MUTUAL INSURANCE COMPANY
P.O. Box 8036
Waco, Texas 76714-8036

CONSENT ORDER
TDI ENFORCEMENT FILE NO. 14948

General remarks and official action taken:

The subject of this order is whether disciplinary action should be taken against Home State County Mutual Insurance Company (Home State).

WAIVER

Home State acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Home State waives all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order. Pursuant to TEX. INS. CODE § 82.055(b), Home State agrees to this consent order with the express reservation that it does not admit to a violation of the Texas Insurance Code or of a rule and that the existence of a violation is in dispute.

FINDINGS OF FACT

1. Home State is a county mutual insurance company holding a certificate of authority to transact business in the state of Texas.
2. The department conducted a targeted market conduct examination of Home State covering the period of January 1, 2015, through December 31, 2015, pursuant to Chapter 751 of the Insurance Code. The exam focused on a review of sales, advertising and marketing, underwriting and rating, claims practices, and consumer complaints and inquiries, and also concentrated on private passenger automobile business produced by two of Home State's managing general agents (the MGAs).
3. A review of the sampled policies produced by one MGA found that on behalf of Home State, the MGA failed to timely mail written notice of nonrenewal to the insured in all of those policies. Home State represented that these failures were due to human error during a company transition from issuing notice manually in early 2015 to an automated process later in the year.

4. The MGAs, on behalf of Home State, failed to timely notify the claimant in writing of the acceptance or rejection of a claim in one paid claim and two denied claims.
5. One MGA, on behalf of Home State, failed to provide the claimant the Notice of Rights Regarding Motor Vehicle Repairs on six occasions. Home State represented that each instance was an inadvertent error by persons no longer employed with that MGA.
6. In three instances, one MGA, on behalf of Home State, failed to timely notify the insured in writing of the settlement of a claim against the named insured.
7. Home State failed to timely respond in writing to two inquiries made by the department to one of the MGAs.
8. On September 5, 2017, Home State accepted the final market conduct examination report.

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, 912.002, and 912.101 – 912.152.
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. Home State 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 intent to institute disciplinary action, notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Home State violated TEX. INS. CODE § 551.105 by failing to provide written notice of nonrenewal to the insured not later than the 30th day before the date on which private passenger automobile insurance policies expired.
5. Home State violated TEX. INS. CODE § 542.056(a) by failing to accept or reject claims within 15 business days after the date the insurer received all items, statements, and forms required by the insurer to secure final proof of loss.
6. Home State violated TEX. INS. CODE § 1952.305 and 28 TEX. ADMIN. CODE § 5.501 by failing to provide claimants, in connection with claims for damage repair, the Notice Regarding Motor Vehicle Repairs.
7. Home State violated TEX. INS. CODE § 542.153(b) by failing to notify named insureds of the settlement of a claim against the named insured in writing, not later than the 30th day after the date the claims were settled.
8. Home State failed to respond to two department inquiries not later than 15 days after receiving the inquiries, in violation of TEX. INS. CODE § 38.001(c).

2018- 5518

COMMISSIONER'S ORDER

Home State County Mutual Insurance Company

Page 3 of 5

It is ordered that Home State County Mutual Insurance Company pay an administrative penalty of \$20,000. The penalty payment is due on or before 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 transmitted to the Texas Department of Insurance, Attn: Enforcement Section, Division 60851, MC 9999, P.O. Box 149104, Austin, Texas 78714-9104.

This consent order pertains solely to the resolution of the department's allegations against Home State regarding the findings of the market conduct examination covering the period of January 1, 2015 through December 31, 2015. This consent order does not: resolve any allegations or violations with respect to any other pending or anticipated Enforcement investigations; address or impact other department sections' and divisions' actions, proceedings, examinations, investigations, or duties; or, limit the authority of the commissioner or the department to initiate any action with respect to any other pending or anticipated Enforcement investigation.

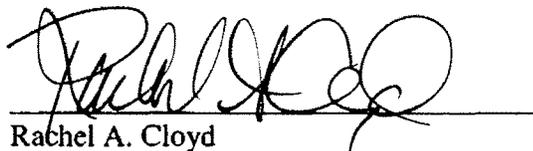
A handwritten signature in black ink, appearing to read "Kent C. Sullivan", written over a horizontal line.

Kent C. Sullivan
Commissioner of Insurance

2018- 5518

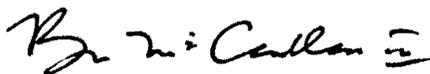
COMMISSIONER'S ORDER
Home State County Mutual Insurance Company
Page 4 of 5

APPROVED AS TO FORM AND CONTENT:

A handwritten signature in black ink, appearing to read 'Rachel A. Cloyd', written over a horizontal line.

Rachel A. Cloyd
Attorney, Enforcement Section
Texas Department of Insurance

COUNSEL FOR RESPONDENT:

A handwritten signature in black ink, appearing to read 'Bruce McCandless III', written over a horizontal line.

Bruce McCandless III
Mitchell, Williams, Selig, Gates & Woodyard, PLLC

