

No. **4346**

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

Date: MAR 10 2016

Subject Considered:

TEXAS FARM BUREAU MUTUAL INSURANCE COMPANY
TEXAS FARM BUREAU UNDERWRITERS
P.O. Box 2689
Waco, Texas 76702-2689

CONSENT ORDER
TDI ENFORCEMENT FILE NOS. 9721 and 9722

General remarks and official action taken:

The commissioner of insurance considers whether disciplinary action should be taken against Texas Farm Bureau Mutual Insurance Company and Texas Farm Bureau Underwriters (collectively, Texas Farm Bureau), which hold certificates of authority issued by the department.

WAIVER

Texas Farm Bureau acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Texas Farm Bureau 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), Texas Farm Bureau agrees to this consent order with the express reservation that it does not admit to a violation of the code or of a rule and that the existence of a violation is in dispute.

FINDINGS OF FACT

1. Texas Farm Bureau Mutual Insurance Company is a fire and casualty company and Texas Farm Bureau Underwriters is a reciprocal exchange company holding certificates of authority to transact business in Texas.
2. Texas Farm Bureau instituted a new minimum deductible for all of its homeowners business, effective February 15, 2015.
3. The new policy for all homeowner policies requires a minimum one percent deductible, instead of the \$250, \$500, or half percent deductible that applied to some expiring policies. Many of the existing homeowner policies already had a one percent or higher deductible.

4. Texas Farm Bureau timely mailed notice of this change to 4,623 policyholders prior to this change, however, the notice did not properly notify policyholders that their current policy was effectively non-renewed upon its expiration due to the reduction in coverage.
5. Instead, the notice explained the new deductible without clarifying that the reduction in coverage meant that the current policy was expiring, and that Texas Farm Bureau was offering a new policy instead.
6. Of those policyholders provided with notice, 3,888 opted for the new policy.
7. TDI received a consumer complaint related to the deductible change.
8. At the request of TDI, Texas Farm Bureau amended its notice to include language making it clear to policyholders that their current policy was expiring and not being renewed, but that they were being offered a new policy instead.
9. Texas Farm Bureau was cooperative with TDI in the investigation and there is no prior complaint or disciplinary history on this or similar violations.

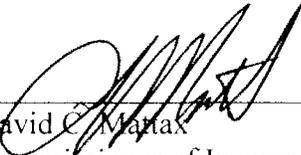
CONCLUSIONS OF LAW

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE chs. 551, 801, 861, and 942; TEX. INS. CODE §§ 82.051-82.055 and 84.021-84.051; and TEX. GOV'T CODE §§ 2001.051-2001.178.
2. The commissioner has the authority to dispose of this matter informally, 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. Texas Farm Bureau has waived all procedural requirements for the entry of an order in this matter, including but not limited to the issuance and service of a notice of intention to institute disciplinary action, a notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Texas Farm Bureau violated TEX. INS. CODE § 551.105 by providing improper notice of nonrenewal of homeowner insurance policies.

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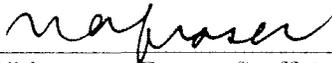
COMMISSIONER'S ORDER
Texas Farm Bureau
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The commissioner orders Texas Farm Bureau Mutual Insurance Company and Texas Farm Bureau Underwriters to pay, jointly and severally, a \$7,500 administrative penalty within 30 days from the date of this order. The administrative penalty must be paid by cashier's check or money order payable to the State of Texas. Texas Farm Bureau Mutual Insurance Company and Texas Farm Bureau Underwriters must mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 40111, MC 9999, P.O. Box 149104, Austin, TX 78714-9104.



David C. Mattox
Commissioner of Insurance

APPROVED AS TO FORM AND CONTENT:



Whitney A. Fraser, Staff Attorney
Compliance Division, Enforcement Section
Texas Department of Insurance

AFFIDAVIT

STATE OF TEXAS §

COUNTY OF MCLENNAN §

BEFORE ME, the undersigned authority, personally appeared the affiant, who being by me duly sworn, deposed as follows:

1. "My name is Mike Gerik. I am of sound mind, capable of making this statement, and personally acquainted with the facts stated herein.
2. I hold the office of Executive Vice President. I am the authorized representative of Texas Farm Bureau Mutual Insurance Company and Texas Farm Bureau Underwriters and am duly authorized to execute this affidavit.
3. Texas Farm Bureau Mutual Insurance Company and Texas Farm Bureau Underwriters have knowingly and voluntarily entered into the foregoing consent order and agree with and consent to the issuance and service of the foregoing consent order by the commissioner of insurance of the state of Texas."

Mike Gerik

Mike Gerik, Executive Vice President

SWORN TO AND SUBSCRIBED before me on this 24th day of February, 2016.



Kelly D Moore

Signature of Notary Public

(NOTARY STAMP)