

No. _____

2016-4799

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

Date: NOV 21 2016

Subject Considered:

PRIORITY ONE INSURANCE COMPANY
P.O. Box 6106
Temple, Texas 76503-6106

CONSENT ORDER
TDI ENFORCEMENT FILE NO. 11402

General remarks and official action taken:

The commissioner of insurance considers whether disciplinary action should be taken against Priority One Insurance Company (Priority One).

WAIVER

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

FINDINGS OF FACT

1. Priority One is a fire and casualty company currently holding a certificate of authority to transact business in the state of Texas.
2. Priority One issued a homeowner's policy to insured R.T. under policy number PH****59/2 for the term November 5, 2015 to November 5, 2016.
3. A total loss due to a tornado was reported on December 26, 2015, and the policy limits were paid and exhausted under Section I – Property, which includes coverage for the dwelling, other structures, personal property, and personal property off premises.
4. On January 29, 2016, Priority One notified the insured that the policy was retroactively cancelled to December 27, 2015, the date after the tornado and total loss. Priority One also refunded the insured's unearned premium.
5. Priority One refused to provide the insured with coverage under Section II - Liability to which the insured was entitled under the policy for the remainder of the policy's term. Moreover, Priority One did not give the insured 10 days notice of the cancellation.

6. Priority One represents that the cancellation was made in error by its underwriter who was unfamiliar with the company's procedures that should have been followed after the implementation of a new policy system.
7. Priority One has offered to reinstate insured's policy. However, the insured has already obtained replacement liability coverage and no longer desires reinstatement of the policy.

CONCLUSIONS OF LAW

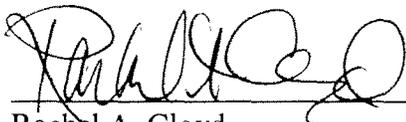
1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051 – 82.055, 84.021– 84.044, and 801.051-801.053.
2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056, TEX. INS. CODE § 82.055, and 28 TEX. ADMIN. CODE § 1.47.
3. Priority One 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. Priority One violated TEX. INS. CODE §§ 551.103 – 551.104 by retroactively terminating an insured's homeowners policy under which the insured was entitled to liability coverage after exhaustion of the policy's Section I – Property limits.

The commissioner orders Priority One Insurance Company to pay an administrative penalty of \$12,500. 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: Compliance Division, 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:



Rachel A. Cloyd
Attorney, Enforcement Section

