

No. **2024-8738**

**Official Order  
of the  
Texas Commissioner of Insurance**

**Date: 7/16/2024**

**Subject Considered:**

Homeowners of America Insurance Company  
1400 Corporate Drive, Suite 300  
Irving, Texas 75038-2939

Consent Order  
TDI Enforcement File No. 33589

**General remarks and official action taken:**

This is a consent order with Homeowners of America Insurance Company (Homeowners Company) for violations found in a market conduct examination performed by the Texas Department of Insurance (TDI). Homeowners Company has agreed to an administrative penalty of \$60,000.

**Waiver**

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

**Findings of Fact**

1. Homeowners Company is a fire and casualty company holding a certificate authority to transact business in the state of Texas.

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2. Homeowners Company's ultimate controlling producer and affiliate is Homeowners of America MGA, Inc. (Homeowners MGA). Homeowners MGA is a wholly owned subsidiary of Homeowners Company.
3. Homeowners MGA was given the authority to handle production, underwriting, claims handling, and accounting.
4. TDI conducted a market conduct examination in accordance with the Texas Insurance Code Chapter 751 that covered activity between January 1, 2020, and December 31, 2021, on Homeowners Company's homeowners line of business.
5. The purpose of the examination was to determine Homeowners Company's compliance with Texas statutes and regulations related to sales; advertising and marketing; underwriting and rating; claims practices; and consumer complaints.
6. During the examination, TDI found violations of the Texas Insurance Code and Texas Administrative Code.

### Agent Licensing and Appointments

7. In 43% (22 of 64) of the new policies staff reviewed, Homeowners Company allowed a subagent who was not appointed to issue or service policies in violation of TEX. INS. CODE § 4001.201.

### Advertising

8. Homeowners Company did not file an annual statement of advertising compliance in 2021 in violation of 28 TEX. ADMIN. CODE § 21.116(b).

### Underwriting and Rating

9. In 100% (100 of 100) of the policies staff reviewed, Homeowners Company did not provide the disclosure regarding flood coverage in accordance with TEX. INS. CODE § 2002.103(c).
10. Homeowners Company did not file a written, comprehensive set of each underwriting guideline used by Homeowners Company every three calendar years as required by 28 TEX. ADMIN. CODE § 5.9342(a)(1).

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## Claims

11. In 6% (6 of 100) of the claims staff reviewed, Homeowners Company failed to pay a claim not later than the fifth business day in violation of TEX. INS. CODE § 542.057(a). Homeowners Company has complied with TEX. INS. CODE § 542.060 by paying the penalties on the late claim payments.

## Complaints

12. In 13% (5 of 40) of the complaints staff reviewed, Homeowners Company did not respond within 15 days to a complaint inquiry by TDI in violation of TEX. INS. CODE § 38.001(c).
13. In 3% (1 of 40) of the complaints staff reviewed, Homeowners Company canceled a homeowners insurance policy past 60 days of the effective date in violation of TEX. INS. CODE § 551.104(g).
14. Homeowners Company accepted TDI's final market conduct exam report and has provided a corrective action plan.

## **Conclusions of Law**

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 751.001 *et seq.*, 801.051–801.053, 861.101 *et seq.*, 862.051, and 982.052.
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 §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.
3. Homeowners Company 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. Homeowners Company violated TEX. INS. CODE § 4001.201 by allowing subagents not appointed to issue or service policies.

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5. Homeowners Company violated 28 TEX. ADMIN. CODE § 21.116(b) by not filing an annual statement of advertising compliance.
6. Homeowners Company violated TEX. INS. CODE § 2002.103(c) by not providing the Disclosure regarding Flood Coverage.
7. Homeowners Company violated 28 TEX. ADMIN. CODE § 5.9342(a)(1) by not filing a written, comprehensive set of each underwriting guideline used by Homeowners Company every three calendar years.
8. Homeowners Company violated TEX. INS. CODE § 542.057(a) by failing to pay a claim not later than the fifth business day.
9. Homeowners Company violated TEX. INS. CODE § 38.001(c) by not responding within 15 days to a complaint inquiry by TDI.
10. Homeowners Company violated TEX. INS. CODE § 551.104(g) by canceling a homeowners insurance policy past 60 days of the effective date.

## Order

It is ordered that Homeowners of America Insurance Company pay an administrative penalty of \$60,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which TDI will send after entry of this order.

DocuSigned by:  
  
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Cassie Brown  
Commissioner of Insurance

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Recommended and reviewed by:



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Leah Gillum, Deputy Commissioner  
Fraud and Enforcement Division



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Sydney Moore, Staff Attorney  
Enforcement

**Affidavit**

**STATE OF** Washington §

§

**COUNTY OF** King §

Before me, the undersigned authority, personally appeared Janiella C. Shirley, who being by me duly sworn, deposed as follows:

"My name is Janiella C. Shirley. 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 Corporate Secretary and am the authorized representative of Homeowners of America Insurance Company. I am duly authorized by said organization to execute this statement.

Homeowners of America Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

*Janiella Shirley*

Affiant

SWORN TO AND SUBSCRIBED before me on 05/30/2024, 2024.

(NOTARY SEAL)

Notarized online using audio-video communication

Racheal Lembeck  
Notary Public  
State of Washington  
Commission #: 23022255  
Commission Expires: 06/27/2027

*Racheal Lembeck*

Signature of Notary Public

Racheal Lembeck  
Printed Name of Notary Public