

No. **2024-8847**

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

**Date: 09/23/2024**

**Subject Considered:**

ControlExpert, Inc. f/k/a Control Expert, Inc.  
1560 E. Southlake Blvd. Ste. 300  
Southlake, Texas 76092

Consent Order  
SOAH Docket No. 454-24-04702  
TDI Enforcement File No. 29445

**General remarks and official action taken:**

For over six years, ControlExpert, Inc. f/k/a Control Expert, Inc. (Control Expert) adjusted certain third-party automobile subrogation claims for an insurer in Texas without holding an entity adjuster license. Control Expert used both licensed and unlicensed persons to adjust such claims. This order grants Control Expert's application to change its state of residency to Texas, and also suspends Control Expert's entity adjuster license for a period of two years, with the suspension probated and subject to the reporting requirements detailed in this order. Control Expert also agrees to pay an administrative penalty of \$117,500.

**Waiver**

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

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## Findings of Fact

### Background

1. Control Expert, firm identification number 201394, holds a non-resident adjuster license with a property and casualty qualification, issued by TDI on May 11, 2023.
2. Control Expert holds a non-resident license in Texas because its resident state is California.

### Unauthorized Claims Adjusting

3. Texas law defines an adjuster to include a business entity or individual that investigates or adjusts losses on behalf of an insurer or supervises the handling of claims, whether as an independent contractor or as an employee of an insurer.
4. On November 20, 2021, the Texas Department of Insurance (TDI) received a complaint showing that Control Expert acted as an adjuster on behalf of Loya Insurance Company (Loya), by handling the subrogation and arbitration of a third-party personal automobile insurance claim. In that claim, Control Expert:
  - a. revoked and renegotiated an offer Loya had previously made to the claimant;
  - b. was shown in the Arbitration Forum Activity Log as the owner of the claim;
  - c. submitted an estimate;
  - d. corresponded directly with the claimant; and,
  - e. made offers to the claimant.
5. After receipt of this complaint, TDI investigated Control Expert and found that for approximately six years, Control Expert adjusted third-party automobile subrogation claims in Texas for Loya without holding an entity adjuster's license.
6. Control Expert entered into two different agreements with Loya to provide certain services constituting adjusting in Texas, specifically:
  - a. on January 27, 2017, Control Expert entered into a "SubroCheck Services Agreement" with Loya, under which Control Expert was authorized to perform the following acts for Loya: auditing the demand, reducing the demand amount,

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identifying locally-available alternative parts, reviewing claims for appropriateness of repairs, and negotiating agreed settlements; and,

- b. on November 1, 2018, Control Expert entered in a "StorageCheck Services Agreement" with Loya, under which Control Expert was authorized to perform the following acts for Loya: identifying overstated charges and negotiating an agreed price with the storage facility for a particular vehicle.
7. In the last six years, Control Expert has handled more than 9,800 claims for Loya under these two agreements.

### Use of Unlicensed Adjusters

8. TDI found that the Control Expert employee that adjusted the subrogation claim in the complaint TDI received, did not hold an active Texas adjuster's license. According to TDI's records at that time, her license expired on December 28, 2009, when she failed to renew it, and she has since been granted an active adjuster license.
9. Between late 2022 and early 2023, more than half of the 40 people that Control Expert employed to provide adjusting services at the time of TDI's investigation were not licensed adjusters in Texas, but later applied for and have since obtained licenses.

### Failure to Respond

10. On October 25, 2022, TDI sent Control Expert a request for information pursuant to TEX. INS. CODE § 101.104. Control Expert's then-CEO, John Kevin Meyer, requested multiple extensions of time to respond, but failed to timely provide TDI with the requested information.
11. On March 7, 2023, Control Expert notified TDI it had changed its leadership team but did not provide the names of the new leadership team, except for its new CEO.
12. Approximately six months after the initial request, Control Expert's new management team provided the requested information to TDI.

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### Control Expert's License Application

13. On April 12, 2023, Control Expert applied to TDI for an adjuster license with a property and casualty qualification.
14. Despite TDI's ordinary processes to initiate additional review of Control Expert's application because it was the subject of a pending investigation, TDI's staff made a mistake and additional review did not occur on Control Expert's application.
15. On May 11, 2023, TDI issued Control Expert's adjuster license with a property and casualty qualification.
16. Control Expert did not hold an entity adjuster license in Texas prior to May 11, 2023, and was not exempt or excepted from adjuster licensure prior to that date.

### Control Expert's Application to Change its State of Residency

17. On May 2, 2024, Control Expert applied to TDI to change its state of residency from California to Texas. Control Expert submitted this application under its existing license number, but with a new name "ControlExpert, Inc.", and after TDI sought clarification, Control Expert informed TDI it was indeed seeking to change its name.
18. On July 3, 2024, TDI granted the requested name change.
19. Control Expert's application to change its residency to Texas is being resolved through this consent order.

### Mitigation

20. Control Expert and its new management team agreed to submit an application for an entity adjuster license in an effort to effectuate voluntary compliance, and it was granted that license.
21. As of the date of this order, Control Expert represents that each individual it employs or contracts with to provide adjusting services in Texas, holds a Texas adjuster license.

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22. Control Expert represents that it is no longer doing business with Loya, and further, that prior to being granted an entity adjuster license, it did not adjust any property and casualty claims whatsoever for any other insurer in Texas, except automobile property damage claims for Loya.
23. To achieve further compliance, Control Expert agrees to:
  - a. immediately cease and desist from using unlicensed persons to adjust claims involving Texas risks, to the extent it has not already done so; and
  - b. confirm the licensure status of all persons Control Expert uses to adjust claims involving Texas risks.

### Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 101.101–101.104, 101.151–101.156, 4001.002, 4005.101–4005.103, 4101.051–4101.053, and 4101.201.
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. Control Expert 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. Control Expert violated TEX. INS. CODE § 4101.051 by acting as an adjuster in this state without holding an adjuster license, and further, by directly assisting unlicensed persons to act as adjusters.
5. Control Expert violated TEX. INS. CODE § 101.104 by failing to timely respond to a reasonable request for information from TDI.

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6. As contemplated in TEX. INS. CODE § 4101.053(c), Control Expert has committed acts that are grounds to institute disciplinary action against its adjuster license under TEX. INS. CODE §§ 4005.101-4005.102, and 4101.201.

### Order

It is ordered that ControlExpert, Inc. f/k/a Control Expert Inc. must comply with the following:

- a. ControlExpert, Inc. must immediately cease and desist from using unlicensed persons to adjust claims involving Texas risks, to the extent it has not already done so;
- b. ControlExpert, Inc. must independently confirm the licensure status of all persons ControlExpert, Inc. uses to adjust claims involving Texas risks, regardless of whether those persons are ControlExpert, Inc.'s employees or not; and
- c. Within 30 days from the date of this order, ControlExpert, Inc. must provide TDI with a detailed, written explanation of its processes, procedures, and controls it has implemented to independently confirm licensure status of all persons ControlExpert, Inc. uses to adjust claims involving Texas risks, regardless of whether those persons are ControlExpert, Inc.'s employees or not.

It is further ordered that the application of ControlExpert, Inc. f/k/a Control Expert, Inc. to change its state of residency from California to Texas is granted.

It is further ordered that ControlExpert, Inc.'s adjuster license with a property and casualty qualification is suspended for two years, with the suspension being probated, and the terms and conditions stated in this order apply.

If during the probation period imposed by this order, TDI issues any additional licenses or authorizations to ControlExpert, Inc., those additional licenses or authorizations will be suspended until the probation period imposed by this order has ended. The suspension will be probated, and the same terms and conditions stated in this order will apply.

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Beginning on the date of this order and continuing through the above probation period, ControlExpert, Inc. must submit a quarterly, written report to TDI. Each report is due 90, 180, 270, 365, 455, 545, 635, and 730 days after the date of this order, and must include the following information:

- a. ControlExpert, Inc.'s current mailing address, business location (physical) address, telephone number, and email address;
- b. the name, mailing address, telephone number, and Texas adjuster license number for all persons who adjusted any claims, including subrogation claims, involving Texas risks for ControlExpert, Inc. on behalf of any insurer in any line of business during the previous quarter;
- c. the name, mailing address, and telephone number for any unlicensed persons who were involved in handling claims involving Texas risks for ControlExpert, Inc. on behalf of any insurer in any line of business during the previous quarter, and a detailed description of each such person's duties and responsibilities related to those claims;
- d. the name and address of any insurer or managing general agent (MGA) that enters into a contract, agreement, or other arrangement with ControlExpert, Inc.; and
- e. the name and address of any insurer or MGA that terminated its contract, agreement, or arrangement with ControlExpert, Inc., and a description of the reason for that termination.

ControlExpert, Inc. must notify TDI within 10 calendar days of the following:

- a. any change to its mailing address, business location (physical) address, telephone number, or email address;
- b. any state or regulatory actions taken against it by a financial or insurance regulator of this state, another state, or the United States, regardless of whether those actions are formal or informal actions;

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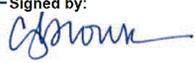
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- c. any state or regulatory actions taken, including formal and informal actions, against any of ControlExpert, Inc.'s individual officers, directors, or shareholders holding 10% or more of the voting stock or voting rights in ControlExpert, Inc.;
- d. any criminal charges or indictments filed (excluding traffic offenses and Class C misdemeanors) against any of ControlExpert, Inc.'s individual officers, directors, or shareholders holding 10% or more of the voting stock or voting rights in Control Expert;
- e. any complaint made against ControlExpert, Inc. concerning its acts as an adjuster on Texas risks, as well as a written explanation detailing the steps taken to resolve it; and
- f. any complaint made against any person adjusting claims involving Texas risks for ControlExpert, Inc., where the subject matter concerns his or her acts as an adjuster, as well as ControlExpert Inc.'s written explanation detailing the steps taken to resolve it.

ControlExpert, Inc. must send all information required to be submitted to TDI under the terms of this order, by email to: [EnforcementReports@tdi.texas.gov](mailto:EnforcementReports@tdi.texas.gov).

It is further ordered that ControlExpert, Inc. f/k/a Control Expert, Inc. must pay an administrative penalty of \$117,500 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.

Signed by:  
  
FC5D7EDDFB4F8... \_\_\_\_\_  
Cassie Brown  
Commissioner of Insurance

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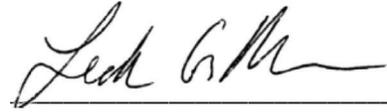
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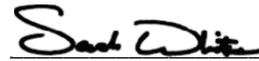
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Recommended and reviewed by:



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Leah Gillum, Deputy Commissioner  
Fraud and Enforcement Division



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Sarah White, Staff Attorney  
Enforcement

**Affidavit**

STATE OF Kansas §

§

COUNTY OF Johnson §

Before me, the undersigned authority, personally appeared Josh Swenson  
who being by me duly sworn, deposed as follows:

"My name is Josh Swenson. 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 Vice President - Operations and am the authorized representative of  
ControlExpert, Inc. f/k/a Control Expert, Inc. I am duly authorized by said organization to  
execute this statement.

ControlExpert, Inc. f/k/a Control Expert, Inc. 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."

[Signature]  
Affiant

SWORN TO AND SUBSCRIBED before me on August 30, 2024

(NOTARY SEAL)

MEAGAN FLEMING  
Notary Public-State of Kansas  
My Appt. Expires 04/24/27

[Signature]  
Signature of Notary Public

Megan Fleming  
Printed Name of Notary Public