

No. **2023-8089**

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

Date: 7/20/2023

Subject Considered:

Infinity County Mutual Insurance Company
2201 4th Avenue N
Birmingham, Alabama 35203-3863

Consent Order
TDI Enforcement File No. 31794

General remarks and official action taken:

This is a consent order with Infinity County Mutual Insurance Company (Infinity). The Texas Department of Insurance (TDI) conducted a targeted market conduct examination and found violations of Texas law. Infinity has agreed to pay an administrative penalty of \$75,000.

Waiver

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

Findings of Fact

Licensure and Background

1. Infinity is a county mutual insurance company holding a certificate of authority to transact business in the state of Texas.

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2. TDI conducted a targeted market conduct examination of Infinity on its private passenger automobile line of business for the period of January 1, 2021, through December 31, 2021.
3. The purpose of the examination was to determine Infinity's compliance with the Texas Insurance Code and Title 28 of the Texas Administrative Code related to sales, advertising, marketing, underwriting and rating, claims practices, and consumer complaints.
4. During the examination, TDI found violations of the Texas Insurance Code and the Texas Administrative Code.

Prior Examination and Disciplinary History

5. On April 25, 2017, the commissioner entered Order No. 2017-5048 against Infinity which assessed a \$200,000 administrative penalty for violations found during a 2015 market conduct examination.

Agents' Licensing and Appointments

6. The examination reviewed a random sample of 100 policies issued during the exam period to determine compliance with agents' licensing and appointment requirements in the Texas Insurance Code.
7. In 3% (3 of 100) of the policies reviewed, Infinity allowed agents who were not licensed to issue or service policies.
8. In 20% (20 of 100) of the policies reviewed, Infinity allowed agents who were not appointed to issue or service policies. This finding was repeated from the 2015 examination and increased in percentage.

Cancellations and Nonrenewals

9. The examination randomly sampled canceled and non-renewed policies to determine the accuracy of the premium refunding and compliance with policy termination requirements.
10. In 2% (1 of 50) of the canceled policies reviewed, Infinity failed to provide the insured with a notice of cancellation 10 days before the cancellation effective date.

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Claims

11. The examination reviewed a stratified sampling of claims to determine Infinity's compliance with policy provisions, timeliness and accuracy of payment, supporting documentation, general claims handling, adjuster licensing, and compliance with other applicable law.
12. In 6% (7 of 110) of claims reviewed, Infinity failed to pay the claim not later than the fifth business day.
13. In 3% (3 of 110) of the claims reviewed, Infinity allowed the claims to be handled by unlicensed adjusters.
14. In 2% (2 of 110) of the claims reviewed, Infinity failed to provide claimants with the required Notice of Rights Regarding Repair of Motor Vehicle.
15. In 1% (1 of 110) of claims reviewed, Infinity failed to make a prompt claim settlement.
16. In 4% (1 of 25) of the pending claims reviewed, Infinity allowed the claim to be handled by an unlicensed adjuster.

Complaints

17. The examination reviewed 40 complaints for compliance with insurance statutes and rules.
18. In 5% (2 of 40) of complaints reviewed, Infinity failed to make a prompt claim settlement.

Subsequent Events

19. Infinity represents that it is putting policies and procedures in place to address the reoccurrence of allowing unappointed agents to issue or service Infinity policies.
20. In December 2021, Infinity represents it implemented Just In Time (JIT). JIT will capture any new agents that have not been appointed with Infinity and will notify Infinity's licensing department to verify the agent's license and appoint.

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21. Infinity further represents it is implementing monthly training sessions regarding its procedures and an agency profile audit process to identify agencies and agents that are not properly licensed or appointed.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 801.051-801.053, 912.002, and 912.101-912.152; and TEX. GOV'T CODE §§ 2001.051-2001.178.
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. Infinity 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. Infinity violated TEX. INS. CODE § 542.003(b)(4) by not attempting in good faith to affect a prompt claim settlement in which liability has become reasonably clear.
5. Infinity violated TEX. INS. CODE § 542.057(a) by failing to pay a claim not later than the fifth business day.
6. Infinity violated TEX. INS. CODE § 551.104(e) by failing to mail the insured notice of cancellation 10 days before the cancellation effective date.
7. Infinity violated TEX. INS. CODE § 1952.305 and 28 TEX. ADMIN. CODE § 5.501 by failing to provide claimants with the required Notice of Rights Regarding Repair of Motor Vehicle.
8. Infinity violated TEX. INS. CODE § 4001.101 by using unlicensed agents to issue or service policies.
9. Infinity violated TEX. INS. CODE § 4001.201 by using unappointed agents to issue or service policies.

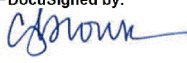
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10. Infinity violated TEX. INS. CODE § 4101.051 by using unlicensed adjusters to handle its claims.

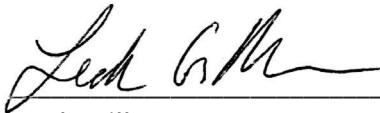
Order

The commissioner orders that Infinity County Mutual Insurance Company must pay an administrative penalty of \$75,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which the department will send after entry of this order.

DocuSigned by:

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Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud & Enforcement Division



Sarah White, Staff Attorney
Enforcement

Affidavit

STATE OF Illinois §
§
COUNTY OF Cook §

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

"My name is Justin Korczak. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

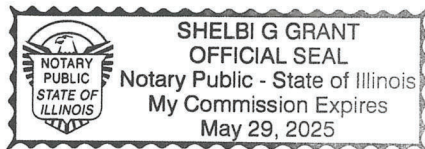
I hold the office of Compliance Manager and am the authorized representative of Infinity County Mutual Insurance Company. I am duly authorized by said organization to execute this statement.

Infinity County Mutual 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."

Justin Korczak
Affiant

SWORN TO AND SUBSCRIBED before me on July 13, 2023.

(NOTARY SEAL)



Shelbi G Grant
Signature of Notary Public

Shelbi G. Grant
Printed Name of Notary Public