

No. 2018 - 5557

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

**Date: JUL 03 2018**

**Subject Considered:**

THE GRAY INSURANCE COMPANY  
P.O. Box 6202  
Metairie, Louisiana 70009-6202

**CONSENT ORDER**  
TDI ENFORCEMENT FILE NO. 15429

**General remarks and official action taken:**

The subject of this order is whether disciplinary action should be taken against The Gray Insurance Company (Gray Insurance).

**WAIVER**

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

**FINDINGS OF FACT**

1. Gray Insurance is a foreign fire and casualty insurance company holding a certificate of authority to transact business in Texas.
2. Gray Insurance writes or has written commercial auto, general liability, workers compensation, surety, and commercial excess liability policies in Texas.
3. Pursuant to TEX. INS. CODE § 2251.101, insurers must file all rates, applicable rating manuals, supplementary rating information, and any additional information as required. An insurer may use a rate filed on and after the date the rate is filed.
4. During review of a commercial automobile rate filing during February 2018, Gray Insurance notified the department that the company failed to make rate filings for

commercial auto, general liability, and commercial excess liability policies in Texas for several years.

5. Gray Insurance represents that the company believed that its commercial programs were exempt from rate filing requirements based on the large risk exemption in the Texas Insurance Code.
6. Gray Insurance filed its current rates for commercial auto in December 2017 and its current rates for general liability insurance in February 2018.
7. Prior to making these filings, Gray Insurance charged policyholders rates not filed with the department. Since 2008, Gray Insurance wrote at least 82 policies for 21 Texas insureds.

**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 801.052-801.053.
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 §§ 36.104 and 82.055; and 28 TEX. ADMIN. CODE § 1.47.
3. Gray Insurance 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. Gray Insurance violated TEX. INS. CODE § 2251.101 by using rates not on file with the department.

Gray Insurance is ordered to file all required form and rate/rule filings for its commercial auto, general liability, and commercial excess liability policies no later than August 15, 2018, if it has not already done so.

Gray Insurance is ordered to pay an administrative penalty of \$65,000. The administrative penalty must be paid within 30 days from the date of this order. The administrative penalty may be paid by a cashier's check or money order made payable to the "State of Texas." Mail the administrative penalty to the Texas Department of Insurance, Attn: Enforcement Section, Division 60851, MC 9999, P.O. Box 149104, Austin, Texas 78714-9104.



Kent C. Sullivan  
Commissioner of Insurance

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APPROVED AS TO FORM AND CONTENT:

 for

Mandy Meesey  
Director, Enforcement Section  
Texas Department of Insurance

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AFFIDAVIT

STATE OF LOUISIANA  
COUNTY OF JEFFERSON

Before me, the undersigned authority, personally appeared B. Paul Boudreaux III who being by me duly sworn, deposed as follows:

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

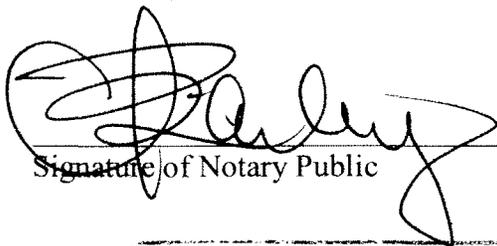
I hold the office of Chief Operating Officer, and am the authorized representative of The Gray Insurance Company. I am duly authorized by said organization to execute this statement.

The Gray 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."

  
\_\_\_\_\_  
Affiant

SWORN TO AND SUBSCRIBED before me on May 17<sup>th</sup>, 2018.

(NOTARY SEAL)

  
\_\_\_\_\_  
Signature of Notary Public

