

No. 2019- 6145

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

Date: NOV 14 2019

Subject Considered:

SWBC Insurance Services, Inc.
9311 San Pedro, Suite 550
San Antonio, Texas 78216

Consent Order
TDI Enforcement File No. 16649

General remarks and official action taken:

The subject of this order is whether disciplinary action should be taken against SWBC Insurance Services, Inc. (SWBC). SWBC paid commissions to and transacted insurance business with an unlicensed agency for approximately seven years.

Waiver

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

Findings of Fact

1. SWBC, organization identification no. 11988, holds a resident general lines agency license with a life, accident, health and HMO qualification and a property and casualty qualification issued by the Texas Department of Insurance on November 20, 1984. SWBC also holds a managing general agency license with a property and casualty qualification issued by TDI on December 12, 2012, a risk manager agency license issued by TDI on July 18, 2017, and a surplus lines agency license issued by TDI on May 8, 2002.

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2. On December 15, 2011, SWBC purchased the assets of PRO Insurance Services, Inc. (PRO).
3. At that time, PRO, organization identification no. 24809, held a resident general lines agency license with a life, accident, health and HMO qualification and a property and casualty qualification issued by TDI on January 17, 2006. Seven of the individual license holders associated with PRO were also associated with SWBC. PRO's license expired due to a failure to renew on January 17, 2014.
4. The assets SWBC purchased on December 15, 2011 included a producer agreement between PRO and Lighthouse Insurance Services, LLC (Lighthouse).
5. At that time, although Lighthouse did not have a Texas agency license, its managing partner and part owner, Dana Loan, did. She has held an individual agent license in Texas since 2007. Lighthouse, organization identification no. 139970, subsequently obtained a non-resident general lines agency license with a property and casualty qualification issued by TDI on May 5, 2018.
6. Pursuant to the producer agreement, which took effect on September 1, 2009, Lighthouse had been providing insurance services that constituted engaging in the business of insurance for business written for members of IG, Inc. dba RSIG (RSIG), a risk purchasing group domiciled in Tennessee. Those services included insurance services for RSIG members located in Texas.
7. When SWBC purchased the PRO assets on December 15, 2011, SWBC allowed Lighthouse to continue providing insurance services that constituted engaging in the business of insurance to Texas-resident RSIG members.
8. SWBC also paid commissions to Lighthouse for these insurance services. From 2013 to 2018, SWBC paid Lighthouse approximately \$400,000 in commissions for insurance sold to Texas residents.
9. SWBC admits that it permitted Lighthouse, an unlicensed agency, to engage in the business of insurance under SWBC's license and that it paid commissions to Lighthouse. SWBC explained that at the time of acquisition of PRO, SWBC believed Lighthouse to be licensed and may have mistakenly accepted the individual agent license of Lighthouse's managing partner and part owner, Dana Loan, in place of the required firm license.

10. There are no known consumer complaints related to Lighthouse not having a license and there is no evidence of consumer harm.

Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051 – 82.055, 84.021 – 84.044, 101.103, 4005.101 – 4005.102, and ch. 4051, 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. SWBC 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. Pursuant to TEX. INS. CODE § 4005.101(b)(1), TDI may discipline SWBC because it has willfully violated an insurance law of this state.
5. SWBC permitted an unlicensed agency to perform the acts of an agent on behalf of SWBC without first obtaining the required license, in violation of TEX. INS. CODE §§ 101.102, 4001.101, and 4051.051.
6. SWBC paid commissions to an unlicensed agency, in violation of TEX. INS. CODE § 4005.053(a).

Order

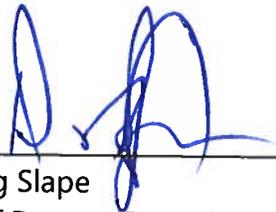
It is ordered that SWBC Insurance Services, Inc. pay an administrative penalty of \$10,000.00 within 30 days from the date of this order. The administrative penalty must be paid by cashier's check or money order made payable to the "State of Texas" and

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transmitted to the Texas Department of Insurance, Attn: Enforcement, Division 60851, MC
9999, P.O. Box 149104, Austin, Texas 78714-9104.

Kent C. Sullivan
Commissioner of Insurance

By: 
Doug Slape
Chief Deputy Commissioner
Commissioner's Order No. 2018-5528

Recommended and reviewed by:


Leah Gillum, Deputy Commissioner
Enforcement Division


Amanda Atkinson Cagle, Staff Attorney
Enforcement Division

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Affidavit

THE STATE OF TEXAS

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COUNTY OF BEXAR

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

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

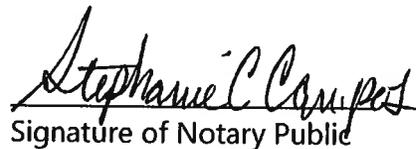
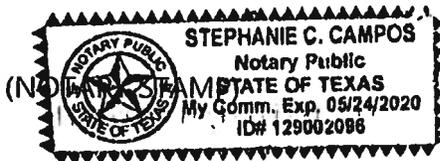
I hold the office of Chief Executive Officer and am the authorized representative of SWBC Insurance Services, Inc. I am duly authorized by the organization to execute this statement.

SWBC Insurance Services, 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."



Affiant

SWORN TO AND SUBSCRIBED before me on October 17 2019.



Signature of Notary Public