

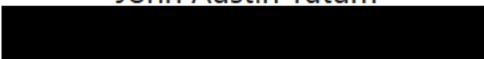
No. 2021-6902

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

**Date:** 07/06/2021

**Subject Considered:**

John Austin Tatum

  
Abilene, Texas 79606

Consent Order  
SOAH Docket No. 454-19-6667  
TDI Enforcement File No. 13436

**General remarks and official action taken:**

This is a consent order with John Austin Tatum (Tatum). The department alleges that Tatum submitted altered or inaccurate evidence of insurance documents (EOI) and flood declaration pages to mortgage brokers and lenders. To settle this matter and avoid cost and expense, Tatum agrees to pay an administrative penalty of \$5,000 and agrees to a probated suspension of his agent license for one year pursuant to the terms and conditions stated in this order.

**Waiver**

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

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## Findings of Fact

### Licensure

1. John Austin Tatum, individual identification number 14881496, holds a general lines agent license with a life, accident, and health qualification and a property and casualty qualification originally issued by the department on September 10, 2009.

### Evidence of Insurance Documents

2. At about the age of 25, after being licensed for only a short time, Tatum began working with Takoda Insurance Services, LLC (Takoda), a licensed agency, as a co-owner and manager. The other co-owner of the agency had been licensed since 1993 and was exempted from taking further continuing education courses.
3. Tatum worked as an agent at Takoda from December 2014 through February 2017, for less than two years.
4. During this time, Tatum modified Evidence of Insurance (EOIs) which prevented the correct identity of the carrier from showing. For example, in at least one policy, coverage was in place with Cypress Insurance Company, but the EOI showed Centauri Insurance Co. and the policy numbers were incorrect.
5. Tatum maintains that he engaged in this conduct as a business decision to gain a competitive edge. This also benefited the clients by preventing delays to their mortgage closing date due to insurance documentation.
6. Tatum further maintains that he did not know the practice was unacceptable, as the clients told their mortgage companies the correct insurers, and the correct insurers did in fact issue policies.
7. Takoda's co-owner had the agency's customer service representatives call the mortgage companies to verify the policies in question and discovered some did have the correct policy information.

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### Flood Declaration Pages

8. After discovering the modified EOs, Takoda discovered a similar practice with certain flood insurance policies. Tatum had produced flood declaration pages and sent them to mortgage companies before any coverage was bound. These declaration pages were sent to lenders before a homeowner's closing date.
9. Tatum would obtain a quote from a flood carrier and then prepare a declaration page for submission to the lender. The account numbers on the declaration pages were incorrect and the flood carrier's name only showed "Certain Underwriters at Lloyd's."
10. Tatum asserts the declaration pages were sent as binders to show that insurance would be in place when the client's closed on the purchase of a home and the title company funded the policy premium. In these situations, the client completed applications with the correct insurers, which did in fact issue the policy and after closing, the actual policy was delivered to both the client and the lender.

### Additional Mitigating Factors

11. Tatum maintains that at the age of 19, while in college and shortly before becoming an insurance agent, Tatum was diagnosed with a brain tumor. While in intensive care, he had an aneurysm which resulted in paralysis of his left side. Tatum had to endure several surgeries, radiation treatment, and rehabilitation.
12. During his time as co-owner, Tatum maintains that his more experienced and seasoned business partner failed to correct his business practices and educate him on proper paperwork handling. Tatum asserts that the agency condoned this practice and it was not until it became clear the business relationship would be ending that the co-owner took issue with Tatum's practices and reported him to the department.
13. Tatum asserts that he has corrected the procedures at issue, has not engaged in this conduct since the beginning of 2017, and will not engage in this conduct in the future. He has started his own successful agency that services approximately 3,000 insureds.

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14. In the 2015 to 2018 reporting period, Tatum completed extra continuing education hours above the minimum required.
15. Tatum maintains that the mortgage companies involved in the above-mentioned policies still maintain a working relationship with Tatum and he continues to receive referrals from these mortgage companies and local real estate agents.
16. Tatum represented that his wife has been diagnosed with a rare form of aggressive blood cancer. Both Tatum and his wife have thousands of out-of-pocket expenses every month for her treatment and travel to MD Anderson in Houston. Tatum maintains he is the sole source of income for his family.

### Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051-82.055, 84.021-84.044, 4001.002, 4005.101, 4051.051, and 4054.051, 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. John Austin Tatum 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. Tatum committed acts for which a license holder may be disciplined under TEX. INS. CODE § 4005.101, as contemplated by TEX. INS. CODE § 4005.102.
5. Tatum, through his acts or practices, violated TEX. INS. CODE § 4005.101(b)(1) and (b)(5).

### Order

It is ordered that John Austin Tatum pay an administrative penalty of \$5,000 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 transmitted to the Texas

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Department of Insurance, Attn: Enforcement Division 60851, MC AO-9999, P.O. Box 12030, Austin, Texas 78711-2030.

It is further ordered that John Austin Tatum's general lines agent license with life, accident, and health, and property and casualty qualifications is suspended for one year. The suspension is probated pursuant to the terms and conditions stated in this order.

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

Within 20 days of the date of this order, Tatum must provide a copy of this order to any existing employer, company, agency, or sponsor that has appointed/sponsored Tatum. Tatum must provide the department with a copy of the notification within 30 days of the date of this order by emailing it to [EnforcementReports@tdi.texas.gov](mailto:EnforcementReports@tdi.texas.gov).

Beginning from the date of this order and continuing through the probation period, Tatum must provide a copy of this order to any new employer, company, agency, or sponsor that appoints/sponsors Tatum. Tatum must provide the department with a copy of the notification within 30 days of any new appointment or sponsorship by emailing it to [EnforcementReports@tdi.texas.gov](mailto:EnforcementReports@tdi.texas.gov).

Beginning from the date of this order and continuing through the probation period, Tatum must file a written report, on or before the 15th day of the month on a quarterly basis for the months of March, June, September, and December with the Texas Department of Insurance by emailing it to [EnforcementReports@tdi.texas.gov](mailto:EnforcementReports@tdi.texas.gov). The reports must include the following information:

- a. Tatum's current mailing address and telephone number;
- b. the name, mailing address, and telephone number of Tatum's employer, and if Tatum is self-employed, a statement that he is self-employed and the name, mailing address, and telephone number of his business;
- c. if Tatum is self-employed, a list of the name, mailing address, and telephone number of every employee working for him or his business;

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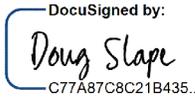
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- d. the name and address of any insurer which has appointed Tatum as an agent;
- e. the name and address of any insurer which has canceled Tatum's appointment as an agent; and
- f. a copy of any and all contracts Tatum has entered into with an insurer, broker, managing general agent, managing general agency, or any person or entity in the business of insurance.

Tatum must notify the department immediately of the following by emailing [EnforcementReports@tdi.texas.gov](mailto:EnforcementReports@tdi.texas.gov):

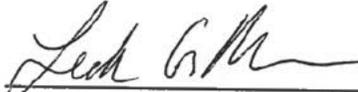
- a. any charges or indictments filed against him for a misdemeanor or felony during the period he is required to file reports, excluding traffic offenses and Class C misdemeanors;
- b. any state or regulatory actions taken against him including formal and informal actions;
- c. any change in his employment or residence; and
- d. any complaint made against Tatum concerning his performance as an agent, as well as a written explanation detailing the steps taken to resolve it.

Commissioner of Insurance

By:  \_\_\_\_\_  
Doug Slape  
Chief Deputy Commissioner  
TEX. GOV'T CODE § 601.002  
Commissioner's Order No. 2018-5528

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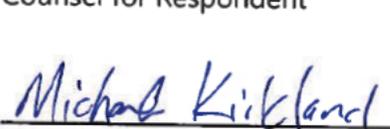
Recommended and reviewed by:

  
\_\_\_\_\_  
Leah Gillum, Deputy Commissioner  
Enforcement Division

  
\_\_\_\_\_  
Stephanie Andrews, Staff Attorney  
Enforcement Division

Approved as to form and content:

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