

No. **2021-7088**

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

Date: 11/18/2021

Subject Considered:

AssuranceAmerica Insurance Company
5500 Interstate North Parkway, Suite 600
Atlanta, Georgia 30328-4691

Consent Order
TDI Enforcement File No. 24755

General remarks and official action taken:

This is a consent order with AssuranceAmerica Insurance Company (AssuranceAmerica). AssuranceAmerica started charging for certain major moving violations in August 2016. AssuranceAmerica has since reprogrammed its systems to recognize major violations as non-chargeable violations. AssuranceAmerica also failed to file changes in its recurring electronic payment discount. AssuranceAmerica self-reported this rating error. AssuranceAmerica has agreed to pay a \$10,000 administrative penalty for the non-chargeable rate violation and has paid restitution to all of the affected policyholders.

Findings of Fact

Licensure

1. AssuranceAmerica, company identification no. 11558, is a domestic automobile insurance company that has held a certificate of authority to transact business in Texas since 2015.

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Non-Chargeable Traffic Violations Fees

2. Section 1953.051(a) of the Texas Insurance Code prohibits a rating plan for automobile insurance from assigning a rate consequence to, or otherwise causing premiums to be increased because of, a charge or conviction for a violation of Subtitle C, Title 7, Transportation Code (non-chargeable traffic violations).
3. In April 2020, AssuranceAmerica identified 27 policies that were rated based on certain major moving violations. However, four of the identified policies were on renewal offers that were not accepted, making the final number of affected policies 23.
4. The total dollar amount of the overcharges was \$4,000. However, the amount credited or refunded to the impacted policyholders was \$2,093.64 due to mid-term cancellations and outstanding balances owed to AssuranceAmerica on several of the affected policies.
5. AssuranceAmerica represents that it has paid all restitution owed. AssuranceAmerica began reprogramming its system on April 22, 2020, and finished the process on April 30, 2020.

Rating Error

6. Texas Insurance Code Section 2251.101(a) requires each insurer to file with the commissioner all rates, applicable rating manuals, supplementary rating information, and additional information as required by the commissioner.
7. On January 13, 2021, AssuranceAmerica reported that it had discovered a rating error.
8. The recurring electronic payment discounts that were intended to be included in the company's filing were inadvertently left out.
9. On January 15, 2021, AssuranceAmerica filed the corrected version with TDI. The rating error was in effect for 24 days before corrected. AssuranceAmerica identified the affected policies and has refunded \$10,233 to 210 policyholders. AssuranceAmerica represents that it has paid all restitution owed.

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Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 801.051–801.053, 1953.051, and 2251.101.
2. The commissioner has the authority to dispose of this matter informally 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. AssuranceAmerica 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. AssuranceAmerica charged non-chargeable traffic violation fees to policyholders, in violation of TEX. INS. CODE § 1953.051(a).
5. AssuranceAmerica violated TEX. INS. CODE § 2251.101 by charging a rate different than that on file with the department.

Order

It is ordered that AssuranceAmerica Insurance Company pay an administrative penalty of \$10,000 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.

Commissioner of Insurance

DocuSigned by:

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Cassie Brown
Commissioner of Insurance

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Recommended and reviewed by:

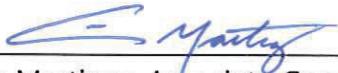


Leah Gillum, Deputy Commissioner
Enforcement Division



Allison J. Anglin, Staff Attorney
Enforcement Division

Approved as to form and content:



Eric Martinez, Associate General Counsel
AssuranceAmerica

Affidavit

STATE OF Georgia §
§
COUNTY OF Fulton §

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

"My name is ERIC MARTINEZ. 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 Associate General Counsel and am the authorized representative of AssuranceAmerica Insurance Company. I am duly authorized by said organization to execute this statement.

AssuranceAmerica Insurance company 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 October 19, 2021.

(NOTARY SEAL)



[Signature]
Signature of Notary Public

Jason Arnold
Printed Name of Notary Public