

No. **2023-8361**

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

Date: 11/29/2023

Subject Considered:

Redpoint County Mutual Insurance Company
13215 Bee Cave Pkwy., Ste. B240
Austin, Texas 78738-0064

Consent Order
TDI Enforcement File No. 29608

General remarks and official action taken:

This is a consent order with Redpoint County Mutual Insurance Company (Redpoint) about its business produced through one of its managing general agents, Go Maps Inc. (Go Maps). Redpoint and Go Maps used an unauthorized entity to adjust claims on Redpoint's personal automobile policies written through Go Maps in Texas. Go Maps, acting as Redpoint's managing general agent, failed to timely handle and pay claims, and did not properly calculate statutory interest for late paid claims. In addition, Go Maps, acting for Redpoint, failed to timely respond to the department about complaints from claimants and policyholders. Subject to certain conditions, Redpoint has agreed to make complete restitution to certain claimants impacted and harmed by the violations, and to pay an administrative penalty of \$150,000.

Waiver

Redpoint acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Redpoint 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. Redpoint is a domestic county mutual insurance company currently holding a certificate of authority to transact business in Texas.
2. Under firm identification number 121567, Go Maps has held a general lines agency license with a property and casualty qualification with TDI since June 7, 2016, and a managing general agent (MGA) license with TDI since September 10, 2018.
3. Redpoint and Go Maps are not affiliated or commonly owned. Redpoint has other MGAs that write insurance on its behalf.
4. Redpoint appointed Go Maps as a general lines agent in July 2018.
5. On August 1, 2018, Redpoint entered into an MGA contract with Incline Claims Services, LLC d/b/a Worth Claims Services (Worth Claims),¹ authorizing it to adjust claims on all policies produced by Go Maps for Redpoint, as well as on policies produced by two other MGAs, specifically Links Insurance Services, LLC (Links)² and Caroline General Agency LLC d/b/a Links Insurance Services (Caroline).³ Links and Caroline are affiliated with one another, but not with Redpoint or Go Maps.
6. In October 2018, Go Maps began writing personal automobile insurance for Redpoint.
7. Redpoint appointed Go Maps to act as one of its MGAs on January 6, 2021.
8. Until March 2021, all claims on policies produced by Go Maps were adjusted and handled by Worth Claims.
9. Beginning in March 2021, Worth Claims began using adjusters provided by an unlicensed entity, Insurance Claims Associates Agency Inc. (ICA), for some claims on Redpoint policies produced by Go Maps.

¹ Worth Claims has held an MGA license with TDI since April 20, 2016, under firm identification no. 119271. TDI's records show it is a wholly owned subsidiary of Agricultural Workers Mutual Auto Insurance Company.

² Links has held an MGA license with TDI since June 23, 2009, under firm identification no. 35389.

³ Caroline has held an MGA license with TDI since March 15, 2017, under firm identification no. 130205.

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10. According to TDI's records, ICA does not hold an adjuster license or any other license or authorization to engage in the business of insurance in Texas.
11. The records of the Texas Secretary of State show that ICA's sole officer and director is Daniel LaRue Deschamps (Deschamps).
12. TDI's records show that Deschamps does not presently hold any license or authorization to engage in the business of insurance in Texas, and did not hold any such license or authorization in Texas at any time after July 31, 2020.
13. TDI's records show Deschamps previously held an adjuster all-lines license from November 15, 2018, until July 31, 2020, when that license expired because he failed to renew it. Deschamps also previously held both a temporary life agent and life agent licenses, which expired in 2009 and 2013, respectively.

Redpoint Allowed an Unlicensed Entity to Adjust Claims

14. Texas law defines an adjuster to include a business entity which: investigates or adjusts losses on behalf of an insurer as an independent contractor or as an employee of a property and casualty agent, an independent contractor, an insurer, or an MGA; supervises the handling of claims; or, investigates, adjusts, or supervises the handling of, or settles workers' compensation claims.⁴
15. Since September 1, 2011, business entities have been required to hold an adjuster's license in order to perform the acts of an adjuster.⁵ To qualify for licensure, a business entity must also designate a licensed adjuster responsible for the entity's compliance with Texas law.⁶
16. Effective May 1, 2021, Redpoint entered into a claims services agreement with ICA in which Redpoint gave ICA claims adjusting authority for all claims and incidents in connection with claims or losses under Redpoint's policies produced by Go Maps. This authority included handling, reserving, and the settlement of claims on these policies. The term of the agreement was for one year, subject to certain termination provisions.

⁴ TEX. INS. CODE § 4101.001(a)(1).

⁵ TEX. INS. CODE §§ 4101.001(a)(3) and (a)(5), 4101.051, and 4101.053(c).

⁶ *Id.*

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17. Redpoint represents that all individual ICA adjusters handling claims on Redpoint's policies were appropriately licensed.
18. ICA began handling the majority of the claims handling responsibilities at that time, but Worth Claims continued to print and mail claims checks. ICA was required to provide notice to Redpoint and Worth Claims on claims of serious injury, death, and potential extra-contractual obligation exposure.
19. Redpoint and Go Maps directed and instructed policyholders, claimants, their attorneys or representatives, and other insurers, to contact ICA directly about claims or losses at ICA's email address.
20. Redpoint and Go Maps allowed ICA to communicate with policyholders, claimants, their attorneys or representatives, and other insurers orally and in writing, using ICA letterhead which identified ICA's website and email address.
21. Redpoint and Go Maps used and expressly authorized ICA to engage in the acts of an adjuster, when neither ICA nor its controlling person, Deschamps, was licensed to act as an adjuster in Texas.

Untimely and Improper Claims Handling and Failure to Timely Respond to TDI

22. By the fall of 2021, Go Maps began hiring its own in-house adjusters, but ICA continued to handle the majority of claims for Go Maps until January 28, 2022.
23. Starting around November 2021, TDI began receiving numerous complaints from policyholders, third-party claimants, and auto repair facilities, that Go Maps, as Redpoint's MGA, was engaging in improper claims handling practices. Specifically, the complaints alleged and demonstrated:
 - a. significant delays in claims handling;
 - b. failure to remit payment after accepting liability; and,
 - c. a widespread lack of communication with claimants.
24. Under TEX. INS. CODE § 38.001, TDI sent requests for information about each complaint to Redpoint and Go Maps, which they received. Redpoint represents its MGA agreement with Go Maps, required Go Maps, as the party with the relevant information, to respond to TDI. For a significant portion of the complaints, the

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responses to TDI were late, even after being granted an extension of time within which to respond.

25. When TDI received responses and follow-ups, from Go Maps as Redpoint's MGA, in many instances, they acknowledged and admitted to delays in claims handling.
26. TDI investigated the complaints further and found that in both first-party and third-party claims, Redpoint, acting through Go Maps, failed to:
 - a. acknowledge with reasonable promptness communications on the claims;
 - b. promptly commence an investigation of the claims; and
 - c. timely settle claims in which liability had become reasonably clear.
27. In first-party claims specifically, Go Maps, acting as Redpoint's MGA, failed to:
 - a. acknowledge receipt of the claim;
 - b. send notice of acceptance or rejection of the claim not later than 15 business days after receiving all items to secure final proof of loss; and
 - c. timely pay the claim not later than the fifth business day after accepting liability.
28. Despite receipt of the final proof of loss and acceptance of liability, Go Maps, acting as Redpoint's MGA, also withheld or delayed payment of some claims for the following improper reasons:
 - a. awaiting co-payee information, such as title or lienholder information from either the claimant or lienholder;
 - b. awaiting a signed, power-of-attorney from the claimant;
 - c. awaiting receipt of a signed, Internal Revenue Service W-9 tax form from the repair person or facility;
 - d. the claimant did not respond to additional adjuster outreach or could no longer be contacted at their telephone number; or
 - e. the insured did not schedule an electronic payment within five days and a paper check was not issued, even though Redpoint and Go Maps represented to TDI that claims handling practice was in effect.

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29. TDI's investigation further found that Go Maps, acting as Redpoint's MGA, incorrectly calculated statutory interest payments for some late-paid first-party claims by:
 - a. using an incorrect start date to calculate the date interest began to accrue, for example using the date they received:
 - i. co-payee information; or
 - ii. an odometer statement, after having made a total loss offer; and
 - b. deducting five days from the total days that interest accrued, while also deducting five days to allow for the insured to schedule an electronic payment.
30. Between May 2021 and February 2023, TDI received approximately 244 complaints about claims associated with the business Go Maps produced for Redpoint.

Mitigation and Subsequent Events

31. During the investigation, Go Maps represented to TDI that its claims payment practices associated with Redpoint's policies are as follows:
 - a. all third-parties are paid by paper check; and,
 - b. first parties are paid in one of three ways:
 - i. by electronic payment scheduled by the insured and deposited to an account designated by the insured;
 - ii. by paper check, but only on the insured's request; or,
 - iii. by paper check if the insured does not schedule electronic payment within five calendar days after Go Maps sends the payment notice.
32. Redpoint represents that on or about January 28, 2022, Go Maps removed ICA's access to Go Maps' claims system, without notifying Redpoint, and thereby terminated ICA's claims adjusting activities associated with Go Map's policies produced for Redpoint. Redpoint represents Go Maps then undertook those claims adjusting activities and assured Redpoint it was prepared to handle the claims.

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33. Effective March 31, 2022, Redpoint terminated its agreement with Go Maps, prohibiting it from writing new business. Go Maps was instructed to run-off all policies in force, renew policies until they reached the 12-month anniversary of the policies' original effective dates in accordance with TEX. INS. CODE § 551.106(b), and to administer the existing policies and claims.
34. Redpoint and Go Maps informed TDI in July 2022 that there were a significant number of claims ICA opened but which Go Maps did not have any record of contact or which were not shown in Go Maps' customer system. They further represented:
 - a. ICA utilized its own internal system, which was supposed to be synchronized daily with Go Maps' internal system – but according to Go Maps, was not;
 - b. because of the lack of synchronization, Go Maps continued to discover claimants of which it was not previously aware; and,
 - c. when such an open claim was discovered, Go Maps then immediately set up the claim in its own system to begin handling.
35. In November 2022, the relationship between Redpoint and Go Maps deteriorated, and Redpoint engaged Embark General Insurance Adjusters, LLC (Embark),⁷ to handle the remaining open or incurred claims beginning in January 2023.
36. Redpoint represents it instructed Go Maps to provide Embark with complete access to all claims and related records, however, Go Maps provided Embark with only some of the information for claims designated by Go Maps as open, and that Go Maps refused to provide Redpoint or Embark with access to records for claims designated as closed.
37. Redpoint further represents it does not presently have access to Go Maps' claims records and related information, and that Redpoint does not have sufficient data or information to identify any unpaid claims or late-paid claims which Go Maps may have closed prior to the transition of claims handling responsibilities from Go Maps to Embark.

⁷ Embark holds an adjuster's license with TDI under firm identification no. 146926.

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38. In May 2023, TDI received information showing that after March 31, 2022, Go Maps wrote new Redpoint policies and renewed Redpoint policies beyond their 12-month anniversary, despite Redpoint's termination of Go Maps' authority to do so. TDI sought an explanation from Go Maps about this misconduct, but Go Maps failed to respond.

Conclusions of Law

1. The commissioner has jurisdiction over this matter pursuant to TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 101.001, 101.101–101.103, 101.151–101.156, 542.002–542.003, 542.010, 542.051–542.061, 801.051–801.053, 912.002, 912.101–912.152, 4053.101, 4101.051, and 4101.152.
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. Redpoint 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. ICA does not hold any licenses or authorizations to perform the acts of an adjuster or to otherwise directly or indirectly engage in the business of insurance, as that term is defined in TEX. INS. CODE § 101.051, and it is not exempt or excepted from licensure or authorization.
5. Redpoint violated TEX. INS. CODE §§ 101.102(a), 4101.051, and 4101.152, by directly assisting ICA with engaging in the acts of an adjuster and the business of insurance in this state without licensure or authorization.
6. Redpoint, due to the actions of Go Maps, failed to effectuate prompt, fair, and equitable settlements of claims with respect to which liability had become reasonably clear, in violation of TEX. INS. CODE §§ 541.060(a)(2)(A) and 542.003(b)(4).

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7. Redpoint, due to the actions of Go Maps, violated TEX. INS. CODE § 542.003(b)(2) by failing to acknowledge with reasonable promptness pertinent communications relating to a claim arising under the insurer's policy.
8. Redpoint, due to the actions of Go Maps, violated TEX. INS. CODE § 542.003(b)(3) by failing to adopt and implement reasonable standards for the prompt investigation of claims arising under the insurer's policies.
9. Redpoint, due to the actions of Go Maps, violated TEX. INS. CODE § 542.003(b)(4) by not attempting in good faith to effect a prompt, fair, and equitable settlement of a claim submitted in which liability has become reasonably clear.
10. Redpoint, due to the actions of Go Maps, violated TEX. INS. CODE § 542.056(a) by failing to timely notify claimants in writing of the acceptance or rejection of their claims after receiving all items, statements, and forms required by the insurer to secure final proof of loss.
11. Redpoint, due to the actions of Go Maps, violated TEX. INS. CODE § 542.057(a) by failing to timely pay claims for which it had accepted liability.
12. Redpoint, due to the actions of Go Maps, violated TEX. INS. CODE §§ 542.058 and 542.060 by failing to pay statutory interest on late paid claims, and in some instances, failing to pay the correct amount of statutory interest on late paid claims.
13. Pursuant to TEX. INS. CODE § 82.053, the commissioner is authorized to direct Redpoint to make complete restitution to each claimant harmed by the above violations.
14. Redpoint, due to the actions of Go Maps, violated TEX. INS. CODE § 38.001(b) by failing to timely respond to reasonable requests for information sent by the department.

Order

It is ordered that Redpoint County Mutual Insurance Company must comply with the following:

- 1) Redpoint must pay restitution in the form of a company check or account credit to

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all claimants with Unpaid Claims or Late-Paid Claims, as those terms are defined below (the Qualifying Claimants). Payment is conditioned upon Redpoint's possession, custody, or control of sufficient claims and policy data or information from Go Maps to calculate any amounts or interest due to the Qualifying Claimants.

- 2) Unpaid Claims: Subject to the above condition or unless there are records to demonstrate fraud, Redpoint must identify and pay all first- and third-party claims in which Go Maps, as Redpoint's MGA, secured a final proof of loss and accepted liability but did not issue payment or improperly closed the claim without payment for any one of the reasons listed in Finding of Fact No. 28, from May 1, 2021, until the date of this order, together with interest (the Unpaid Claims), and:
 - a. for all first-party Unpaid Claims, the restitution check or account credit must include statutory interest, as required by TEX. INS. CODE § 542.060; and
 - b. for all third-party Unpaid Claims, the restitution check or account credit must include simple interest, at the rate of five percent per annum.
- 3) Late-Paid Claims: Subject to the above condition, Redpoint must pay the correct amount of statutory interest, as required by TEX. INS. CODE § 542.060, on all delayed or late-paid first-party claims where statutory interest was incorrectly calculated for any one of the reasons listed in Finding of Fact Nos. 28 and 29, from May 1, 2021, until the date of this order (the Late-Paid claims).
- 4) Timing of Payment: Redpoint must mail the restitution checks and/or issue the account credits to the Qualifying Claimants within 30 days of receipt of sufficient data or information to identify any Unpaid Claim or Late-Paid Claim and calculate the amount due.
- 5) Semiannual Reports: Beginning six months after the date of this order, Redpoint must submit semiannual reports to TDI to report any restitution paid to the Qualifying Claimants. The reports must be submitted as a complete and sortable electronic spreadsheet to TDI, and must contain the following information:
 - a. policy number;
 - b. claim number;
 - c. date of loss;
 - d. type of coverage;

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- e. date secured final proof of loss;
 - f. date liability was accepted;
 - g. amount of liability accepted;
 - h. for Unpaid Claims;
 - i. first or third-party claim;
 - ii. date settlement was paid;
 - iii. number of days of interest due;
 - iv. amount of interest paid;
 - v. date interest was paid;
 - i. for Late-Paid claims where no interest was previously remitted:
 - i. amount of settlement;
 - ii. date settlement was paid;
 - iii. number of days of interest due;
 - iv. amount of interest paid;
 - v. date interest was paid;
 - j. for Late-Paid claims where interest was incorrectly calculated:
 - i. amount of settlement;
 - ii. date settlement was paid;
 - iii. amount of statutory interest previously paid;
 - iv. number of days previously used to calculate interest;
 - v. corrected number of days used to calculate interest;
 - vi. total amount of corrected interest due;
 - vii. supplemental interest (total interest less interest previously paid);
 - viii. date supplemental interest was paid;
 - k. subtotal of all additional claims payments;
 - l. subtotal of all additional interest payments; and
 - m. grand total of all additional amounts paid.
- 6) Termination of Reporting: The submission of semiannual restitution reports to TDI will continue until December 31, 2026, or until Redpoint certifies that all claims from Go Maps' business have been adjudicated or paid according to the terms of this order, whichever comes first.
- 7) Returned and Non-Negotiated Checks: Any payments that are returned to Redpoint with an address correction must be promptly re-sent to the correct address. Funds from any payments that are returned thereafter for incorrect addresses and from any checks that are not negotiated must be reported and delivered to the Texas Comptroller of Public Accounts pursuant to the procedures

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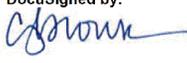
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and deadlines set forth in TEX. PROP. CODE §§ 72.001 *et. seq.*, 73.001 *et. seq.*, and 74.001 *et. seq.*

- 7) All information required to be submitted to TDI under the terms of this order must be sent electronically to EnforcementReports@tdi.texas.gov.

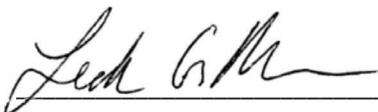
It is further ordered that Redpoint County Mutual Insurance Company must pay an administrative penalty of \$150,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which the department will send after entry of this order.

This consent order pertains solely to the resolution of TDI's allegations against Redpoint County Mutual Insurance Company in TDI Enforcement File No. 29608. This consent order does not: resolve any allegations or violations with respect to any other pending or anticipated Enforcement investigations; address or impact other TDI sections' and divisions' actions, proceedings, examinations, investigations, or duties; limit the authority of the commissioner or TDI to initiate any administrative, civil, or criminal proceeding; or, limit the authority of the commissioner or TDI to initiate any action, seek any remedy, or pursue any right, examination, investigation, or other action authorized by law.

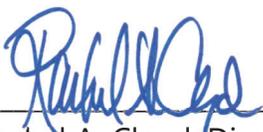
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Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Rachel A. Cloyd, Director
Enforcement

Affidavit

STATE OF TEXAS §
§
COUNTY OF TRAVIS §

Before me, the undersigned authority, personally appeared Christopher A. McClellan, who being by me duly sworn, deposed as follows:

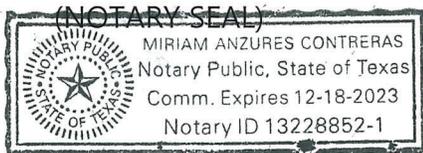
"My name is Christopher A. McClellan. I am of sound mind, capable of making this statement, and have personal knowledge of these facts which are true and correct.

I hold the office of President and CEO and am the authorized representative of Redpoint County Mutual Insurance Company. I am duly authorized by said organization to execute this statement.

Redpoint 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."

Affiant

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



Signature of Notary Public

Miriam Anzures Contreras
Printed Name of Notary Public