

No. **2024-8934**

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

Date: 11/04/2024

Subject Considered:

Old American County Mutual Fire Insurance Company
PO Box 793747
Dallas, Texas 75379-3747

Consent Order
TDI Enforcement File No. 34652

General remarks and official action taken:

This is a consent order with Old American County Mutual Fire Insurance Company (Old American). TDI conducted a targeted market conduct examination and found violations of Texas law. Old American agrees to pay an administrative penalty of \$65,000.

Waiver

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

Findings of Fact

1. Old American is a county mutual insurance company holding a certificate of authority to transact business in Texas.
2. TDI conducted a targeted market conduct examination of Old American on its private passenger automobile line of business for the period of January 1, 2021, through December 31, 2021.

2024-8934

Commissioner's Order

Old American County Mutual Fire Insurance Company

Page 2 of 7

3. The purpose of the examination was to determine Old American's compliance with the Texas Insurance Code and Title 28 of the Texas Administrative Code related to sales, advertising, marketing, underwriting and rating, claims practices, and consumer complaints.
4. During the period of the examination, Old American produced non-standard private passenger automobile policies, and reported premium for business written through 21 managing general agents (MGAs), including one MGA in run-off.
5. The examination focused solely on Old American's private passenger business produced through its two highest producing MGAs, United Group Underwriters, LLC (UGA) and Connect MGA LLC (Connect).
6. During the examination, TDI found violations of the Texas Insurance Code and the Texas Administrative Code.

Sales, Advertising, and Marketing

7. TDI reviewed a random sample of Old American's policies issued by UGA and Connect in 2021 to determine compliance with agents' licensing and appointment requirements.
8. In 23% (7 of 30) of the reviewed policies issued through Connect, Old American allowed agents who were not appointed by Old American to issue or service policies.
9. In 7% (2 of 30) off the reviewed policies issued through Connect, Old American allowed people who were not licensed to issue or service policies.

Underwriting and Rating

10. TDI randomly sampled policies Old American issued in 2021 to determine the accuracy of rating, use of proper forms and endorsements, timely handling of transactions and policy service requests, adherence to consistent and nondiscriminatory underwriting practices, mandatory coverages, and compliance with statutes and regulations.

2024-8934

Commissioner's Order

Old American County Mutual Fire Insurance Company

Page 3 of 7

11. Old American used the Texas standard policy forms and endorsements as authorized under TEX. INS. CODE § 2301.008, and its own policy forms and endorsements as authorized under TEX. INS. CODE § 2301.006(a).
12. Old American's policies produced by UGA did not include the correct fax number for TDI in the Consumer Bill of Rights for Personal Automobile Insurance (Auto Bill of Rights).
13. For Old American's policies produced by Connect, TDI examiners found:
 - a. in 90% (27 of 30) of the issued policies reviewed, Old American did not provide policyholders with the Notice of Toll-Free Telephone Numbers and Information and Complaint Procedures, and the Notice of Website;
 - b. in 10% (3 of 30) of the issued policies reviewed, Old American did not prominently place the Notice of Toll-Free Telephone Numbers and Information and Complaint Procedures within the in the first, second, or third page of a packaged set of documents;
 - c. in 50% (15 of 30) of the issued policies reviewed, Old American did not issue the Auto Bill of Rights; and,
 - d. in 50% (15 of 30) of the issued policies reviewed, Old American did not provide the Initial Privacy Notice to policyholders.

Claims

14. TDI conducted stratified sampling to include all policy and coverage types for claims Old American processed in 2021 to determine compliance with policy provisions, timeliness and accuracy of payment, supporting documentation, general claims handling, adjuster licensing, and compliance with statutes and rules.
15. In 3% (2 of 76) of the reviewed claims payments from Connect, Old American accepted the claim later than the 15th business day after receiving all items required to secure final proof of loss.
16. Old American failed to notify the insured in writing of the initial offer to settle a claim not later than the 10th day after the initial offer was made to settle the claim against the named insured under a casualty policy:

2024-8934

Commissioner's Order

Old American County Mutual Fire Insurance Company

Page 4 of 7

- a. in 1% (1 of 76) of the reviewed claims payments from Connect, and
 - b. in 10% (1 of 10) of the reviewed pending claims from Connect.
17. In 3% (2 of 76) of the reviewed claims payments from Connect, Old American failed to notify the insured in writing of a settlement, not later than the 30th day after the date the claim against the named insured under a casualty policy was settled.

Complaints

18. TDI sampled complaints Old American received in 2021 for compliance with statutes and rules. TDI reviewed a total of 43 complaints related to Old American policies produced by UGA, including 40 complaints sent to TDI and three others sent directly to Old American.
19. In 5% (2 of 43) of the reviewed complaints, Old American did not attempt in good faith to effect prompt, fair, and equitable settlements of claims in which liability was reasonably clear.

Subsequent Events

20. Old American represents that after the examination, Connect put a system control in place requiring an agent license number for system use, and that Connect runs bi-weekly reports to ensure that all system users are active licensees holding an Old American appointment.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 542.002(13), 542.052(16), 542.151(1), 751.001–751.351, 801.051–801.053, 912.002, and 912.101–912.251.
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. Old American 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,

2024-8934

Commissioner's Order

Old American County Mutual Fire Insurance Company

Page 5 of 7

- notice of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Old American violated 28 TEX. ADMIN. CODE §§ 1.601 and 1.602 by failing to provide the Notice of Toll-Free Telephone Numbers and Information and Complaint Procedures, and the Notice of Website.
 5. Old American violated 28 TEX. ADMIN. CODE § 1.601(a)(2)(A) by failing to prominently place the Notice of Toll-Free Telephone Numbers and Information and Complaint Procedures in the first, second, or third page of a packaged set of documents for some delivered policies.
 6. Old American violated 28 TEX. ADMIN. CODE § 5.9970 by failing to issue the Auto Bill of Rights, and when it was issued, not including the correct fax number for TDI in the Auto Bill of Rights.
 7. Old American violated 28 TEX. ADMIN. CODE § 22.8 by failing to provide the Initial Privacy Notice to policyholders.
 8. Old American violated TEX. INS. CODE § 542.003(b)(4) by not attempting in good faith to effect prompt, fair, and equitable settlements of claims in which liability was reasonably clear.
 9. Old American violated TEX. INS. CODE § 542.056(a) by failing to notify a claimant in writing of the acceptance of a claim not later than the 15th business day after the date it received all items, statements, and forms required to secure the final proof of loss.
 10. Old American violated TEX. INS. CODE § 542.153(a) by failing to notify insureds in writing of an offer, not later than 10 days after the date the initial offer was made to settle a claim against the named insured under a casualty policy.
 11. Old American violated TEX. INS. CODE § 542.153(b) by failing to notify insureds in writing of a settlement, not later than the 30th day after the date of settlement of a claim against the named insured under a casualty policy.
 12. Old American violated TEX. INS. CODE § 4001.201 by using agents to issue or service policies who were not appointed.

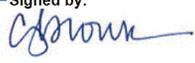
2024-8934

Commissioner's Order
Old American County Mutual Fire Insurance Company
Page 6 of 7

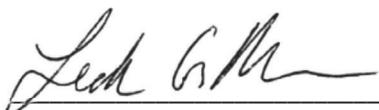
13. Old American violated TEX. INS. CODE §§ 4001.101 and 4051.051 by using unlicensed persons to issue or service policies.

Order

It is ordered that Old American County Mutual Fire Insurance Company pay an administrative penalty of \$65,000 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.

Signed by:

FC5D7EDDFB4F8...
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 DALLAS §

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

"My name is Brent McGill. 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 Executive Vice President and Chief Actuary and am the authorized representative of Old American County Mutual Fire Insurance Company. I am duly authorized by said organization to execute this statement.

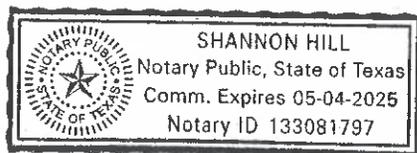
Old American County Mutual Fire Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Brent McGill

Affiant

SWORN TO AND SUBSCRIBED before me on October 2, 2024.

(NOTARY SEAL)



Shannon Hill
Signature of Notary Public

Shannon Hill
Printed Name of Notary Public