

No. **2026-9711**

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

Date: 1/5/2026

Subject Considered:

Clearcover Insurance Company
33 W. Monroe St., Ste. 1350
Chicago, IL 60603-5336

Consent Order
TDI Enforcement File No. 35768

General remarks and official action taken:

This is a consent order with Clearcover Insurance Company (Clearcover). The Texas Department of Insurance (TDI) conducted a targeted market conduct examination and found violations of Texas insurance laws. Clearcover has agreed to pay an administrative penalty of \$80,000.

Waiver

Clearcover acknowledges that the Texas Insurance Code and other applicable law provide certain rights. Clearcover 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. Clearcover is a foreign casualty company holding a certificate of authority to transact business in the state of Texas.

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2. TDI conducted a targeted market conduct examination of Clearcover on its private passenger automobile line of business for the period of January 1, 2022, through December 31, 2022.
3. The purpose of the examination was to determine Clearcover'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 examination, TDI found violations of the Texas Insurance Code and the Texas Administrative Code.

Sales, Advertising, and Marketing

5. Clearcover's private passenger automobile product is primarily marketed through independent agents. TDI randomly sampled 100 policies issued in 2022 to determine compliance with agents' licensing and appointment requirements.
6. In 6% (6 of 100) of the policies reviewed, Clearcover used licensed agents that were not appointed by Clearcover to issue and service the policies.

Underwriting and Rating

7. TDI reviewed randomly sampled policies to determine 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 rules.
8. In 2% (2 of 100) of the issued policies reviewed, Clearcover delivered or issued policies without personal injury protection coverage prior to receipt of signed, written rejections from the insureds.
9. In 86% (86 of 100) of the issued policies reviewed, Clearcover failed to issue or failed to retain proof of issuance of each new or renewal policyholder's Texas Liability Insurance Card.

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Claims

10. Staff conducted stratified sampling to include all automobile policy and coverage types for claims Clearcover processed in 2022 to determine compliance with policy provisions, timeliness and accuracy of payment, supporting documentation, general claims handling, adjuster licensing, and compliance with statutes and rules.
11. Clearcover failed to notify the insured in writing of an initial offer to settle a claim not later than the 10th day after the initial offer was made to settle a claim against the named insured,
 - a. in 20% (20 of 100) of the paid claims reviewed; and
 - b. in 28% (7 of 25) of the total loss claim payments reviewed.
12. Clearcover failed to send the insured the written notice of settlement not later than the 30th day after the date a claim against the named insured was settled,
 - a. in 16% (16 of 100) of the paid claims reviewed; and
 - b. in 28% (7 of 25) of the total loss claim payments reviewed.
13. Clearcover failed to provide or failed to timely provide the claimant with the required Notice of Rights Regarding Repair of Motor Vehicle,
 - a. in 32% (32 of 100) of the paid claims reviewed; and
 - b. in 24% (6 of 25) of the total loss claims reviewed.
14. Clearcover failed to adopt and implement reasonable standards for the prompt investigation of a claim,
 - a. in 4% (1 of 25) of the total loss claim payments reviewed; and
 - b. in 14% (7 of 50) of the denied or closed claims reviewed.
15. In 4% (2 of 50) of the denied or closed claims reviewed, Clearcover failed to notify the claimant of the rejection of the claim not later than the 15th business day after receiving all items, statements, and forms required by the insurer to secure final proof of loss.
16. In 4% (2 of 50) of the denied or closed claims reviewed, Clearcover used an unlicensed adjuster.

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17. In 4% (1 of 25) of the pending claims reviewed, Clearcover failed to acknowledge receipt of the claim within 15 days.

Subsequent Events and Mitigation

18. Clearcover represents that the claims files reviewed during the examination period were handled by the adjusting firm, The Littleton Group Western Division, Inc., firm identification number 78897 (Littleton). Clearcover further represents that in May 2022, it terminated its contract with Littleton, excluding the handling of catastrophic event claims.
19. According to TDI's records, Littleton has since voluntarily surrendered both its adjuster license and its third party administrator certificate of authority, effective February 28, 2025.
20. Clearcover represents that its failure to retain the Texas Liability Insurance Card was due to a policy administration system that inadvertently overwrote the prior Texas Liability Insurance Card each time a policy renewed. Clearcover represents that in June 2023, it transitioned to a new policy administration system, which does not overwrite and which retains proof of issuance of the Texas Liability Insurance Card.
21. On September 23, 2024, Clearcover provided TDI with a corrective action plan. Clearcover represents that it promptly implemented the described corrective actions. Additionally, Clearcover conducts follow-up reviews of these corrective actions to ensure continued compliance.

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(2), 542.052(3), 751.001 *et seq.*, 801.051–801.053, 861.101, and 982.052; and TEX. GOV'T CODE §§ 2001.051–200.178.
2. The commissioner has the authority to informally dispose of this matter as set forth in TEX. GOV'T CODE § 2001.056, and TEX. INS. CODE §§ 36.104 and 82.055.
3. Clearcover 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

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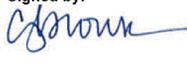
- of hearing, a public hearing, a proposal for decision, rehearing by the commissioner, and judicial review.
4. Clearcover violated 28 TEX. ADMIN. CODE § 5.204 by failing to issue or failing to retain proof of issuance of Texas Liability Insurance Cards to its policyholders.
 5. Clearcover violated TEX. INS. CODE § 542.003(b)(3) by failing to adopt and implement reasonable standards for the prompt investigation of claims.
 6. Clearcover violated TEX. INS. CODE § 542.055(a) by failing to acknowledge receipt of a claim within 15 days.
 7. Clearcover violated TEX. INS. CODE § 542.056(a) by failing to notify a claimant in writing of the rejection of a claim not later than the 15th business day after the date it received all items, statements, and forms required to secure final proof of loss.
 8. Clearcover 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 of the initial offer was made to settle a claim against the named insured.
 9. Clearcover 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.
 10. Clearcover violated TEX. INS. CODE § 1952.152 by delivering or issuing insurance policies without personal injury protection coverage prior to receipt of signed, written rejections from the insureds.
 11. Clearcover violated TEX. INS. CODE § 1952.305 and 28 TEX. ADMIN. CODE § 5.501 by failing to provide claimants the Notice of Rights Regarding Repair of Motor Vehicle.
 12. Clearcover violated TEX. INS. CODE § 4001.201 by using unappointed agents to issue or service policies.
 13. Clearcover violated TEX. INS. CODE §§ 4101.051 and 4101.152(b) by using unlicensed persons to adjust claims and failing to ascertain from the commissioner whether the person holds an adjuster license in Texas before referring the claim or loss to those persons for adjustment.

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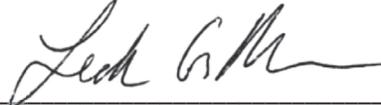
Order

It is ordered that Clearcover Insurance Company pay an administrative penalty of \$80,000 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



Anna Kalapach, Staff Attorney
Enforcement

Affidavit

STATE OF Maryland §

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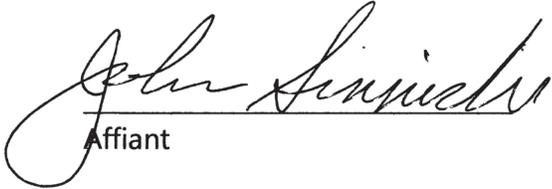
COUNTY OF Frederick §

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

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

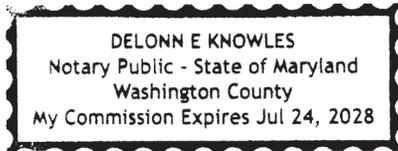
I hold the office of AVP, Compliance and am the authorized representative of Clearcover Insurance Company. I am duly authorized by said organization to execute this statement.

Clearcover 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 December 17, 2025.

(NOTARY SEAL)




Signature of Notary Public

Delonn E Knowles
Printed Name of Notary Public