

No. **2026-9749**

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

Date: 01/21/2026

Subjects Considered:

Mid-Century Insurance Company of Texas
Texas Farmers Insurance Company
Farmers Texas County Mutual Insurance Company
Farmers Insurance Exchange
6301 Owensmouth Ave.
Woodland Hills, CA 91367

Consent Order

TDI Enforcement File Nos. 36425, 32276, 36651, 35590, 36653, and 36652

General remarks and official action taken:

This is a consent order with Mid-Century Insurance Company of Texas (Mid-Century), Texas Farmers Insurance Company (Texas Farmers), Farmers Texas County Mutual Insurance Company (FTCM), and Farmers Insurance Exchange (collectively, Farmers). For approximately six months, Farmers failed to deliver complete paper policies by mail to certain new policyholders. Texas Farmers failed to make two material changes appear in a conspicuous place in renewal offers sent to homeowners. In addition, FTCM improperly reported expired personal automobile policies to TexasSure and failed to correct the inaccurate reporting for six months. Farmers agrees to jointly and severally pay an administrative penalty of \$325,000.

Waiver

Farmers acknowledge that the Texas Insurance Code and other applicable law provide certain rights. Farmers waive all of these rights, and any other applicable procedural rights, in consideration of the entry of this consent order.

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Findings of Fact

1. Mid-Century and Texas Farmers are both domestic fire and casualty companies holding certificates of authority to transact business in Texas.
2. FTTCM is a domestic county mutual insurance company holding a certificate of authority to transact business in Texas.
3. Farmers Insurance Exchange is a foreign reciprocal holding a certificate of authority to transact business in Texas.

Farmers' Failure to Deliver Paper Policies

4. TDI received a complaint from a Mid-Century homeowners policyholder, alleging Mid-Century failed to deliver the complainant's policy.
5. TDI's investigation found that on or about February 6, 2024, Farmers made a systems programming error (the error) that prevented the printing and mailing of base policy forms to policyholders that had not affirmatively agreed to conduct business electronically with all four of the Farmers' affiliates named in this order.
6. Farmers represents that the error was limited to the base policy form, and that the declaration page, endorsements, and other jacket pages were still mailed to these customers in paper format.
7. Farmers represents that policyholders who had affirmatively agreed to conduct business electronically were not affected by the error.
8. Farmers represents it did not discover the error until May 3, 2024. Upon discovery, Farmers represents that the base policy forms for all affected policies were printed and mailed between July 27, 2024, and August 27, 2024, together with a customized letter apologizing for the delay in delivery of the base policy forms and explaining the error.
9. Farmers represents the delay between printing and mailing of the base policy forms was to create the customized letter to explain the situation to affected customers.

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10. A total of 25,109 Farmers' policyholders were affected by the error, specifically: 10,773 personal automobile policyholders, 13,889 homeowners policyholders, and 447 umbrella policyholders.
11. Between the four Farmers affiliates, the error affected 21,952 policies underwritten by Mid-Century, 2,340 policies underwritten by Texas Farmers, 449 policies underwritten by Farmers Insurance Exchange, and 368 policies underwritten by FTCM.
12. The affected policies comprised 43.9% of Farmers' new business in Texas written between February 6, 2024, and May 2, 2024.

Texas Farmers Failed to Make Two Material Changes Appear in a Conspicuous Place in Renewal Offers

13. Under the Texas Insurance Code, a change to a policy at renewal is not considered a nonrenewal or cancellation if the insurer provides the insured with written notice of any material change in each form of the policy offered to the insured on renewal from the form of the policy held immediately before the renewal. A material change means a change to a policy that, with respect to a prior or existing policy, reduces coverage, changes conditions of coverage, or changes the duties of the insured.
14. Notice of a material change must: (1) appear in a conspicuous place in the notice of renewal; (2) clearly indicate each material change to the policy being made on renewal; (3) be written in plain language; and (4) be provided to the insured not later than the 30th day before the renewal date.
15. By rule, if notice of material change is included in a renewal notice, the first page of the renewal notice must include either the notice of material change or conspicuous text that clearly indicates the location of the notice of material change in the renewal offer.
16. In 2023, a homeowner complained to TDI that Texas Farmers failed to notify insureds in a conspicuous place in the notice of renewal that there was a material change made to the consumer's optional service line coverage endorsement when the policy renewed on December 6, 2021.

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17. TDI's investigation found that Texas Farmers indeed made several changes to the service line endorsement, including adding certain replacement property coverage limitations, which constitute a reduction of coverage or material change.
18. In addition, TDI's further investigation of this program revealed that Texas Farmers also failed to notify insureds of a second material change, to the insured's conditions of coverage and duties after a loss due to windstorm or hail. Specifically, Texas Farmers changed the conditions of coverage and duties of the insured to require the insured to file a claim for windstorm or hail damage within 365 days of the loss. Prior to this change, insureds were required to give prompt notice of a loss without unreasonable delay.
19. With respect to both material changes, neither the notice of these material changes nor conspicuous text about the location of these material changes was on the first page of the renewal notice. Instead, both material changes were placed immediately preceding each new endorsement.
20. In total, Texas Farmers failed to provide notice of both of these material changes to all 23,057 policyholders in its Smart Plan Home program.
21. Texas Farmers represents that in March 2024 it began issuing renewal packets to all impacted policyholders with conspicuous text about the location of the material changes on the first page of the renewal offers.
22. Farmers further represents that policy provisions for the two material changes for all impacted policyholders in its Smart Plan Home program remained unchanged until these customers received the new renewal packets.
23. In August 2024, Texas Farmers represented it reviewed all service line coverage claims with a date of loss after September 1, 2021, to determine if any claimant was negatively affected by the material change to that endorsement. Texas Farmers represents the review identified a total of 219 claims filed and found one of those claims was negatively affected by this material change which required additional payment that Texas Farmers has paid.
24. Texas Farmers also represents it reviewed all windstorm and hail claims to determine if the material change to the insured's coverage conditions and duties after loss negatively affected any claimant. Texas Farmers represents that this review found no claims were denied due to this material change.

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FTCM's Repeat Incorrect Reporting to TexasSure

25. On June 17, 2022, TDI issued FTCM a letter in TDI Enforcement File No. 29999, warning the county mutual about its failure to submit correct data to TexasSure for its personal automobile policies, after it corrected certain reporting errors found in that investigation.
26. The warning letter advised FTCM of the applicable statutes and rules, and its obligations to provide accurate reporting of policies to the TexasSure database.
27. In August 2024, a policyholder contacted TDI alleging he had been pulled over by law enforcement authorities who erroneously believed his vehicle was uninsured because an expired FTCM policy appeared in the TexasSure database to verify financial responsibility, despite the policyholder having a Texas Liability Insurance Card showing coverage with a different insurer.
28. TDI investigated and on August 19, 2024, notified FTCM that it was incorrectly reporting expired policies to TexasSure.
29. TexasSure records reflect that, during the week of August 26, 2024, FTCM incorrectly reported 5,489 expired policies to TexasSure.
30. FTCM represents it incorrectly reported the expired policies due to its system failing to archive policies in a database.
31. Although the number of expired policies began to decline after TDI notified FTCM of the incorrect reporting, FTCM did not fully correct the problem or cease reporting expired policies to TexasSure until the week of February 17, 2025, a period of six months after TDI initially informed FTCM of the inaccuracies.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 525.001, 551.001, 551.101–551.102, 801.051–801.053, 912.002, 912.101–912.152, 942.003, and 942.101; and 28 TEX. ADMIN. CODE §§ 5.610, and 5.9750–5.7952.

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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. Farmers 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. Farmers violated TEX. INS. CODE § 525.002 by failing to timely deliver issued policies to policyholders.
5. Texas Farmers violated TEX. INS. CODE §§ 551.1055(b)-(c)(1), 2002.001(b)(2)(A), 2002.102(b)-(c)(1), and 28 TEX. ADMIN CODE § 5.9751(b) by failing to make two material changes appear in a conspicuous place in renewal offers.
6. FTCM violated 28 TEX. ADMIN CODE § 5.604(c) by failing to submit accurate data to the TexasSure database and reporting expired personal automobile insurance policies.
7. FTCM violated 28 TEX. ADMIN. CODE § 5.605 by failing to submit correct data and to cease reporting inaccurate data to the TexasSure database.

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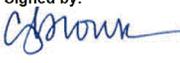
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Order

It is ordered that Mid-Century Insurance Company of Texas, Texas Farmers Insurance Company, Farmers Texas County Mutual Insurance Company, and Farmers Insurance Exchange must jointly and severally pay an administrative penalty of \$325,000 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 Mid-Century Insurance Company of Texas, Texas Farmers Insurance Company, Farmers Texas County Mutual Insurance Company, and Farmers Insurance Exchange in TDI Enforcement File Nos. 36425, 32276, 36651, 35590, 36653, and 36652. This consent order does not: resolve any allegations or violations with respect to any other pending or anticipate 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.

Signed by:

FC5D7E0DFFB4F8...

Cassie Brown
Commissioner of Insurance

Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Kaycee Crisp, Staff Attorney
Enforcement

Affidavit

STATE OF California §

COUNTY OF Orange §

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

"My name is Victoria McCarthy. 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 Vice President and am the authorized representative of Mid-Century Insurance Company of Texas. I am duly authorized by said organization to execute this statement.

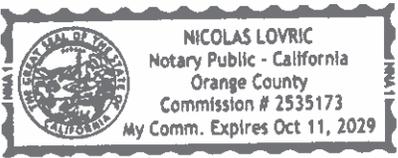
Mid-Century Insurance Company of Texas has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Victoria L. McCarthy
Affiant

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

SWORN TO AND SUBSCRIBED before me on DEC 18, 2025.

(NOTARY SEAL)



Nicolas Lovric
Signature of Notary Public

NICOLAS LOVRIC
Printed Name of Notary Public

Affidavit

STATE OF California §
COUNTY OF Orange §

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

"My name is Victoria McCarthy. 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 Vice President and am the authorized representative of
Texas Farmers Insurance Company. I am duly authorized by said organization to execute
this statement.

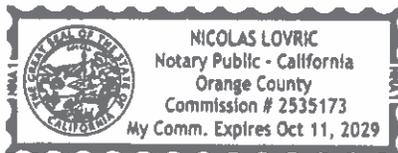
Texas Farmers Insurance Company has knowingly and voluntarily entered into the
foregoing consent order and agrees with and consents to the issuance and service of the
same by the commissioner of insurance of the state of Texas."

Victoria L McCarthy
Affiant

A notary public or other officer completing
this certificate verifies only the identity of
the individual who signed the document
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validity of that document.

SWORN TO AND SUBSCRIBED before me on DEC 18, 2025

(NOTARY SEAL)



NL

Signature of Notary Public

NICOLAS LOVRIC

Printed Name of Notary Public

Affidavit

STATE OF California §

COUNTY OF Orange §

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

"My name is Victoria McCordy. 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 Vice President and am the authorized representative of
Farmers Texas County Mutual Insurance Company. I am duly authorized by said
organization to execute this statement.

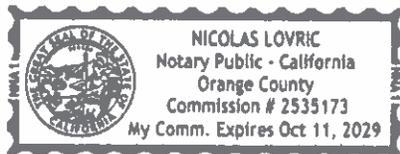
Farmers Texas County Mutual Insurance Company has knowingly and voluntarily entered
into the foregoing consent order and agrees with and consents to the issuance and service
of the same by the commissioner of insurance of the state of Texas."

Victoria L. McCordy
Affiant

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validity of that document.

SWORN TO AND SUBSCRIBED before me on DEC 18, 2025.

(NOTARY SEAL)



[Signature]
Signature of Notary Public

NICOLAS LOVRIC
Printed Name of Notary Public

Affidavit

STATE OF California §

COUNTY OF Orange §

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

"My name is Victoria McCartney. 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 VP of Farmers Group Inc and am the authorized representative of
Farmers Insurance Exchange. I am duly authorized by said organization to execute this
statement.

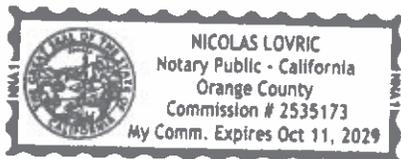
Farmers Insurance Exchange has knowingly and voluntarily entered into the foregoing
consent order and agrees with and consents to the issuance and service of the same by
the commissioner of insurance of the state of Texas."

A notary public or other officer completing
this certificate verifies only the identity of
the individual who signed the document
to which this certificate is attached, and
not the truthfulness, accuracy, or
validity of that document.

Victoria L McCartney
Affiant

SWORN TO AND SUBSCRIBED before me on DEC 18, 2025.

(NOTARY SEAL)



[Signature]
Signature of Notary Public

NICOLAS LOVRIC
Printed Name of Notary Public