

No. 2026-9940

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

Date: 05/21/2026

Subject Considered:

Hallmark County Mutual Insurance Company
5400 Lyndon B. Johnson Fwy., Ste. 400
Dallas, Texas 75240-1034

Consent Order
TDI Enforcement File No. 36141

General remarks and official action taken:

This is a consent order with Hallmark County Mutual Insurance Company (Hallmark). Hallmark failed to comply with a consent order issued by the commissioner by failing to correctly calculate, pay, and timely report restitution as ordered. Hallmark's later reporting to TDI demonstrated an additional failure to timely and properly notify certain claimants in writing of the acceptance of their claims. Hallmark has since paid and reported the restitution, and agrees to pay an administrative penalty of \$110,000.

Waiver

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

Findings of Fact

1. Hallmark is a county mutual insurance company holding a certificate of authority to transact business in the state of Texas.

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Prior Discipline and Background

2. According to Hallmark's annual financial statements, since January 1, 2020, Hallmark has contracted with and given only three managing general agents (MGA) authority to underwrite and bind coverage, collect premium, and adjust and pay claims. Those three MGAs are: its affiliate American Hallmark General Agency, Inc. (AHGA); its affiliate Hallmark Specialty Underwriters, Inc. (Hallmark Specialty); and a non-affiliate, American Bankers General Agency, Inc. (American Bankers).
3. The commissioner has issued two prior orders against Hallmark related to its business produced through its affiliate AHGA, specifically Official Order Nos. 2016-4856 and 2019-6125. These orders imposed respective penalties of \$60,000 for the improper renewal of named driver policies and \$90,000 for violations found during a market conduct examination.
4. On February 27, 2024, the commissioner issued a third order, Official Order No. 2024-8547, for several violations found during a market conduct examination of Hallmark's private passenger auto business written through American Bankers.
5. In Order No. 2024-8547, the commissioner concluded, among other things, that Hallmark failed to pay claims not later than the fifth business day after the date it notified the claimant it would pay all or part of the claim, and failed to pay statutory interest on its late-paid claims, in violation of TEX. INS. CODE §§ 542.057(a), 542.058(a), and 542.060.
6. Order No. 2024-8547 required Hallmark to pay an administrative penalty of \$135,000, and to make complete restitution, specifically to pay all statutory interest to defined Qualifying Claimants which Hallmark or any of its MGAs failed to pay on late-paid, first party, private passenger and commercial automobile insurance claims.
7. Order No. 2024-8547 also required Hallmark to mail the restitution checks and/or issue account credits to the Qualifying Claimants within 120 days of the Order, on or before June 26, 2024. Furthermore, Hallmark was required to report to TDI the restitution paid in an electronic spreadsheet containing specified elements, within 180 days of the Order, on or before August 25, 2024.

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Failure to Comply with Commissioner Order

8. On July 9, 2024, Hallmark represented that checks were mailed and account credits were issued on June 26, 2024, and timely submitted a spreadsheet to TDI containing what it purported was the restitution as ordered under Order No. 2024-8547, but which omitted required data and contained inaccurate and unrelated data.
9. On July 17, 2024, TDI requested information from Hallmark about its restitution calculations and the other issues TDI identified regarding the report.
10. On August 16, 2024, Hallmark responded, admitting that it miscalculated restitution by using business days rather than calendar days, and that it had issued additional checks and/or account credits to the Qualifying Claimants in August 2024 to supplement the previous payments.
11. On the same day, Hallmark submitted a revised, second spreadsheet to TDI showing the supplemental payments it represented were made in August 2024, but which spreadsheet was still incomplete and inaccurate.
12. On December 3, 2024, TDI requested that Hallmark:
 - a. revise and correct the second spreadsheet to include all information required by Order No. 2024-8547; and
 - b. provide TDI with a copy of notices of claim acceptance purportedly sent to four selected claimants.
13. On January 3, 2025, Hallmark responded and provided a third, revised spreadsheet which was again inaccurate and incomplete.
14. Hallmark's response also showed additional issues from the period of the market conduct examination described in Order No. 2024-8547, but which were not found at that time by TDI's examiners. Specifically, Hallmark failed to send written notices of acceptance to claimants, instead sending only estimates which expressly stated they were not an acceptance, specifically: "This estimate does not constitute an admission of coverage or liability for any loss."

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15. On February 4, 2026, Hallmark provided TDI with a fourth, revised spreadsheet, which it represents is accurate, complete, and it has paid a total of \$16,623.24 to the Qualifying Claimants, with an average of \$32.34 paid to each Qualifying Claimant.
16. Hallmark also represented that it did not produce any private passenger or commercial automobile policies through its other two MGAs, Hallmark Specialty and American Bankers, between January 1, 2020, and February 27, 2024.
17. Hallmark failed to comply with Order No. 2024-8547 by failing to properly calculate and timely pay restitution to the Qualifying Claimants, as defined in that order, and failing to timely and properly report to TDI all required information as ordered.

Mitigating Circumstances

18. Hallmark represents that although it gave TDI incorrect data and miscalculated the number of days statutory interest was due to the Qualifying Claimants, ultimately it has since paid more statutory interest to the Qualifying Claimants than was required by law.
19. Hallmark further represents that it amended its policies and procedures to include calculating statutory interest for late-paid claims, and provided TDI with a copy of the new policies and procedures which it represents were shared with and communicated to all employees in meetings that occurred in December 2024.
20. Hallmark also represents that it has since instituted weekly meetings to ensure claim payments are timely made and statutory interest is paid, when applicable.

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), 801.051–801.053, 912.002, and 912.101–912.152; and TEX. GOV'T CODE §§ 2001.051–2001.178.
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.

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3. Hallmark 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. Hallmark failed to comply with an order issued by the commissioner, as contemplated by TEX. INS. CODE § 82.054.
5. Hallmark violated TEX. INS. CODE § 82.053 by failing to make restitution in the form, amount, and time period determined by the commissioner.
6. Hallmark violated TEX. INS. CODE § 542.056(a), by failing to notify claimants in writing of the acceptance of a claim not later than the 15th business day after the date the insurer receives all items, statements, and forms required by the insurer to secure final proof of loss.
7. Hallmark violated TEX. INS. CODE §§ 542.058(a) and 542.060(a) by failing to pay statutory interest on late-paid claims.

Order

It is ordered that Hallmark County Mutual Insurance Company pay an administrative penalty of \$110,000 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:

Amanda Crawford

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Amanda Crawford

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Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Anna Kalapach, Staff Attorney
Enforcement

Affidavit

STATE OF Texas §

§

COUNTY OF Dallas §

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

"My name is Chris Kenney. 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 am the authorized representative of
Hallmark County Mutual Insurance Company. I am duly authorized by said organization
to execute this statement.

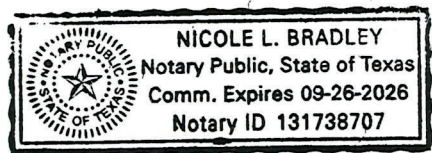
Hallmark County Mutual Insurance Company has knowingly and voluntarily entered into
the foregoing consent order and agrees with and consents to the issuance and service of
the same by the commissioner of insurance of the state of Texas."




Affiant

SWORN TO AND SUBSCRIBED before me on May 14, 2026.

(NOTARY SEAL)




Signature of Notary Public

Nicole Bradley
Printed Name of Notary Public