

No. **2024-8838**

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

Date: 9/19/2024

Subject Considered:

Safepoint Insurance Company
12640 Telecom Dr
Temple Terrace, Florida 33637-0935

Consent Order
TDI Enforcement File No. 34953

General remarks and official action taken:

This is a consent order with Safepoint Insurance Company (Safepoint). Safepoint improperly considered claims not paid or payable in calculations of premium for its new business tier. Additionally, Safepoint improperly considered claims resulting from appliance-related water damage losses in calculations of premium. Safepoint agreed to a \$25,000 administrative penalty.

Waiver

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

Findings of Fact

1. Safepoint is a foreign fire and casualty company holding a certificate of authority issued by the Texas Department of Insurance (TDI) to transact business in the state of Texas.

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Premium Surcharge for Claims Not Paid or Payable

2. TEX. INS. CODE § 551.107(b)(2) prohibits an insurer from assessing a premium surcharge at renewal for a claim that is filed but not paid or payable under the policy.
3. TEX. INS. CODE § 551.107(b)(3) prohibits an insurer from assessing a premium surcharge at renewal for a properly remediated appliance-related water damage claim under TEX. INS. CODE § 544.353.
4. 28 TEX. ADMIN. CODE § 21.1004(c)(2) prohibits a rating plan regarding residential insurance from assigning any premium consequence through a premium surcharge or claims free program based on claims resulting from claims not paid or payable.
5. 28 TEX. ADMIN. CODE § 21.1004(c)(3) prohibits a rating plan regarding residential insurance from assigning any premium consequence through a premium surcharge or claims free program based on claims resulting from claims from a properly remediated appliance-related water damage claim under TEX. INS. CODE § 544.353.
6. During a review of a rate filing for Safepoint's homeowner's program, TDI learned that Safepoint considered those non-chargeable claim types as chargeable.
7. Safepoint began using the non-chargeable claim types when it submitted its initial filings for new business tiering rule which became effective on January 1, 2020.
8. Safepoint revised its manual to properly exclude the non-chargeable claim types and the approved filing with the compliant rule became effective August 1, 2024.
9. Safepoint represents 21 policies were affected by a premium consequence based on Safepoint's use of non-chargeable claim types from January 1, 2020, until August 21, 2024. The total amount of the overcharges was \$24,019.
10. Safepoint represents that it has paid restitution, including interest totaling \$25,219 to the affected policyholders.
11. Safepoint was cooperative and responsive to TDI during this investigation.

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Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.051, 801.052-801.053, and 1953.051.
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. Safepoint 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. Safepoint violated TEX. INS. CODE § 551.107(b)(2) and TEX. ADMIN. CODE § 21.1004(c)(2) by assigning a premium consequence for claims not paid or payable.
5. Safepoint violated TEX. INS. CODE § 551.107(b)(3) and TEX. ADMIN. CODE § 21.1004(c)(3) by assigning a premium consequence for claims resulting from properly remediated appliance-related water damage claims under TEX. INS. CODE § 544.353.

Order

It is ordered that Safepoint Insurance Company pay an administrative penalty of \$25,000 within 30 days from the date of this order. The administrative penalty must be paid as instructed in the invoice, which TDI will send after entry of this order.

Signed by:

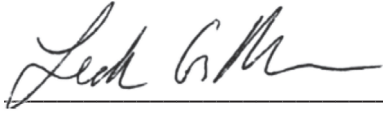
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Cassie Brown
Commissioner of Insurance

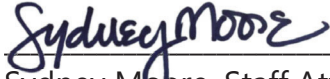
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Recommended and reviewed by:



Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division



Sydney Moore, Staff Attorney
Enforcement

Affidavit

STATE OF Florida §
§

COUNTY OF Hillsborough §

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

"My name is Gustavo Fernandez. 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 Chief Underwriting Officer and am the authorized representative of Safepoint Insurance Company. I am duly authorized by said organization to execute this statement.

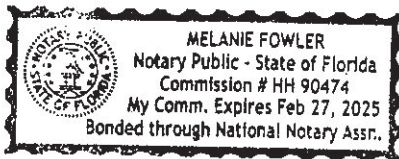
Safepoint Insurance Company has knowingly and voluntarily entered into the foregoing consent order and agrees with and consents to the issuance and service of the same by the commissioner of insurance of the state of Texas."

Gustavo Fernandez

Affiant

SWORN TO AND SUBSCRIBED before me on August 26, 2024.

(NOTARY SEAL)



Melanie Fowler
Signature of Notary Public

Melanie Fowler
Printed Name of Notary Public