No. **2026-10045**

Official Order
of the
Texas Commissioner of Insurance

Date: 07/29/2026

Subject Considered:

Tesla Property & Casualty, Inc.
45500 Fremont Blvd
Fremont, CA 94538-6326

Consent Order
TDI Enforcement File No. 37161

General remarks and official action taken:

This is a consent order with Tesla Property & Casualty, Inc. (Tesla). The Texas Department of Insurance (TDI) conducted a market conduct examination and found multiple violations of Texas Law. TDI also received numerous consumer complaints related to claims handling practices that were consistent with the violations found in the market conduct exam. Tesla has agreed to an administrative penalty of $100,000.

Waiver

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

Findings of Fact

1. Tesla, company identification number 727, is a foreign fire and casualty company holding a certificate of authority to transact business in the state of Texas.

Market Conduct Examination

2. TDI conducted a target market conduct examination that covered activity between January 1, 2023, and June 30, 2024, on Tesla's private passenger automobile line of business.

3. The purpose of the examination was to determine Tesla's compliance with Texas statutes and regulations related to sales, advertising, and marketing; underwriting and rating; claims practices; and consumer complaints.

4. During the exam, TDI found violations of the Texas Insurance Code and Texas Administrative Code in the sample of policies and claims reviewed.

Agreements with Affiliates

5. Tesla accepted business from Texas-licensed agency Tesla Insurance Services of Texas, Inc. (TIST) without a written managing general agency (MGA) contract.

Sales, Advertising, and Marketing

6. In 6% (6 of 100) of the policies staff reviewed, Tesla used agents who were not appointed to issue or service policies.

7. In 100% (100 of 100) of the policies staff reviewed, Tesla listed TIST, who was not appointed to issue or service policies, on the declarations page.

Underwriting and Rating

8. In 100% (100 of 100) of the issued policies staff reviewed, the Notice of Toll-Free Telephone Numbers and Information and Complaint Procedures was not prominently displayed as the first, second, or third page of the set of documents.

9. In 8% (8 of 100) of issued policies staff reviewed, Tesla delivered or issued policies prior to receiving written rejections for personal injury protection coverage.

10. In 3% (3 of 100) of the policies staff reviewed, Tesla issued an insurance policy without uninsured or underinsured motorist coverage and did not obtain a rejection in writing from the insured prior to issuing the policy.

<u>Claims</u>

11. In 5% (5 of 110) of the claim payments staff reviewed, Tesla used adjusters who were not licensed.

12. In 7% (8 of 110) of the claim payments staff reviewed, Tesla failed to provide the claimant with the required Notice of Rights Regarding Repair of Motor Vehicle.

13. In 1% (1 of 110) of the claim payments staff reviewed, Tesla did not attempt in good faith to effect a prompt, fair, and equitable settlement of a claim submitted in which liability had become reasonably clear. The claim payment was delayed 21 days.

14. In 24% (26 of 110) of the claim payments staff reviewed, Tesla failed to pay the claim not later than the fifth business day. The delays in payment ranged from six days to 96 days.

15. In 10% (11 of 110) of the claim payments staff reviewed, Tesla did not notify the insured in writing of the offer to settle or the settlement of a claim against the insured.

16. In 8% (2 of 25) of the total loss claims payments staff reviewed, Tesla used adjusters who were not licensed.

17. In 4% (1 of 25) of the total loss claims payments staff reviewed, Tesla did not notify the insured in writing of the offer to settle or the settlement of a claim against the insured.

18. In 8% (2 of 25) of the pending claims staff reviewed, Tesla failed to provide the claimant with the required Notice of Rights Regarding Repair of Motor Vehicle.

19. In 4% (1 of 25) of the pending claims staff reviewed, Tesla used adjusters who were not licensed.

<u>Complaints</u>

20. Of the 40 complaints staff reviewed, 17 (43%) were considered confirmed.

21. In 3% (1 of 40) of the claims staff reviewed, Tesla failed to pay a claim not later than the fifth business day. The claim payment was issued on the 30th day.

<u>TDI Complaints</u>

22. In 2025, TDI received over 100 consumer complaints against Tesla, many of which were confirmed.

23. TDI's investigation of the complaints confirmed that Tesla had a continuing pattern of improper claims handling practices. Specifically, Tesla failed to process claims timely, failed to timely pay accepted claims, failed to pay statutory interest for delayed claims, and failed to use properly licensed adjusters.

24. TDI reviewed 39,481 claims during its investigation of Tesla's claims handling process between July 2024 through November 2025. In approximately 10% of the claims reviewed, the claims were not paid timely after accepting liability.

25. Tesla had not paid statutory interest on approximately 75% of those claims paid untimely.

26. Since notifying Tesla of the issue, Tesla has represented that it reviewed all claims since August 2024 and provided TDI with evidence that it has paid the owed statutory interest on late paid claims.

27. Prior to this investigation, Tesla had no policies or procedures in place to ensure compliance with TEX. INS. CODE Ch. 542.

<u>Previous Disciplinary History</u>

28. TDI issued a warning letter to Tesla on August 1, 2024, for failing to provide cancellation notices to policyholders via mail. No prior disciplinary orders have been entered against it.

<u>Mitigating Circumstances</u>

29. Tesla commenced writing private passenger automobile business in Texas on March 1, 2023. The market conduct examination covered activity representing Tesla's first 16 months of operation.

30. Tesla represents that prior to the issuance of any report pertaining to the market conduct examination, it voluntarily undertook an affirmative review of all claims dating back to August 2024 upon being notified of prompt payment deficiencies.

31. Upon identification of the claims in which payments were made outside the statutory period, Tesla represents it calculated and paid statutory interest to those affected claimants in order to make them whole. Tesla paid $117,384.65 in statutory interest payments.

32. Tesla further represents that in November 2025, it developed and implemented comprehensive policies and procedures to ensure future compliance with Chapter 542 of the Texas Insurance Code, including procedures for the prompt investigation of claims, timely notification of acceptance or rejection of claims, prompt payment of claims not later than the fifth business day, and payment of statutory interest on any late-paid claims.

33. Tesla indicates it has revised its procedures to ensure all Texas claims are handled by properly licensed adjusters and that all agents issuing or servicing Tesla policies are properly appointed, including its affiliated MGA, Tesla Insurance Services of Texas, Inc.

34. Tesla represents that its internal data confirms consumer complaint volume began declining in the fourth quarter of 2025, shortly after implementation of its new claims-handling policies and procedures.

35. Tesla represents it has cooperated fully with TDI throughout the examination and enforcement process, including voluntarily providing evidence of statutory interest payments, documentation of its improved compliance procedures, and all information requested by TDI's examiners and enforcement staff.

Conclusions of Law

1. The commissioner has jurisdiction over this matter under TEX. INS. CODE §§ 82.051–82.055, 84.021–84.044, 751.001 *et seq.*, 801.051-801.053, 861.101 *et seq.*, 862.051, and 982.052.

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. Tesla 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. Tesla violated 28 TEX. ADMIN. CODE § 1.601(a)(2)(A) by failing to display the Notice of Toll-Free Telephone Numbers and Information and Complaint Procedures as the first, second, or third page of the set of documents.

5. Tesla violated TEX. INS. CODE § 542.003(b)(4) by failing to attempt in good faith to effect a prompt, fair, and equitable settlement of a claim submitted in which liability had become reasonably clear.

6. Tesla violated TEX. INS. CODE § 542.057(a) by failing to pay claims not later than the fifth business day.

7. Tesla violated TEX. INS. CODE § 542.060 by failing to pay interest on a claim that was not in compliance with Chapter 542, Subchapter B of the Texas Insurance Code.

8. Tesla violated TEX. INS. CODE § 542.153(a) and (b) by failing to notify the insured in writing of the offer to settle or the settlement of a claim against the insured.

9. Tesla violated TEX. INS. CODE § 1952.101(b) by issuing an insurance policy without uninsured or underinsured motorist coverage and failing to obtain a rejection in writing from the insured prior to issuing the policy.

10. Tesla violated TEX. INS. CODE § 1952.152(a) by delivering or issuing policies prior to receiving written rejections for personal injury protection coverage.

11. Tesla violated TEX. INS. CODE § 1952.305 and 28 TEX. ADMIN. CODE § 5.501 by failing to provide the claimant with the required Notice of Rights Regarding Repair of Motor Vehicle.

12. Tesla violated TEX. INS. CODE § 4053.054 by failing to timely appoint its MGA.

13. Tesla violated TEX. INS. CODE § 4053.102(a) by accepting business from an MGA without a written contract.

14. Tesla violated TEX. INS. CODE § 4001.201 by using agents who were not appointed to issue or service policies, and by listing an MGA who was not appointed to issue or service policies on the declaration page.

15. Tesla violated TEX. INS. CODE § 4101.051 by using adjusters who were not licensed.

Order

It is ordered that Tesla Property & Casualty, Inc. pay an administrative penalty of $100,000 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.

It is further ordered that Tesla Property & Casualty, Inc. must comply with all prompt payment of claims requirements pursuant to TEX. INS. CODE CH. 542, SUBCHAPTER B.

Signed by:
Amanda Crawford
FE10434BC41A470...

Amanda Crawford
Commissioner of Insurance

Recommended and reviewed by:

Leah Gillum
____
Leah Gillum, Deputy Commissioner
Fraud and Enforcement Division

Sydney Rosales
____
Sydney Rosales, Staff Attorney
Enforcement

Approved as to form and content:

Lucy Wang
____
Lucy Wang
Counsel for Tesla Property & Casualty, Inc.

2026-10045

Affidavit

STATE OF California §
§
COUNTY OF Alameda §

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

"My name is Hyon Kientzy. 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 Secretary and am the authorized representative of Tesla Property & Casualty, Inc. I am duly authorized by said organization to execute this statement.

Tesla Property & Casualty, Inc. 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 ____________, 2026.~~

~~(NOTARY SEAL)~~

– PLEASE SEE CALIFORNIA JURAT –

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.

State of California
County of ALAMEDA
Subscribed and sworn to (or affirmed) before me this 17th **day of** JULY**, 20**26**, by** HYON KIENTZY
________________**, proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.**

Signature ________________ **(Seal)**

~~________________
Signature of Notary Public~~

~~________________
Printed Name of Notary Public~~

DAVID LEE
Notary Public - California
Alameda County
Commission # 2502808
My Comm. Expires Oct 24, 2028