

JAN 30 2012

BEFORE THE DEPARTMENT OF INSURANCE  
STATE OF NEBRASKA

STATE OF NEBRASKA	)	
DEPARTMENT OF INSURANCE,	)	
	)	CONSENT ORDER
PETITIONER,	)	
	)	CAUSE NO. C-1930
VS.	)	
	)	
HALLMARK INSURANCE COMPANY	)	
(NAIC #34037),	)	
	)	
RESPONDENT.	)	

**FILED**

In order to resolve this matter, the Nebraska Department of Insurance (“Department”), by and through its attorney, Matthew W. Holman, and Hallmark Insurance Company (“Respondent”), mutually stipulate and agree as follows:

JURISDICTION

1. The Department has jurisdiction over the subject matter and Respondent pursuant to Neb. Rev. Stat. §§ 44-101.01, 44-135, and 44-303 et seq. (Reissue 2010). Said jurisdiction and control have been present at all times material hereto.

2. Respondent is an Arizona domiciled insurance company licensed to engage in the business of insurance in the State of Nebraska.

STIPULATIONS OF FACT

1. The Department initiated this administrative proceeding by filing a petition styled State of Nebraska Department of Insurance vs. Hallmark Insurance Company, Cause Number C-1930 on December 14, 2011. A copy of the petition was served upon Respondent and the

Respondent's agent for service of process, CT Corporation System, 301 S. 13 Street, Suite 500, Lincoln, Nebraska 68508.

2. Respondent allegedly violated Neb. Rev. Stat. § 44-1525(11) (Reissue 2010) as a result of the following conduct:

- a. On or about June 29, 2010, Mickey Scheidt ("Scheidt"), Insurance Investigator for the Consumer Affairs Division for Petitioner, sent a written inquiry to Respondent at its registered mailing address, 777 Main, Suite 1000, Fort Worth, Texas 76102, via regular U.S. mail, requesting information regarding the handling of claim number P0157341. This inquiry specifically stated, "Nebraska insurance laws require an adequate response within 15 working days of receipt of this letter. Failure to provide complete information in a timely manner is considered an unfair trade practice."
- b. On or about July 26, 2010, a follow-up letter was sent by Scheidt to Respondent at its registered mailing address. This follow-up included a copy of the June 29, 2010 letter and stated, "[w]e are concerned that your non-response to date may be considered an unfair trade practice act, as defined by Nebraska Revised Statute 44-1525(11)."
- c. On or about August 5, 2010, an employee for Respondent contacted Scheidt by telephone to indicate she was preparing an e-mail response to the June 29, 2010 inquiry. Scheidt indicated that the Department would prefer the response come through regular mail.
- d. On or about August 16, 2010, the Nebraska Department of Insurance received a response from Respondent to the June 29, 2010 inquiry. Neither this response nor the August 5, 2010 phone call was received within fifteen business days of receipt of the initial inquiry.
- e. On or about December 10, 2010, Jeanette McArthur ("McArthur"), Insurance Investigator for the Consumer Affairs Division for Petitioner, sent a written inquiry to Respondent at its registered mailing address, via regular U.S. mail, regarding the handling of a claim for Ms. Donna L. Thompson. This inquiry specifically stated, "Nebraska insurance laws require an adequate response within 15 working days of receipt of this letter. Failure to provide complete information in a timely manner is considered to be an unfair trade practice."
- f. On or about December 22, 2010, McArthur sent a second inquiry to Respondent, via facsimile, requesting additional information related to the handling of the claim for Ms. Donna L. Thompson.

- g. On or about January 5, 2011, McArthur sent a follow-up request to Respondent regarding the December 22, 2010 inquiry.
- h. On or about January 11, 2011, McArthur sent another follow-up request indicating that the Nebraska Department of Insurance had not yet received any response from Respondent related to the December 10, 2010 or December 22, 2010 inquiries.
- i. On or about January 18, 2011, the Nebraska Department of Insurance received a response from Respondent to the December 10, 2010, inquiry. This response was not received within fifteen business days of receipt of the initial inquiry.
- j. On or about February 22, 2011, McArthur sent a written inquiry to Respondent at its registered mailing address, via regular U.S. mail, requesting information regarding the handling of claim number P0170810. This inquiry specifically stated, "Nebraska insurance laws require an adequate response within 15 working days of receipt of this letter. Failure to provide complete information in a timely manner is considered an unfair trade practice."
- k. On or about March 21, 2011, McArthur sent a follow-up request to Respondent, which included a copy of the February 22, 2011 inquiry. This follow-up letter stated, "[w]e are concerned that your non-response to date may be considered an unfair trade practice act, as defined by Nebraska Revised Statute 44-1525(11)."
- l. On or about March 28, 2011, Respondent sent an e-mail to McArthur, indicating a delay between Respondent's corporate office and Respondent's employees responsible for responding to Petitioner's claims-related inquiries. Respondent provided a direct mailing address for complaint inquiries, Hallmark Insurance Company, 6500 Pinecrest Drive, Ste 100, Plano, Texas, 75024.
- m. On or about March 29, 2011, the Nebraska Department of Insurance received a response to the February 22, 2011 inquiry. This response was not received within fifteen business days of receipt of the initial inquiry.
- n. On or about March 31, 2011, Petitioner's records were updated to reflect the new mailing address for Respondent to be used for complaint inquiries.
- o. On or about June 29, 2011, Karen Dyke ("Dyke"), Insurance Investigator for the Consumer Affairs Division for Petitioner, sent a written inquiry to Respondent requesting information related to a claim involving Mr. Robert Reynolds. This inquiry was sent via regular U.S. mail to Hallmark Insurance Company, 6500 Pinecrest Dr. Ste. 100, Plano, Texas 75024. It specifically stated, "Nebraska insurance laws require an adequate response within 15 working days of receipt of this letter. Failure to provide complete information in a timely manner is considered an unfair trade practice."

- p. On or about July 25, 2011, Dyke sent a follow-up request to Respondent regarding the June 29, 2011 inquiry.
- q. On or about August 5, 2011, the Nebraska Department of Insurance received a response to the June 29, 2011 inquiry. This response was not received within fifteen business days of receipt of the initial inquiry.

3. Respondent was informed of its right to a public hearing. Respondent waives that right, and enters into this Consent Order freely and voluntarily. Respondent understands and acknowledges that by waiving the right to a public hearing, Respondent also waives the right to confrontation of witnesses, production of evidence, and judicial review.

4. Respondent admits the allegations stated in Paragraph 2.

#### CONCLUSIONS OF LAW

Respondent's conduct as alleged above constitutes a violation of Neb. Rev. Stat. § 44-1525(11) (Reissue 2010) and is subject to disciplinary action pursuant to Neb. Rev. Stat. § 44-1529 (Reissue 2010).

#### CONSENT ORDER

It is therefore ordered by the Director of Insurance and agreed by Respondent, Hallmark Insurance Company, that Respondent shall pay an administrative fine in the amount of two thousand dollars (\$2,000.00) due within 30 days after the Director of Insurance or his designee approves and signs this consent order.

The Department of Insurance will continue to retain jurisdiction over this matter. If Respondent fails to pay the amount required as specified under this consent order, additional administrative action shall be taken by the Petitioner, which may include revocation of Respondent's Nebraska certificate of authority. In witness of their intention to be bound by this Consent Order, each party has executed this document by subscribing his/her signature below.

Matthew W. Holman

Matthew W. Holman, #24410  
Attorney for Petitioner  
941 "O" Street, Suite 400  
Lincoln, NE 68508  
(402) 471-2201

1/27/2012  
Date

Hallmark Insurance Company,  
Respondent

By: Karlene Gallagher

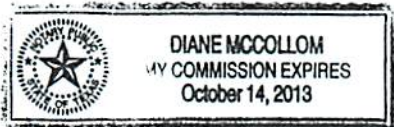
1/23/2012  
Date

State of Texas )

County of Collin )

) ss.  
)

On this 23rd day of January, 2012, an authorized representative of Hallmark Insurance Company personally appeared before me and read this Consent Order, executed the same and acknowledged the same to be his/her voluntary act and deed.



Diane McCollom  
Notary Public

CERTIFICATE OF ADOPTION

I hereby certify that the foregoing Consent Order is adopted as the Final Order of the Nebraska Department of Insurance in the matter of State of Nebraska Department of Insurance vs. Hallmark Insurance Company (NAIC #34037), Cause No. C-1930.

STATE OF NEBRASKA  
DEPARTMENT OF INSURANCE

Bruce R. Range  
Bruce Range  
Director of Insurance

1-30-2012  
Date

CERTIFICATE OF SERVICE

I hereby certify that a copy of the executed Consent Order was sent to the Respondent at its registered business address for complaints, 6500 Pinecrest Drive Suite 100, Plano, Texas 75024, by certified mail, return receipt requested on this 30<sup>th</sup> day of January, 2012.



**RECEIVED**

JAN 27 2012

**NEBRASKA DEPARTMENT  
OF INSURANCE**