



Responding to Insurance Complaints Before the Texas Department of Insurance

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TDI Complaints

- Who is subject to TDI authority?
 - Companies
 - Agents
 - Agencies
- Or anyone engaging in the business of insurance.

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Who sends complaint notices?

- The Enforcement Division
 - Referred by another division
 - Keep all records of discussions with other TDI employees

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Usual Complaints

- Common issues:
 - Response time
 - Payment amounts
 - Denial of coverage
- Consumer complaints could raise other compliance questions for TDI
 - Licensure issues
 - Form approval
 - Methods of doing business

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Receiving a Complaint



Complaints are usually sent by fax or email

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Sample Complaint

TDI | Texas Department
of Insurance

PO Box 12030 | Austin, TX 78711 | 800-578-4677 | tdi.texas.gov

Your written response is due 15 days after you receive this inquiry.
A record of this inquiry will be maintained under Tex. Ins. Code § 38.001.



RE: TDI Enforcement File No. [REDACTED]

Dear [REDACTED]



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Responding to the Complaint: Time

- 15 days to respond.
- Can request an extension of the deadline from the officer, whose email and phone number will be included in the complaint.

If you need additional time to respond, please request an extension before the 15-day deadline. Please do not hesitate to contact me by email or phone should you have any questions.

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Responding to the Complaint: Goal

01

Demonstrate
compliance

02

Explain
misunderstandings

03

Correct mistakes

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Preparing to Respond to the Complaint

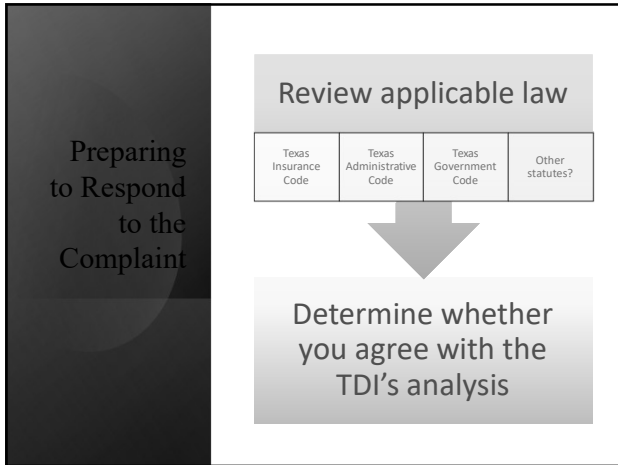


REVIEW ALL INFORMATION
REQUESTED



START GATHERING
REQUESTED RECORDS

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Responding to the Complaint: Questions

Ask the enforcement officer clarifying questions or for more information if needed

Advice from TDI: reach out with questions, respond timely, maintain complaint contacts

If you need additional time to respond, please request an extension before the 15-day deadline. Please do not hesitate to contact me by email or phone should you have any questions.

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Responding to the Complaint: Substance

Include narrative and timelines

Address each issue raised

Provide legal arguments supporting your position

Provide additional information needed to explain the situation

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Responding to the Complaint: Substance



WRITE CLEARLY AND
CONCISELY



BE BRIEF



PROOFREAD YOUR WORK

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Responding to the Complaint: Form

Include the
Enforcement File
Number

Date

Name and authority
of individual
completing response

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Responding to the Complaint: Example 1

TDI | Sample response 1

*This is in response to your letter received November 18, 2022. We reviewed the policy for a better understanding of the concern. The policy was issued in Texas and no refunds were due. The policy findings are noted below.

The policy term effective May 18, 2022 was in the amount of \$762.84, while the renewal term effective November 18, 2022 was in the amount of \$1,160.20 (copies enclosed). The premium was impacted due to the rating revisions taken by [REDACTED] for renewals effective on or after September 1, 2022 and November 1, 2022.

There are many factors that affect insurance premiums such as but not limited to age, driving history, location, and the increasing cost of vehicle repairs. When one or more of these factors change, it may impact the policy premium. Any rate conversions taken by [REDACTED] are due to the increasing costs associated with claims payments. Once a rate revision is approved by the Texas Department of Insurance, the revision is implemented statewide for all policyholders in the state with that same company placement.

More complex cars are being driven which makes repairs much more expensive. Recent natural disasters have caused catastrophic losses in major states across the US. We also consider the shortage of replacement vehicles and parts, increased cost of parts or parts supply disruptions and mechanic labor or shortages. The number of accidents and the costs associated with the accidents including medical expenses and healthcare costs are increasing which is what led to the recent rate adjustments.

We hope this information clarifies the concern. If you need additional information, please contact [REDACTED].

<https://www.tdi.texas.gov/InsurED/documents/resolving-consumer-insurance-complaints.pdf>

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Responding to the Complaint: Example 2

TDI | Sample response 2

"Dear Texas Department of Insurance,

Thank you for your letter dated October 17, 2022 regarding [REDACTED] policy.

The Texas policy was effective June 30, 2014 and was terminated effective May 27, 2022 per the insured's request.

We apologize for the delay in removing the collection balance. When [REDACTED] requested termination was processed on June 13, 2022, an incorrect termination credit of \$676.01 posted to the policy and a refund check issued for this incorrect amount on June 14, 2022. On September 13, 2022, the credit of \$676.01 was reversed and the amount on the June 14, 2022 check was owed back to [REDACTED]. The June 14, 2022 refund check was voided on October 12, 2022 and reapplied to the policy as a credit. This completely removed the balance, and the collection balance has been cleared. A new refund check for \$119.61 was issued to the customer on October 14, 2022.

During our investigation, we contacted [REDACTED], agent [REDACTED], [REDACTED] advised her staff has spoke with the insured several times in the month of October and previously confirmed for [REDACTED] the policy was corrected.

We appreciate the opportunity to address [REDACTED] concerns. If you have any further questions, please feel free contact me at [REDACTED]."

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Responding to the Complaint: Example 3

TDI | Sample response 3

"In reviewing the contact between [REDACTED] and [REDACTED], we found initial outreach was made to us on November 1, 2022 via web chat. [REDACTED] provided additional information through our secure messaging feature on November 2, 2022. Items are worked in the order they are received, and due to staffing issues and inventory, sometimes it takes a little longer to respond. [REDACTED] followed up via secure messaging on November 16, 2022, to check the status of our review. We advised we were still looking into it.

During a November 17, 2022, phone call with the patient, [REDACTED] mentions the No Surprise Act (NSA). [REDACTED] was not familiar with this and explained they would do further checking into the status of the claims and their relationship to NSA. On November 18, 2022, all claims were adjusted to allow at the in-network benefit level. The member was notified of reprocessing. The Explanation of Benefits (EOB) for the reprocessed claims are attached.

Based on our review, the claims are not eligible for prompt pay, as services were rendered by an out-of-network provider. Their services are also not eligible for arbitration, as they were non-emergent.

Further questions may be directed to [REDACTED]."

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Responding to the Complaint: Public Information Act

- Public Information Act (Tex. Gov. Code Chapter 552)
- Texas version of the federal Freedom of Information Act ("FOIA")

The department must comply with the Texas Public Information Act (PIA). You should mark any responses or documents you believe may be confidential or excepted from the PIA's requirements.

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Responding to the Complaint: Public Information Act

Confidential information

Exceptions

- Some information is excepted from PIA as a matter of law, but best practice is still to mark exceptions

Refer to: Public Information Act Handbook, published by OAG

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Responding to the Complaint: Delivery

- Complaint should explain how the response should be delivered – usually by email. Request delivery confirmation.

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What happens after you respond?



FOLLOW-UP QUESTIONS



REQUESTS FOR
ADDITIONAL
INFORMATION



ADDITIONAL FORMAL
LETTERS

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TDI Complaint Dispositions



Warning Letters



Notice of intent to take
disciplinary action



SOAH filing

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SOAH Actions

- State Office of Administrative Hearings
- Applicable law:
 - Texas Gov't Code Ch. 2001 (administrative procedures)
 - Texas Gov't Code Ch. 2003 (enabling statutes)
 - Title 1, Part 7 Tex. Admin. Code Chapter 155 (Rules of Procedure)
 - Texas Insurance Code (substantive law)
 - Texas Administrative Code (substantive law)

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SOAH Dispositions

Consent Order

Proposal for
Decision (PFD)

Decision and
Order

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Consent Order Example

Official Order
of the
Texas Commissioner of Insurance

Date: [REDACTED]

Subject Considered:

[REDACTED]

Consent Order
TDI Enforcement File No. [REDACTED]

General remarks and official action taken:

This is a consent order with [REDACTED] for violations found in a market conduct examination performed by the Texas Department of Insurance (TDI). [REDACTED] has agreed to an administrative penalty of \$60,000.

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Consent Order Example

Claims

11. In 6% (6 of 100) of the claims staff reviewed, [REDACTED] failed to pay a claim not later than the fifth business day in violation of Tex. Ins. CODE § 542.057(a). [REDACTED] has complied with Tex. Ins. CODE § 542.060 by paying the penalties on the late claim payments.

Complaints

12. In 13% (5 of 40) of the complaints staff reviewed, [REDACTED] did not respond within 15 days to a complaint inquiry by TDI in violation of Tex. Ins. CODE § 38.001(c).
13. In 3% (1 of 40) of the complaints staff reviewed, [REDACTED] canceled a homeowners insurance policy past 60 days of the effective date in violation of Tex. Ins. CODE § 551.104(g).
14. [REDACTED] accepted TDI's final market conduct exam report and has provided a corrective action plan.

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Consent Order Example

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; Tex. Ins. CODE §§ 36.104 and 82.055; and 28 Tex. ADMIN. CODE § 1.47.
3. [REDACTED] 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. [REDACTED] violated Tex. Ins. CODE § 4001.201 by allowing subagents not appointed to issue or service policies.

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Consent Order Example

5. [REDACTED] violated 28 Tex. ADMIN. CODE § 21.116(b) by not filing an annual statement of advertising compliance.
6. [REDACTED] violated Tex. INS. CODE § 2002.103(c) by not providing the Disclosure regarding Flood Coverage.
7. [REDACTED] violated 28 Tex. ADMIN. CODE § 5.9342(a)(1) by not filing a written, comprehensive set of each underwriting guideline used by [REDACTED] every three calendar years.
8. [REDACTED] violated Tex. INS. CODE § 542.057(a) by failing to pay a claim not later than the fifth business day.
9. [REDACTED] violated Tex. INS. CODE § 38.001(c) by not responding within 15 days to a complaint inquiry by TDI.
10. [REDACTED] violated Tex. INS. CODE § 551.104(g) by canceling a homeowners insurance policy past 60 days of the effective date.

Order

It is ordered that [REDACTED] pay an administrative penalty of [REDACTED] 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.

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Bottom line, according to the TDI

TDI | The bottom line

- Insurance is complicated.
- Consumers are under stress.
- People and systems make mistakes.
- Customer service often seems lacking.
- Frustration leads to complaints.

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Questions

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