

Market Conduct Final Examination Report

Insurance Payment Company

Florida Company Code: 41388

December 11, 2023



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Executive Summary

A market conduct examination of Insurance Payment Company (“IPC” or “Company”) was performed to ascertain the Company’s compliance with the applicable provisions of the Florida Insurance Code as required by Section 627.834(2), Florida Statutes (“F.S.”).

Company Operations

IPC is a foreign premium finance company licensed to offer premium finance agreements in Florida on April 22, 2020. IPC generally finances nine-to-10-month commercial property and casualty insurance policies.

Total Premiums Receivable in Florida during the examination scope period was as follows:

Year	Total Premiums Receivable in Florida (Per Schedule A of the Annual Report)
2022	\$404,202
2021	\$154,813
2020	\$0
2019	Not Required to File

Section 627.828(1), F.S. requires premium finance companies to maintain a net worth of \$35,000 or a net worth of \$10,000 if a surety bond or other acceptable collateral is approved by the Florida Office of Insurance Regulation (“OIR”). The Company met the requirements of Section 627.828(1), F.S. by reporting the following statutory net worth:

Year	Statutory Net Worth as of December 31 st (Per the Balance Sheet of the Annual Report)
2022	\$2,804,586
2021	\$4,464,927
2020	\$2,381,812
2019	Not Required to File

Section 627.836(2), F.S. requires premium finance companies to file an annual report with OIR and remit the annual report filing fee to the Florida Department of Financial Services (“DFS”) by March 1st of each year. The Company made the following filings during the examination scope period as follows:

Year	Date Annual Report Filed with OIR	Date Annual Report Filing Fees Remitted to DFS
2022	03/01/2023	02/13/2023
2021	02/28/2022	02/08/2022
2020	03/03/2021	02/12/2021
2019	Not Required to File	Not Required to File

Finding 1: The examiners determined that in one instance the Company did not file the Annual Report with OIR by March 1st, as required by Section 627.836(2), F.S.

Purpose and Scope of the Examination

OIR has primary responsibility for the regulation, compliance and enforcement of statutes related to the business of insurance premium financing and the monitoring of industry markets. OIR is required to examine each premium finance company not less frequently than every three years, pursuant to Section 627.834(2), F.S. Due to this responsibility, OIR conducted a market conduct examination of IPC. The examination scope period was from January 1, 2019, to December 31, 2022. The examination was performed by members of OIR's Property and Casualty Market Regulation business unit.

The purpose of a market conduct examination is to review the premium finance company's operating practices to determine if they comply with the applicable provisions of the Florida Insurance Code, rules related to the business of insurance premium financing, the provisions contained within a premium finance contract issued by the Company, or orders issued by OIR. A common element of all market conduct examinations is to evaluate a premium finance company's business practices to promote the protection of insurance-buying consumers and to hold entities regulated by OIR accountable when issues or violations are found.

The examination began April 3, 2023 and ended December 6, 2023. This is the first market conduct examination of IPC.

Complaint Statistics

As of December 31, 2022, DFS Division of Consumer Services reported receiving zero complaints related to premium finance agreements issued by IPC to consumers during the examination scope period.

Complaints Reported to DFS by Consumers	
Year	Number of Complaints
2022	0
2021	0
2020	0
2019	0

Examination Procedures

The conduct of this examination and the procedures, statistical sampling and examination processes used were consistent with and in accordance with those standards and procedures contained in the *Market Regulation Handbook* promulgated by the National Association of Insurance Commissioners (“NAIC”).

In preparation for the examination, the Company was requested to provide the total number, or universe, of premium finance agreements entered into during the examination’s scope period. The Company reported entering into a total of 91 premium finance agreements during the examination scope period.

The NAIC’s *Market Regulation Handbook* provides guidance regarding sampling methods utilized during market conduct examinations. A minimum confidence level of 95% is used to make inferences when a universe population is greater than 200 and permits those results to be extrapolated to the population of all premium finance agreements. In this instance, the total universe of premium finance agreements is less than 200. As a result, all 91 premium finance agreements were reviewed and tested for compliance with the Florida Insurance Code.

In reviewing materials for this report, the examiners relied on records and information provided by the Company.

Findings

The examination focused on the Company’s use of approved forms and rates and evaluated specific statutory components required by the Company in the execution of premium finance agreements, including but not limited to finance charges, service fees, late and non-sufficient fund fees, and products financed. To determine the Company’s adherence to these statutory requirements, the examiners reviewed and analyzed each sampled premium finance agreement to determine if the agreement was executed in compliance with the Florida Insurance Code.

Finding 2: The examiners determined that in 88 instances out of 91 premium finance agreements reviewed, an error percentage of 97%, the Company utilized a form that was not filed with or approved by OIR, as required by 627.838(1) F.S.

Company Response: The Company agreed with the finding.

Subsequent Event: As of December 1, 2023, all premium finance forms have been submitted and approved by OIR.

Recommendations

The following recommendations were compiled from the Findings contained within this report, and observations noted during the examination. The Company is to provide a written report to OIR of actions taken on each Recommendation within 60 days of the Company’s receipt of the Final Examination Report.

It is recommended that the Company:

- Ensure that Annual Reports are filed with OIR by March 1 each year; and
- Ensure that only forms reviewed and approved by OIR are utilized and issued to insureds.

Conclusion

This market conduct examination of Insurance Payment Company was designed to review and evaluate whether the Company's handling of premium finance agreements was in compliance with the provisions of the Florida Insurance Code. During the examination, OIR identified findings and made recommendations for remediation to be implemented by the Company.

This examination report and the observations contained therein are the result of a factual, data-driven analysis of the Company's premium finance agreements and practices related to the cancellation and refund of premiums to consumers. This report contains a number of recommendations for improvement that should be implemented by the Company. It does not document what regulatory or administrative action may be taken by OIR. Any such action taken as a result of this market conduct examination will be the subject of a separate Order issued by OIR.

Examination Report Final Submission

OIR hereby issues this final report based upon information from the draft report, additional research conducted by OIR, and additional information provided by the Company.



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