



THE TREASURER OF THE STATE OF FLORIDA  
DEPARTMENT OF INSURANCE

FILED

MAR 25 2002

Treasurer and  
Insurance Commissioner  
Docketed by: SR

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 60210-02-CO

**AMERICAN SAFETY CASUALTY INSURANCE COMPANY**

2001 Property and Casualty Market Conduct  
Examination

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CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **AMERICAN SAFETY CASUALTY INSURANCE COMPANY**, hereinafter referred to as **AMERICAN SAFETY** and the **FLORIDA DEPARTMENT OF INSURANCE**, hereinafter, referred to as the **DEPARTMENT**. Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the **DEPARTMENT** hereby finds as follows:

1. The **DEPARTMENT** has jurisdiction over the subject matter of, and parties to, this proceeding.
2. **AMERICAN SAFETY** is a foreign property and casualty insurer authorized to transact insurance business in Florida and is subject to the jurisdiction and regulation of the **DEPARTMENT** pursuant to the Florida Insurance Code.

3. The **DEPARTMENT** conducted a property and casualty market conduct examination of **AMERICAN SAFETY** covering the period of January 1998 through March 2001, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **AMERICAN SAFETY** committed the following violations of the Florida Insurance Code or Florida Administrative Code as outlined in total in the Fine Worksheet provided with the Report of Examination Findings:

a. Commercial Automobile

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Scheduled Rating Factor.
2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Territories.
3. Rule 4-170.004, Failure to Apply Credit/Debit Within Approved Range.
4. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Fleet Factor.

b. Surety

1. Section 627.062, F.S.- Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Calculated Incorrectly.
2. Section 627.062, F.S.- Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Percentage Factor.
3. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Added Coverage Premium.

c. Workers' Compensation

1. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Rating Errors.
2. Section 627.091, F.S.-Use of Unfiled Rate, Rating Schedule, Rating Rule or Underwriting Guideline.
3. Section 627.191, F.S.-Failure to Follow File Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Audit Billing Experience Modification.
4. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Audited Payroll.
5. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Minimum Premiums.
6. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Audit Billing Procedure.
7. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Incorrect Rates.
8. Section 627.191, F.S.-Failure to Audit Policy and Return Premium Timely.
9. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Experience Rating Plan.
10. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Revised Statistical Cards.
11. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or

Underwriting Guideline-Reporting Incorrect Premium.

12. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Employee Reporting.

d. Agents/MGA

1. Section 626.112, F.S.-Use of Unappointed Agent.
2. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent/Adjuster.
3. Section 627.4085, F.S.-Failure to Display Agent Name/License ID# or Insurer Name on Application.

e. Cancellations/Nonrenewals

1. Rule 4-167.001, Failure to Return Premium Timely.
2. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Incorrect Audit Cancellations.
3. Section 627.191, F.S.-Failure to Audit Policy and Return Premium Timely.
4. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Experience Modification Factors.
5. Section 627.191, F.S.- Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Incorrect Classifications.
6. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Expense Constant.

7. Section 627.4091, F.S.-Failure to Provide Specific Reason for Denial, Cancellation or Nonrenewal.

8. Section 627.1615, F.S.-Failure to Insure Due to Small Premium Volume.

4. The **DEPARTMENT** and **AMERICAN SAFETY** expressly waive a hearing in this matter and the making of Findings of Fact and Conclusions of Law by the **DEPARTMENT** and all further and other proceedings herein to which the parties may be entitled by law. **AMERICAN SAFETY** hereby knowingly and voluntarily waives the rights to challenge or to contest this Order, in any forum now available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

5. **AMERICAN SAFETY** agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) **AMERICAN SAFETY** shall pay an administrative penalty of \$8,100 and administrative costs of \$1,750 on or before the 30th day after this Consent Order is executed.

(b) **AMERICAN SAFETY** shall henceforth comply with all of the provisions of the Florida Insurance Code, Florida Administrative Code and implement policies and procedures that will preclude the recurrence of violations contained in the examination report. These policies and procedures shall be made available to the **DEPARTMENT** for review upon request. Within 90

days after execution of this Consent Order, **AMERICAN SAFETY** shall both implement the recommendations contained in this report, and submit confirmation, in writing, to the **DEPARTMENT** that all directives contained in the report have been met, including all refunds made.

(c) **AMERICAN SAFETY** is hereby placed on notice of the requirements of the above referenced sections of law and agrees that any future violations of these sections by **AMERICAN SAFETY** may be deemed willful, subjecting **AMERICAN SAFETY** to appropriate penalties.

6. **AMERICAN SAFETY** agrees that the failure to adhere to one or more of the above terms and conditions of this Order shall constitute a violation of a lawful order of the **DEPARTMENT**, and shall subject **AMERICAN SAFETY** to such administrative action as the **DEPARTMENT** may deem appropriate.

7. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

8. **THEREFORE**, the agreement between **AMERICAN SAFETY CASUALTY INSURANCE COMPANY** and the **DEPARTMENT**, the terms and conditions of that are set forth above, is approved.

FURTHER, all terms and conditions above are hereby  
ORDERED.

DONE and ORDERED this 25TH day of MARCH,  
2002.



KEVIN MCCARTY  
Deputy Insurance Commissioner

By execution hereof **AMERICAN SAFETY CASUALTY INSURANCE COMPANY** consents to entry of this Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. I am authorized to execute this document.

**AMERICAN SAFETY CASUALTY INSURANCE COMPANY**

By: Stephen R. Crim

Name) Stephen R. Crim

Title: President

Date: 3-7-02

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