

3. The rate manual filings stated that an Equipment Breakdown Enhancement endorsement would be added to the policy only upon policyholder request. The OFFICE approved the filing.

4. In September 2013, CAPITOL PREFERRED began adding the Equipment Breakdown Enhancement endorsement to Homeowners Multi-Peril and Dwelling Property policies using a Notice of Change in Policy Terms, which CAPITOL PREFERRED believed was permitted under Section 627.43141, Florida Statutes.

5. CAPITOL PREFERRED continued to add the Equipment Breakdown Enhancement endorsement to policies until it voluntarily ceased adding the endorsement in July 2014, when it became aware that its rate manual filing had not been amended.

6. The endorsement was added to eighteen thousand eight hundred forty (18,840) policies upon renewal, at a cost of fifty U.S. Dollars (\$50) per year for a total of nine hundred forty two thousand U.S. Dollars (\$942,000) in premium.

7. The additional coverage was automatically applied, upon renewal, and was not applied at the request of the policyholder, contrary to the approved rating manual and in violation of Florida Statute Section 627.062.

8. CAPITOL PREFERRED continues to renew policies with the endorsement where the endorsement was previously automatically added to the policy.

9. Currently eighteen thousand sixty-five (18,065) policies include the endorsement, representing a large segment of the company's policyholders.

10. As a result of the above, the OFFICE and CAPITOL PREFERRED expressly agree to the following terms and conditions:

a. CAPITOL PREFERRED agrees that within sixty (60) days of the execution of this Consent Order to refund premiums for all affected policyholders who have not had a claim paid under the Equipment Breakdown Enhancement endorsement, and to send the policyholder a notice indicating the endorsement was added in error and that a refund has been made.

b. The notice shall inform the policyholder that the coverage provided by the endorsement is rescinded retroactively to the date it was added and will not be a part of the policy at future renewals unless requested by the policyholder. The notice shall state what coverage is included by the endorsement and shall also include that if the Equipment Breakdown Enhancement endorsement is requested to be reinstated by the policyholder CAPITOL PREFERRED will reinstate the coverage with an effective date being the date it was added in error.

c. The notice will advise the affected policyholders they need to contact their agent or otherwise notify their insurer if they wish to add the Equipment Breakdown Enhancement endorsement to their policy. The notice shall advise the policyholder how to contact CAPITOL PREFERRED, either directly or through their agent, to indicate their desire for the Equipment Breakdown Enhancement endorsement to remain a part of their policy.

d. CAPITAL PREFERRED acknowledges that all refunds resulting from the automatic addition of the Equipment Breakdown Enhancement endorsement shall

be subject to twelve percent (12%) annual interest pursuant to Section 624.4211, Florida Statutes. The interest check shall be made payable to the policyholder.

e. Within sixty (60) days of the date of the execution of this Consent Order CAPITOL PREFERRED agrees to compile a summary report of the refunds made pursuant to paragraph 10. The report shall include each policyholder's name, policy number, refund amount with interest, and payment date. In the event CAPITOL PREFERRED is unable to locate former policyholders who are entitled to refunds, it shall submit the refunds to the State of Florida as unclaimed property. CAPITOL PREFERRED agrees to compile a report of escheated funds. The reports shall be made available for examination upon request.

f. CAPITOL PREFERRED agrees to pay an administrative fine in the amount of thirty-five thousand U.S. Dollars (\$35,000) and administrative costs of three thousand U.S. Dollars (\$3,000) within thirty (30) days of the execution of this Consent Order. The parties agree that failure to pay the administrative fine and costs in full within the specified time period, in accordance with the terms of the attached invoice hereby incorporated by reference, may result in further administrative action.

11. CAPITOL PREFERRED further agrees to henceforth comply with all provisions of the Florida Insurance Code.

12. CAPITOL PREFERRED acknowledges that the OFFICE shall have continuing jurisdiction to enforce the requirements and provisions of this Consent Order, and that in the event CAPITOL PREFERRED fails to comply with any provision of this

Consent Order, the OFFICE in its sole discretion may impose such administrative penalties or other appropriate remedies as authorized by the Florida Insurance Code.

13. CAPITOL PREFERRED expressly waives its right to any hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings to which they might be entitled by law or rules of the OFFICE. CAPITOL PREFERRED hereby knowingly and voluntarily waives all rights to challenge or to contest the terms of this Consent Order in any forum now or in the future available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

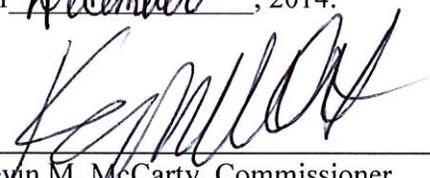
14. Except as otherwise specifically provided for herein, each party to this action shall bear its own costs and attorney's fees.

WHEREFORE, the agreement between CAPITOL PREFERRED and the OFFICE, the terms and conditions of which are set forth above, is APPROVED.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE and ORDERED this 4th day of December, 2014.





Kevin M. McCarty, Commissioner
Office of Insurance Regulation

By execution hereof CAPITOL PREFERRED INSURANCE COMPANY, INC. consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that he or she has the authority to bind CAPITOL PREFERRED INSURANCE COMPANY INC, to the terms and conditions of this Consent Order.

CAPITOL PREFERRED INSURANCE COMPANY INC.

Corporate Seal

By: *James Graganella*
James Graganella
Print or Type Name

Title: President & CEO

Date: 12/4/14

STATE OF FL

COUNTY OF Leon

The foregoing instrument was acknowledged before me this 4 day of December 2014.

By James Graganella as President & CEO
(Name of Person) (Type of Authority - e.g. officer, trustee, attorney-in fact)

For Capitol Preferred Insurance Co.
(Company Name)



Kristie Mock
(Signature of the Notary)

Kristie Mock
(Print, Type or Stamp Commissioned Name of Notary)

Personally Known OR Produced Identification

Type of Identification Produced _____

Copies to:

James Anthony Graganella
Chief Executive Officer
2255 Killearn Center Boulevard
Tallahassee, FL 32309
jgraganella@pmains.com

Wes Strickland
Colodny Fass P.A.
215 South Monroe Street, Suite 701
Tallahassee, FL 32301
wstrickland@colodnyfass.com

Sandra Starnes, Director
P & C Product Review
Larson Building
200 East Gaines Street
Tallahassee, FL 32399-0330

James Pafford, Director
Market Investigations
Larson Building
200 East Gaines Street
Tallahassee, FL 32399-4210

Amy Groszos, Financial Administrator
Market Investigations
Larson Building
200 East Gaines Street
Tallahassee, FL 32399-4210

Leonard Holton
Assistant General Counsel
Legal Services Office
Larson Building
200 East Gaines Street
Tallahassee, FL 32399-4206



OFFICE OF INSURANCE REGULATION

FINANCIAL SERVICES
COMMISSION

RICK SCOTT
GOVERNOR

JEFF ATWATER
CHIEF FINANCIAL OFFICER

PAM BONDI
ATTORNEY GENERAL

ADAM PUTNAM
COMMISSIONER OF
AGRICULTURE

KEVIN M. McCARTY
COMMISSIONER

INVOICE

In order to ensure that your payment is received and properly credited, please make your check payable to the Florida Department of Financial Services and **return this invoice with your payment to:**

**Department of Financial Services
Revenue Processing Section
P.O. Box 6100
Tallahassee, Florida 32314-6100**

REFERENCE

NAME: Capitol Preferred Insurance Company, Inc.
ADDRESS: 2255 Killearn Center Boulevard
CITY, STATE, ZIP: Tallahassee, FL 32309
FEIN #: 59-3499140
NAIC CO CODE: 10908
CASE #: 162158-14-CO
ATTORNEY: Leonard Holton
SOURCE: Market Investigations

***Fine Due: \$35,000.00
Costs Due: \$ 3,000.00
Total Amount Due: \$38,000.00***

Amount Remitted:

OFFICIAL USE ONLY – PLEASE DO NOT MARK BELOW THIS LINE

<u>B/T</u>	<u>T/C</u>	<u>F/T</u>	<u>AMOUNT</u>
C	1105 – Market Conduct	J	
C	1249 – Attorney’s fees	J	