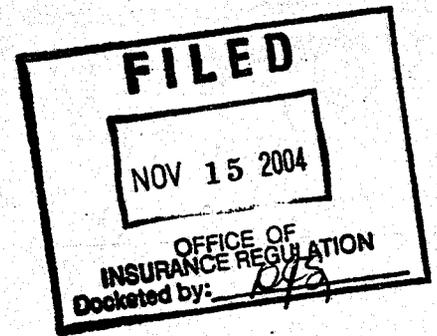


Received by Office of  
Insurance Regulation

NOV 16 2004



Bureau of  
Market Investigations  
OFFICE OF INSURANCE REGULATION



KEVIN M. McCARTY  
COMMISSIONER

IN THE MATTER OF:

**DIRECT GENERAL INSURANCE COMPANY**  
2003 Market Conduct Examination

CASE NO.: 77631-04-CO

**CONSENT ORDER**

THIS CAUSE came on for consideration as the result of an agreement between **DIRECT GENERAL INSURANCE COMPANY**, (hereinafter referred to as "**DIRECT**") and the **OFFICE OF INSURANCE REGULATION** (hereinafter referred to as "**the OFFICE**"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the Commissioner of the Office of Insurance Regulation, as head of the **OFFICE OF INSURANCE REGULATION**, hereby finds as follows:

1. The Commissioner of the Office of Insurance Regulation, as head of the **OFFICE**, has jurisdiction over the subject matter of, and parties to, this proceeding.
2. **DIRECT** is a commercially domiciled property and casualty insurer authorized to transact insurance business in Florida and is subject to the jurisdiction and regulation of the **OFFICE** pursuant to the Florida Insurance Code.
3. The **OFFICE** conducted a market conduct examination of **DIRECT**, pursuant to Section 624.3161, Florida Statutes, in 2003, and as a result, it has been determined that **DIRECT** has violated the following provisions of the Florida Insurance Code and/or Florida Administrative Code, to wit:

Private Passenger Automobile

Section 626.112, F.S. – Use of Unlicensed and Unappointed Company Employee Agents.

Complaints

Section 626.9541(1)(j), F.S. – Failure to Maintain a Complete Complaint Log.

Claims

Section 626.877, F.S.-Failure to Adjust Claims Timely.

Rule 69O-166.024, F.A.C. – Failure to Communicate Timely.

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

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

(a) **DIRECT** shall pay a penalty of \$20,000 and administrative costs of \$2,000.00 on or before the 30th day after this Consent Order is executed.

(b) **DIRECT** shall henceforth comply with all of the provisions of the Florida Insurance Code and the Florida Administrative Code.

(c) **DIRECT** 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 **DIRECT** may be deemed willful, subjecting **DIRECT** to appropriate penalties.

(d) **DIRECT** shall allow only employees who have been licensed and appointed as a Florida non-resident agent to give quotes to and discuss coverages with Florida consumers. The Company must provide to the **OFFICE**, within 30 days of the execution of the Consent Order, certification by an officer of the Company that they will only use licensed and appointed agents to give quotes and discuss coverages with Florida consumers.

(e) **DIRECT** shall follow its written complaint handling procedures to ensure that all complaints are logged.

(f) **DIRECT** shall re-evaluate all areas of its claim handling and implement procedures for proper investigation and timely processing of claims.

(g) **DIRECT** shall respond to all claims communications within fourteen (14) days of receipt of such communication.

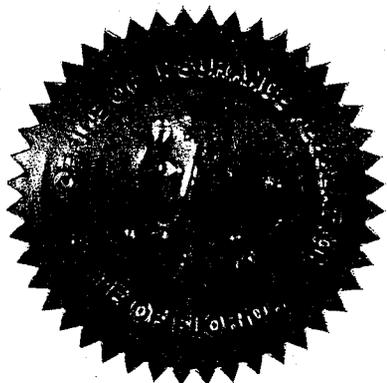
6. **DIRECT** agrees that the failure to adhere to one or more of the above terms and conditions of this Order shall constitute a violation of a lawful order of the **OFFICE**, and shall be subject to such administrative action as the Commissioner of the Office of Insurance Regulation may deem appropriate.

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

8. THEREFORE, the agreement between **DIRECT** 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 15<sup>th</sup> day of November 2004.



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Kevin M. McCarty  
Commissioner  
Office of Insurance Regulation

By execution hereof, **DIRECT GENERAL 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. The undersigned represents that he or she has the authority to bind **DIRECT GENERAL INSURANCE COMPANY** to the terms and conditions of this Consent Order and has personal knowledge of the Application and the information provided therein.

**DIRECT GENERAL  
INSURANCE COMPANY**

Corporate Seal

By:     Jacqueline Adair    

Title:     President    

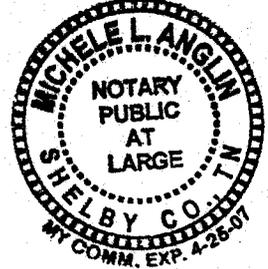
Date:     11/2/04    

On     Nov. 2, 2004     before me,     Michele L. Anglin    , personally appeared     Jacqueline Adair    , personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon whose behalf the person acted, executed the instrument.

Subscribed and sworn to before me this     2nd     day of     November    ,     2004    .

Signature     Michele L. Anglin      
(Signature of Notary Public)

[NOTARIAL SEAL]



My Commission Expires:  
    April 25, 2007

**COPIES FURNISHED TO:**

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