



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 41037-01-CO

HARBOR SPECIALTY INSURANCE COMPANY

2000 Property and Casualty Target Market
Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **HARBOR SPECIALTY INSURANCE COMPANY**, hereinafter referred to as **HARBOR SPECIALTY** 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 Treasurer and Insurance Commissioner, as head of the **FLORIDA DEPARTMENT OF INSURANCE**, hereby finds as follows:

1. The Treasurer and Insurance Commissioner, as head of the **DEPARTMENT**, has jurisdiction over the subject matter of, and parties to, this proceeding.

2. **HARBOR SPECIALTY** 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 target market conduct examination of **HARBOR SPECIALTY** covering the

period of January 1997 through December 1999, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **HARBOR SPECIALTY** 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. Private Passenger Automobile

1. Section 627.0653, F.S.-Failure to Provide Safety Device Discounts.

b. Homeowners

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Construction Classification.
2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Territories.
3. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Protection Class.

c. Workers' Compensation

1. Section 627.191, F.S.-Failure to Audit Policy and Return Premium Timely-Timely Audits.
2. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Managed Care Credit.

d. Claims

1. Section 626.112, F.S.-Use of Unappointed Adjuster.
2. Rule 4-166.026, Failure to Properly Compute Sales Tax.
3. Rule 4-166.027, Failure to Adjust Total Loss Correctly.

4. The **DEPARTMENT** and **HARBOR SPECIALTY** 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. **HARBOR SPECIALTY** 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. For each violation noted in Paragraph 3, which was not corrected during the examination and verification provided to the **DEPARTMENT**, **HARBOR SPECIALTY** shall provide written documentation to the **DEPARTMENT** no later than July 31, 2001, detailing the corrective action taken in order to comply with Florida Statutes for each of the remaining violations noted in Paragraph 3. All pending refunds shall be completed within 60 days of the execution of the Consent Order and documentation provided to the **DEPARTMENT**.

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

(a) **HARBOR SPECIALTY** shall pay an administrative penalty of \$2,000 and administrative costs of \$500 on or before the 30th day after this Consent Order is executed.

(b) **HARBOR SPECIALTY** shall henceforth comply with all of the provisions of the Florida Insurance Code and Florida Administrative Code, and will implement the recommendations

contained in this report within 90 days after execution of Consent Order.

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

7. **HARBOR SPECIALTY** 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 **HARBOR SPECIALTY** to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

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

9. **THEREFORE**, the agreement between **HARBOR SPECIALTY 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 ____ day of _____, 2001.

KEVIN MCCARTY
DEPUTY INSURANCE COMMISSIONER

By execution hereof **HARBOR SPECIALTY 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.

HARBOR SPECIALTY INSURANCE COMPANY

By: _____

Title: _____

Date: _____

COPIES FURNISHED TO:

MR. BOB FERGUSON, PRESIDENT
Harbor Specialty Insurance Company
1177 Avenue of the Americas
New York, NY 10036

CHERYL C. JONES, AIE
Field Insurance Regional Administrator
Division of Insurer Services
Bureau of P&C Insurer Solvency and
Market Conduct Review
200 East Gaines Street, Suite 131B
Tallahassee, FL 32399-0329

S. STROM MAXWELL, ESQUIRE
Department of Insurance
Division of Legal Services
200 East Gaines Street
612 Larson Building
Tallahassee, FL 32399-0333