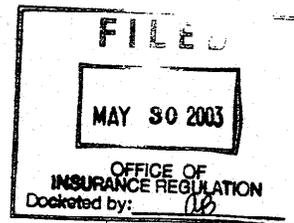


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OFFICE OF INSURANCE REGULATION

KEVIN McCARTY
DIRECTOR

IN THE MATTER OF:

CASE NO.: 64322-02-CO

INTERSTATE INDEMNITY COMPANY

2002 Property and Casualty Market Conduct Examination
_____ /

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **INTERSTATE INDEMNITY COMPANY**, (hereinafter referred to as "INTERSTATE INDEMNITY") and the **OFFICE OF INSURANCE REGULATION** of the **FINANCIAL SERVICES COMMISSION** within the **DEPARTMENT OF FINANCIAL SERVICES**, (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 **OFFICE** hereby finds as follows:

1. The **OFFICE** has jurisdiction over the subject matter of, and parties to, this proceeding.
2. **INTERSTATE INDEMNITY** is a foreign 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 property and casualty market conduct examination of **INTERSTATE INDEMNITY** covering the period of January 2001 through February 2002, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **OFFICE**

determined that **INTERSTATE INDEMNITY** 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. Certificate of Authority-Authorized Lines
 - 1. Section 624.430, F.S.-Failure to Notify the Office of Line of Business Discontinuance.
- b. Cancellations/Nonrenewals
 - 1. Section 627.728, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.
- c. Complaints/Investigation
 - 1. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements.
 - 2. Section 627.0651, F.S.-Failure to Follow Filed Surcharge Plan.
- d. Claims Review
 - 1. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements.
 - 2. Section 627.736, F.S.-Failure to Comply with PIP Benefit Requirements.

4. The **OFFICE** and **INTERSTATE INDEMNITY** 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. **INTERSTATE INDEMNITY** hereby knowingly and voluntarily waive all 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. **INTERSTATE INDEMNITY** agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) **INTERSTATE INDEMNITY** shall pay an administrative penalty of \$10,000 and administrative costs of \$2,000 on or before the 30th day after this Consent Order is executed.

(b) **INTERSTATE INDEMNITY** shall henceforth comply with all of the provisions of the Florida Insurance Code and Florida Administrative Code, and implement policies and procedures that will preclude the recurrence of the violations contained in the examination report. These policies and procedures shall be made available to the **OFFICE** for review upon request. Within 90 days after execution of this Consent Order, **INTERSTATE INDEMNITY** shall both implement the recommendations contained in this report, and submit confirmation, in writing, to the **OFFICE** that all directives contained in the report have been met, including all refunds.

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

6. **INTERSTATE INDEMNITY** 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 **INTERSTATE INDEMNITY** to such administrative action as the **OFFICE** 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 **INTERSTATE INDEMNITY** 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 30th day of May 2003.



KEVIN McCARTY, DIRECTOR
Office of Insurance Regulation

By execution hereof. **INTERSTATE INDEMNITY 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 **INTERSTATE INDEMNITY COMPANY** to the terms and conditions of this Consent Order and has personal knowledge of the Application and the information provided therein.

INTERSTATE INDEMNITY COMPANY

Corporate Seal

By: _____

Title: Vice President JOHN MANCINI

Date: April 21, 2003

COPIES FURNISHED TO:

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