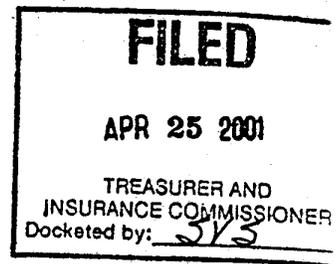




THE TREASURER OF THE STATE OF FLORIDA  
DEPARTMENT OF INSURANCE



TOM GALLAGHER

IN THE MATTER OF:

CASE NO: 41287-01-CO

**CELTIC INSURANCE COMPANY**  
Life and Health Market Conduct Investigation

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**CONSENT ORDER**

THIS CAUSE came on for consideration as the result of an agreement between **CELTIC INSURANCE COMPANY**, hereinafter referred to as "**CELTIC**" 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. **CELTIC** is a foreign 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 market conduct examination of **CELTIC**, pursuant to Section 624.31, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **CELTIC** committed the following violations of the Florida Statutes:

- a. Section 626.112(2), Florida Statutes – Failure to properly appoint agents.
- b. Section 627.6645(1), Florida Statutes – Failure to provide required notice and reason of cancellation when policies are cancelled/lapsed.
- c. Section 627.613(6), Florida Statutes – Failure to pay interest on claims paid in excess of forty-five (45) days.

4. The **DEPARTMENT** and **CELTIC** 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 or rules of the **DEPARTMENT**. **CELTIC** hereby knowingly and voluntarily waives 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 action, or any appeal.

5. **CELTIC** agrees that the failure to adhere to one or more of the terms and conditions of this Order shall constitute a violation of a lawful order of the **DEPARTMENT**, and shall subject **CELTIC** to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

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

(a) **CELTIC** shall pay a penalty of \$5,000.00 and administrative costs of \$1,250.00, on or before the 30th day after this Consent Order is executed.

(b) **CELTIC** is directed to send appointment forms and fees to the **DEPARTMENT** to bring **CELTIC** into compliance with Section 626.112(2), Florida Statutes. This is to be completed and the Life and Health Market Conduct Section of the **DEPARTMENT**

notified by **CELTIC** of such completion on or before the 30<sup>th</sup> day after this Consent Order is executed.

(c) **CELTIC** is directed to comply with Section 627.6645(1), Florida Statutes. Celtic shall provide the required forty-five (45) day advance notice and reason of cancellation to policyholders when policies are cancelled or lapsed.

(d) **CELTIC** is directed to establish and put in place a system to ensure that interest is paid on claims beyond forty-five (45) days. **CELTIC** is directed to pay all back interest on claims that are paid later from January 1, 1997 to June 30, 2000. This is to be completed and the Life and Health Market Conduct Section of the **DEPARTMENT** notified by **CELTIC** on or before the 60<sup>th</sup> day after this Consent Order is executed.

(e) **CELTIC** shall ensure that any marketing/advertising literature distributed in the state of Florida fully discloses the true nature of the product being offered.

(f) **CELTIC** shall henceforth comply with all of the provisions of the Florida Insurance Code, Florida Administrative Code, and Florida Statutes.

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

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

8. **THEREFORE**, the agreement between **CELTIC** and the **DEPARTMENT**, 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 25 day of April, 2001.



KEVIN MCCARTY /  
Deputy Insurance Commissioner

By execution hereof **CELTIC 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.

**CELTIC INSURANCE COMPANY**

By: Eric B. Wilmf  
Title: Assistant Vice President  
Date: April 02, 2001

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