

OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY
COMMISSIONER

IN THE MATTER OF:

LINCOLN GENERAL
INSURANCE COMPANY

CASE NO. 85073-06

Property and Casualty Market Investigation
_____ /

CONSENT ORDER

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

1. The OFFICE has jurisdiction over the subject matter of and parties to this proceeding.
2. LINCOLN is a foreign property and casualty insurer domiciled in Pennsylvania and authorized to transact insurance business in Florida and further is subject to the jurisdiction and regulation of the OFFICE pursuant to the Florida Insurance Code.
3. LINCOLN transacted private passenger auto business in Florida, through its Managing General Agent, ACCESS GENERAL AGENCY OF FLORIDA, INC. hereinafter referred to as "ACCESS FLORIDA" and is therefore responsible for the acts of its Managing General Agent pursuant to Section 626.7452, Florida Statutes.

4. The OFFICE conducted a property and casualty market investigation of LINCOLN and ACCESS FLORIDA, pursuant to Section 624.3161, Florida Statutes and, as a result, it has been determined that LINCOLN through its Managing General Agent, ACCESS FLORIDA, has engaged in the following business practices in violation of the Florida Insurance Code, to wit:

(a) LINCOLN through the actions of its MGA, ACCESS FLORIDA, failed to report to the Department of Financial Services, within fifteen (15) days after the last day of each month, the name, address, telephone number, and social security number of each agent from which ACCESS FLORIDA received more than twenty-four (24) personal lines risks during the calendar year in violation of Section 626.752(5), Florida Statutes;

(b) LINCOLN through the actions of its MGA, ACCESS FLORIDA, accepted private passenger auto policies written by an insurance agent that was lacking a qualified appointment with any authorized Florida insurer in violation of Section 626.752(2), Florida Statutes;

(c) When providing notice to an insured regarding renewal premium, it was the practice of LINCOLN'S MGA, ACCESS FLORIDA, to subtract any balance held on behalf of the insured from the total amount of the renewal premium submitted to the insured thus giving the insured an inaccurate calculation of the policies total cost. This act is in violation of Sections 627.7277 and 626.9541, Florida Statutes;

(d) During the course of the examination, LINCOLN'S MGA, ACCESS FLORIDA, was unable to produce certain records requested by the OFFICE in violation of Sections 626.178 and 627.318, Florida Statutes.

5. The OFFICE and LINCOLN expressly waive their right to a hearing and waive their right to all other proceedings which the parties may be entitled by law.

6. LINCOLN hereby knowingly and voluntarily waives 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.

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

- (a) LINCOLN shall pay a penalty of Twenty-Five Thousand dollars (\$25,000.00) and administrative costs of Fifty Thousand dollars (\$50,000.00) on or before the 30th day after this Consent Order is executed.
- (b) Within 30 days after execution of this Consent Order, LINCOLN shall submit to the OFFICE a written corrective action plan outlining procedures to prevent the recurrence of the violations addressed in this Consent Order and sworn confirmation by an officer of the Company that such procedures have been implemented.
- (c) In order to fully remedy the violations described in sections 4(a) and 4(b), of this Consent Order, LINCOLN'S corrective action plan shall provide that any Florida insurance agent submitting more than 24 personal lines risks to LINCOLN, or its Managing General Agent(s) in any one calendar year shall;
 - (i) be appointed by LINCOLN, if the Florida insurance agent has the authority to bind coverage or countersign policies, or
 - (ii) be reported to the OFFICE pursuant to the reporting requirement of Section 626.752(5), Florida Statutes, if the agent is not authorized to bind or countersign policies on behalf of LINCOLN.

8. LINCOLN shall henceforth comply with all provisions of the Florida Insurance Code and the Florida Administrative Code.

9. LINCOLN 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 LINCOLN may be deemed willful, subjecting LINCOLN to appropriate penalties.

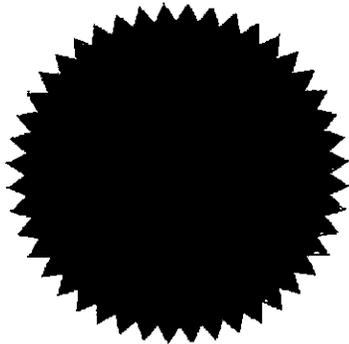
10. LINCOLN agrees that the failure to adhere to one or more of the above terms and conditions of this Order shall constitute a violation of a lawful order of the OFFICE, and shall be subject to such administrative action as the OFFICE may deem appropriate.

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

THEREFORE, the agreement between LINCOLN 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 24th day of October, 2007.



Kevin M. McCarty, Commissioner
Office of Insurance Regulation

By execution hereof, LINCOLN 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 LINCOLN GENERAL INSURANCE COMPANY to the terms and conditions of this Consent Order

LINCOLN GENERAL INSURANCE COMPANY

Corporate Seal

By: _____
Title: President & CEO
Date: September 24, 2007

County of COOK
State of IL

On September 24 before me, _____, personally appeared John T. Clark, 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 behalf which the person acted, executed the instrument.

Subscribed and sworn to before me this 24th day of September 2007.

Signature _____
(Signature of Notary Public)

[NOTARY SEAL]

My Commission Expires: 11/01/2009



COPIES FURNISHED TO:

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