



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO. 60105-02-CO

PROVIDENT INDEMNITY
LIFE INSURANCE COMPANY

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between PROVIDENT INDEMNITY LIFE INSURANCE COMPANY, (hereinafter referred to as "PROVIDENT"), and the FLORIDA DEPARTMENT OF INSURANCE, (hereinafter referred to as "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 follow:

1. The Treasurer and Insurance Commissioner, as head of the DEPARTMENT, has jurisdiction over the subject matter of, and parties to, this proceeding.
2. PROVIDENT is a foreign insurer licensed to transact insurance business in Florida and is subject to the jurisdiction and regulation of the DEPARTMENT pursuant to the Florida Insurance Code. The Certificate of Authority of PROVIDENT was suspended by the DEPARTMENT on August 18, 1999 and is currently in a suspended status.
3. The DEPARTMENT has conducted a target market conduct examination on PROVIDENT pursuant to Section 624.3161, Florida Statutes. As a result of such

examination, the DEPARTMENT determined that PROVIDENT has committed the following violations of the Florida Insurance Code:

- a. Engaged in activities as an insurer while its Certificate of Authority was suspended in violation of Section 624.401(4), Florida Statutes.
- b. Accepted business from agents not appointed by the company in violation of Section 626.837(6)(b), Florida Statutes.
- c. Paid commissions to agents not licensed or appointed by the company in violation of Section 626.838(1), Florida Statutes.
- d. Failed to keep adequate records and failed to provide adequate records to examiner in violation of Section 624.318(3), Florida Statutes.
- e. Failed to promptly process and investigate claims in violation of Section 626.9541(1)(i)(3), Florida Statutes.
- f. Failed to acknowledge and act promptly upon communications with respect to claims in violation of Section 626.9541(1)(i)(3)(c), Florida Statutes.
- g. Failed to pay promptly certain claims in violation of Section 626.9541(1)(i)(c), Florida Statutes.
- h. Failed to promptly provide written explanation as to the reason for denial of claims in violation of Section 626.9541(1)(i)(3)(f), Florida Statutes.

4. The DEPARTMENT and PROVIDENT 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. PROVIDENT 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 court action, or any appeal.

5. PROVIDENT 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 PROVIDENT to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

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

a. PROVIDENT shall pay all claims and any other indebtedness owed as a result of policies or certificates issued to Florida residents. After such liabilities have been paid, PROVIDENT shall owe to the DEPARTMENT an administrative penalty of \$14,500 and administrative costs of \$1,000 for the violations of the Florida Insurance Code as set forth in this Consent Order. The administrative penalty and costs shall be paid within thirty (30) days of notice by the DEPARTMENT that payment is due. If the amount due is not paid within the required period, it shall be withheld from any statutory deposit which PROVIDENT has on file with the DEPARTMENT.

b. PROVIDENT shall immediately develop an audit program to evaluate the performance of its TPA, Re-pricer, and any other entity associated with policyholder administration and file a copy of such Plan with the Department within 90 days of the execution of this Consent Order.

c. PROVIDENT shall henceforth comply with all of the provisions of the Florida Insurance Code and other appropriate Florida Statutes which are applicable to the company.

d. PROVIDENT 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 PROVIDENT may be deemed willful, subjecting PROVIDENT 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 PROVIDENT 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 4th day of March, 2002.



KEVIN McCARTY
Deputy Insurance Commissioner

By execution hereof PROVIDENT INDEMNITY LIFE 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.

PROVIDENT INDEMNITY LIFE
INSURANCE COMPANY

By:

Alvin H. Clemmens
(Typed or Printed Name)

Title: President

Date: 2/20/2002

COPIES FURNISHED TO:

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