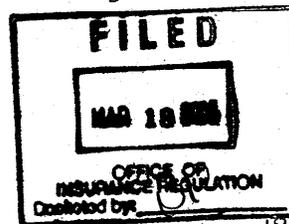


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OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
DIRECTOR

IN THE MATTER OF:

CASE NO.: 64492-02-CO

LIBERTY AMERICAN INSURANCE COMPANY

2002 Property and Casualty Market Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **LIBERTY AMERICAN INSURANCE COMPANY**, hereinafter referred to as **LIBERTY AMERICAN** and the **OFFICE OF INSURANCE REGULATION OF THE FINANCIAL SERVICES COMMISSION**, within the **DEPARTMENT 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. **LIBERTY AMERICAN** is a domestic 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 **LIBERTY AMERICAN** covering the period of January 2001 through December 2001, pursuant

to Section 624.3161, Florida Statutes. As a result of such examination, the **OFFICE** determined that **LIBERTY AMERICAN** 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. Homeowners

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Base Rates.
2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Building Code Credits.
3. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Protection Class.

b. Mobile Homeowners

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Base Rate.
2. Section 627.701, F.S.-Incorrect Deductibles or Limits.

c. Cancellations/Nonrenewals

1. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation..
2. Section 627.4091, F.S.-Failure to Provide Specific Reason for Denial, Cancellation or Nonrenewal.
3. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule.
4. Section 627.4091, F.S.-Failure to Provide Specific Reason for Denial, Cancellation or Nonrenewal.

d. Complaints

1. Section 627.421, F.S.-Failure to Deliver Policy Timely.

2. Section 627.4091, F.S.-Failure to Provide Specific Reason for Denial, Cancellation or Nonrenewal.
3. Section 627.4091, F.S.-Failure to Provide Specific Reason for Denial, Cancellation or Nonrenewal.

e. Claims

1. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements.
2. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements.
3. Section 626.877, F.S.-Failure to Properly Adjust Claim per Policy Requirements.
4. Rule 4-166.024, Failure to Communicate Timely.
5. Section 627.318, F.S.-Failure to Maintain Records.

4. The **OFFICE** and **LIBERTY AMERICAN** 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. **LIBERTY AMERICAN** 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. **LIBERTY AMERICAN** agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) **LIBERTY AMERICAN** shall pay an administrative penalty of \$15,250 and administrative costs of \$2,000 on or before the 30th day after this Consent Order is executed.

(b) **LIBERTY AMERICAN** 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, **LIBERTY AMERICAN** 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. **LIBERTY AMERICAN** further agrees to pay an administrative penalty of \$100 each day that it is not in compliance starting on the 91st day after execution of the consent order.

(c) **LIBERTY AMERICAN** shall refund all overcharges due to Building Code Effectiveness Grading schedule discounts to all eligible insureds.

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

6. **LIBERTY AMERICAN** 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 subject **LIBERTY AMERICAN** 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 **LIBERTY AMERICAN INSURANCE COMPANY** 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 18TH day of MARCH,

2003.



KEVIN MCCARTY, DIRECTOR
Office of Insurance Regulation

By execution hereof **LIBERTY AMERICAN 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.

LIBERTY AMERICAN INSURANCE COMPANY

By: _____

Title: PRESIDENT + CEO P. Daniel Eldridge

Date: 3/4/03

COPIES FURNISHED TO:

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