



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 42738-01-CO

LIBERTY MUTUAL INSURANCE COMPANY

2000 Property and Casualty Market
Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **LIBERTY MUTUAL INSURANCE COMPANY**, hereinafter referred to as **LIBERTY MUTUAL**, 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. **LIBERTY MUTUAL** is a foreign property and casualty 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 property and casualty market conduct examination of **LIBERTY MUTUAL** covering the period of

January 1997 through December 1999, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **LIBERTY MUTUAL** 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. Workers' Compensation

1. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guidelines-Classification Code.
2. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guidelines-Florida Contracting Classification Premium Adjustment Codes.
3. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Workplace Safety Credit.
4. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Corporate Officer Maximum Remuneration.
5. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline.
6. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Correct Lump Sum Indicator.

b. Agents/MGA

1. Rule 4-189.003, Failure to Use Proper Workers' Compensation Application.
2. Section 627.4085, F.S.-Failure to Display Agent Name/License ID# or Insurer Name on Application.

4. The **DEPARTMENT** and **LIBERTY MUTUAL** expressly waive a hearing in this matter, the making of Findings of Fact and Conclusions of Law by the **DEPARTMENT**, and all other proceedings to which the parties may be entitled by law. **LIBERTY MUTUAL** 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 MUTUAL** agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) **LIBERTY MUTUAL** shall pay an administrative penalty of \$2,500 and costs of \$500 on or before the 30th day after this Consent Order is executed.

(b) **LIBERTY MUTUAL** 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 violations contained in the examination report. These policies and procedures shall be made available to the **DEPARTMENT** for review upon request. **LIBERTY MUTUAL** will implement recommendations contained in this report within 90 days after execution of Consent Order. Further, **LIBERTY MUTUAL** shall submit confirmation, in writing, to the **DEPARTMENT** that all directives contained in the report have been met. This confirmation shall be provided to the **DEPARTMENT** within the 90-day timeframe.

(c) **LIBERTY MUTUAL** 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 **LIBERTY MUTUAL** may be deemed willful, subjecting **LIBERTY MUTUAL** to appropriate penalties.

6. **LIBERTY MUTUAL** 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 **DEPARTMENT**, and shall subject **LIBERTY MUTUAL** to such administrative action as the Treasurer and Insurance Commissioner 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 MUTUAL INSURANCE COMPANY** and the **DEPARTMENT**, the terms and conditions of that are set forth above, is approved.

FURTHER, all terms and conditions above are hereby **ORDERED**.

DONE AND ORDERED this ____ day of _____, 2001.

KEVIN MCCARTY
DEPUTY INSURANCE COMMISSIONER

By execution hereof **LIBERTY MUTUAL 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 MUTUAL INSURANCE COMPANY

By: _____

Title: _____

Date: _____

COPIES FURNISHED TO:

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