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THE TREASURER OF THE STATE OF FLORIDA  
DEPARTMENT OF INSURANCE

Treasurer and  
Insurance Commissioner  
Docketed by: SP

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 43390-01-CO

**MARYLAND CASUALTY COMPANY**

2001 Property and Casualty Market Conduct  
Examination

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CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **MARYLAND CASUALTY COMPANY**, hereinafter referred to as **MARYLAND**, 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 **DEPARTMENT** hereby finds as follows:

1. The **DEPARTMENT**, has jurisdiction over the subject matter of, and parties to, this proceeding.
2. **MARYLAND** 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 **MARYLAND** covering the period of January 1998 through December 2000, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **MARYLAND** 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-FHCF Surcharge.
2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Territory Codes.
3. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Protection Classes.

b. Commercial Multi-Peril

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Protection Classes.
2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Territory Codes.
3. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.
4. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Tort Factor.

c. Agents/MGA

1. Section 626.112, F.S.-Use of Unappointed Agents.
2. Section 626.112, F.S.-Use of Unappointed Nonresident Agents.
3. Section 626.741, F.S.-Use of Unlicensed Nonresident Agent.
4. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.

d. Cancellations/Nonrenewals

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

e. Claims

1. Section 626.873, F.S.-Use of Unlicensed Non-Resident Adjuster.

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

(a) **MARYLAND** shall pay an administrative penalty of \$4,000 and administrative costs of \$1,000 on or before the 30th day after this Consent Order is executed.

(b) **MARYLAND** shall henceforth comply with all of the provisions of the Florida Insurance Code, 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. Within 90 days after execution of this Consent Order, **MARYLAND** shall both implement the recommendations contained in this report, and submit confirmation, in writing, to the **DEPARTMENT** that all directives contained in the report have been met, including all refunds made.

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

6. **MARYLAND** 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 **MARYLAND** to such administrative action as the **DEPARTMENT** 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 MARYLAND CASUALTY 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 7TH day of MARCH, 2002.



~~KEVIN MCCARTY~~  
DEPUTY INSURANCE COMMISSIONER

By execution hereof **MARYLAND CASUALTY 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.

**MARYLAND CASUALTY COMPANY**

By: DAVID A. BOWERS  
David A. Bowers  
Title: Vice President & Secretary  
Date: January 25, 2002

COPIES FURNISHED TO:

MR. CONSTANTINE P. IORDANOU, PRESIDENT  
Maryland Casualty Company  
1400 American Lane  
Schaumburg, Illinois 60196

CHERYL C. JONES, AIE  
Field Insurance Regional Administrator  
Division of Insurer Services  
Bureau of Market Conduct  
200 East Gaines Street, Suite 131B  
Tallahassee, Florida 32399-0329

S. STROM MAXWELL, ESQUIRE  
Department of Insurance  
Division of Legal Services  
200 East Gaines Street  
612 Larson Building  
Tallahassee, Florida 32399-0333