



OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

FILED

OCT 4 2015

~~CONFIDENTIAL~~ SP.

In the matter of:

NATIONWIDE INSURANCE COMPANY

Case No. 77987-04-CO

OF FLORIDA

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between NATIONWIDE INSURANCE COMPANY OF FLORIDA ("Nationwide") and the OFFICE OF INSURANCE REGULATION ("OIR"). Following a complete review of the entire record and upon consideration of the record and proceedings in this matter, and being otherwise fully advised in the premises, OIR FINDS as follows:

1. OIR has jurisdiction over the subject matter of, and the parties to, this proceeding.
2. Nationwide is a foreign insurer, domiciled in Ohio, authorized to transact insurance business in Florida and is subject to the jurisdiction and regulation of OIR pursuant to the Florida Insurance Code.
3. In order to avoid the costs and expenses of litigation, Nationwide agrees to settle this matter with OIR on the terms and conditions set forth in this Consent Order:

3.1 By entering into this Consent Order, Nationwide expressly denies that it has committed any violations of the Florida Insurance Code and/or insurance regulations under the Florida Administrative Code. Accordingly, Nationwide

makes no admission of liability whatsoever.

3.2. With the entry of this Consent Order by the Commissioner of Insurance for the State of Florida, Nationwide agrees to pay OIR's administrative costs of investigation for this matter as invoiced to Nationwide by invoice within thirty (30) days of the date of entry of this Consent Order. Nationwide's failure to pay in accordance with this paragraph will be a material violation of this Consent Order. Both the OIR and Nationwide expressly agree that by entering into this Consent Order all issues related to the OIR's investigation are hereby forever resolved, settled, and compromised except as otherwise provided herein.

3.3. As a result of OIR's investigation and resulting corrective action, Nationwide has undertaken and completed a self-audit of Nationwide's adjusting and payment of Florida claims arising from the 2004 hurricane season (collectively, "Nationwide's corrective action"). Nationwide's corrective action has included the following categories:

3.3.1. proper use and rate of applicable sales tax;

3.3.2. proper payment of overhead and profit on losses when a general contractor's participation could be reasonably anticipated;

3.3.3. consistent withholding of depreciation on loss estimates to withhold depreciation only for loss estimates exceeding ten thousand dollars (\$10,000).

Nationwide's corrective action has resulted in payments to Nationwide policyholders where warranted.

3.5 Nationwide acknowledges that a significant number of Florida hurricane claims arose during the 2004 hurricane season in which policyholders having a single insured premises filed more than one hurricane claim and to which Nationwide applied more than one hurricane deductible. Within thirty (30) days from the date of entry of this Consent Order, Nationwide will pay for the mailing of a letter, attached as exhibit A to this Consent Order (the "Multiple Deductible Letter"), to be sent from OIR, on OIR stationery, advising each Nationwide policyholder who incurred more than one deductible, but who did not receive reimbursement under the State of Florida's multiple deductible grant reimbursement program, that pursuant to OIR's corrective action, Nationwide is undertaking a review of certain claims from the 2004 hurricane season involving more than one hurricane deductible for any single insured premises, and that affected policyholders may request that Nationwide reassess the application of more than one deductible to their multiple claims, subject to review by OIR. Nationwide will be billed directly by an independent third-party mailing service for all costs and expenses associated with the processing and mailing of the Multiple Deductible Letter. Upon contact by a policyholder pursuant to the Multiple Deductible Letter, Nationwide will promptly and accurately review (the "reassessment") the appropriate claims with regard to: (1) consistent treatment of the application of multiple deductibles; and (2) application of multiple deductibles only where separate losses are clearly documented in the Nationwide files.

3.6 Nationwide's reassessment of all Multiple Deductible Claims as set

forth in paragraph 3.5 of this Consent Order shall be completed within one hundred and twenty (120) days of the date of entry of this Consent Order, and each payment due to a claimant resulting from the reassessment set forth in paragraph 3.5 of this Consent Order shall be made to the claimant within thirty (30) days after the reassessment of their claims.

3.7 Within forty-five (45) days of the date of entry of this Consent Order, Nationwide shall deliver to OIR a summary report as to both the results of Nationwide's corrective action, paragraph 3.3 of this Consent Order, and of Nationwide's reassessment of Multiple Deductible Claims pursuant to paragraph 3.5 of this Consent Order. Additionally, within fifteen (15) days of the completion of Nationwide's reassessment of Multiple Deductible Claims, Nationwide shall deliver to OIR a final summary report as to both the results of Nationwide's corrective action, paragraph 3.3 of this Consent Order, and of Nationwide's reassessment of Multiple Deductible Claims pursuant to paragraph 3.5 of this Consent Order. Such summary reports shall be provided to OIR in Microsoft Excel format and contain, but not be limited to, an itemization for each claim reviewed, regardless of whether or not a payment to the claimant was made, identified by name, address, policy number and claim number, and showing the dollars paid to each policyholder, in the following categories:

- 3.7.1 proper use and rate of applicable sales tax;
- 3.7.2 proper payment of overhead and profit on losses when a general contractor's participation could be reasonably anticipated;
- 3.7.3 consistent withholding of depreciation on loss estimates to withhold

depreciation only for loss estimates exceeding ten thousand dollars (\$10,000);

3.7.4 consistent treatment of the application of multiple deductibles and application of multiple deductibles only where separate losses are clearly documented in the adjuster's file.

3.8 In connection with any review of Nationwide's summary reports, OIR may request and obtain, at the sole cost and expense of Nationwide, such additional information or materials or access to files and records as OIR deems reasonable.

3.9 If following any such review of hurricane losses during 2004, OIR and Nationwide disagree as to the appropriate corrective action, paragraph 3.3, or reassessment, paragraph 3.5, or both, OIR and Nationwide will jointly review each file on which such disagreement occurs.

3.10 Following the joint review specified in paragraph 3.9 of this Consent Order, if OIR determines that Nationwide's corrective action or reassessment, or both, were not undertaken with accuracy, skill and care, OIR may vacate this Consent Order and may take any formal action OIR deems appropriate, including filing of any examination report or formal administrative action, and Nationwide and OIR agree that OIR or Nationwide, or both, may introduce the results of Nationwide's corrective action or reassessment, or both, as evidence in any such formal proceeding. If this Order is vacated, Nationwide shall have all rights and defenses accorded by law. Accuracy, skill and care for the corrective action and the reassessment shall be determined as follows:

3.10.1 Profit and overhead--should be considered when it is reasonably necessary that a general contractor is needed to facilitate the repairs as per Florida law, regulation or custom;

3.10.2 Multiple deductibles--a second hurricane deductible should only be taken where it is possible to separate the damages into two distinct losses and if the separation of loss was reasonable, appropriate and sufficiently documented; and

3.10.3 Withholding depreciation--should be applied with reasonable consistency to those structure losses greater than \$10,000.00 and on a case-by-case basis. Regarding contents, depreciation should be applied from dollar one.

3.11 The times for performance by Nationwide as set forth in this paragraph 3 and its subparagraphs, but not for performance in paragraph 3.7, shall be extended by OIR for up to one hundred and twenty (120) days as needed in the event that a hurricane makes landfall in Florida during September or October of 2005.

4. OIR and Nationwide expressly waive a hearing in this matter and the making of Findings of Fact and Conclusions of Law by OIR and all further and other proceedings to which the parties may be entitled by law or rules of the Financial Services Commission. Nationwide hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum now available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

5. Nationwide agrees that the failure to adhere to one or more of the terms and conditions of this Consent Order shall constitute a violation of a lawful order of OIR and shall subject Nationwide to such enforcement action as OIR may deem necessary. Nationwide denies that it has committed any violations of the code provisions cited in paragraph 5.1 below. Nationwide is hereby placed on notice:

5.1 of the requirements of the following sections of law and that any violations of these sections in the future by Nationwide may be deemed willful, subjecting Nationwide to appropriate penalties: Florida Statutes §§ 624.424(10), 626.9541(1)(i)2, 626.9541(1)(i)3.a, 624.318, and 626.877, and Florida Administrative Code Rules 69O-220.201(4)(b) and 69O-137.009; and

5.2 that any future violation related to the terms and conditions of this Consent Order or of any applicable statutes may subject Nationwide to such administrative actions as OIR may deem appropriate. Nothing herein shall expand the OIR's authority under the law, nor shall anything herein change, alter, or diminish, Nationwide's rights, defenses, or remedies under Florida law.

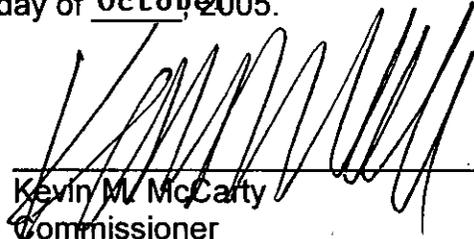
6. Except as noted above, each party to this action shall bear its own costs and attorneys' fees.

THEREFORE, the agreement between Nationwide and OIR, the terms and conditions of which are set forth above, is approved.

FURTHERMORE, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 4TH day of October 2005.





Kevin M. McCarty
Commissioner
Office of Insurance Regulation

By execution of this Consent Order, Nationwide Insurance Company of Florida consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions of this Consent Order. The undersigned represents, pursuant to Florida Statutes §624.310, that the undersigned has the authority to bind Nationwide Insurance Company of Florida to the terms and conditions of this Consent Order.

NATIONWIDE INSURANCE COMPANY OF FLORIDA

By: D. Robinette

Douglas C. Robinette

[Corporate Seal]

Title: President

Date: 9-21-05

STATE OF OHIO

COUNTY OF Franklin

The foregoing Consent Order was sworn to and subscribed before me this 21st day of September, 2005, by Douglas C. Robinette as President of Nationwide Insurance Company of Florida.

Personally known to me X

SWORN AND SUBSCRIBED, before me this 21st day of September, 2005.



VIRGINIA M. PALMER
Notary Public, State of Ohio
My Commission Expires 07-28-07

Virginia M. Palmer
Notary Public

Copies furnished to:

Gregg H. Bachmann
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Office of General Counsel
One Nationwide Plaza, 1-35-01
Columbus, Ohio 43215-2220

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COMMISSIONER OF
AGRICULTURE

OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
COMMISSIONER

INVOICE

ADMINISTRATIVE COSTS OF INVESTIGATION

In order to ensure that your payment is received and properly credited, please make your check payable to the Florida Department of Financial Services and **return this invoice with your payment** to:

Department of Financial Services
Revenue Processing Section
P.O. Box 6100
Tallahassee, Florida 32314-6100

REFERENCE

NAME: Nationwide Insurance Company of Florida
ADDRESS: One Nationwide Plaza
CITY, STATE, ZIP: Columbus, OH 43215-2220
FEID: 31-1613686
NAIC COCODE: 10948
EXAM YR END: 2005
CASE #:
ATTORNEY:
SOURCE:

Costs Due: \$250,000

Amount Remitted:

OFFICIAL USE ONLY -- PLEASE DO NOT MARK BELOW THIS LINE]

<u>B/T</u>	<u>T/C</u>	<u>F/T</u>	<u>AMOUNT</u>
C	1105	J	\$250,000
C	1249	J+	

EXHIBIT A

[Office of Insurance Regulation letterhead]

Dear Nationwide Policyholder:

The Office of Insurance Regulation and the Nationwide Insurance Company of Florida are undertaking a review of certain Florida claims where multiple deductibles were charged to a single policyholder's claims during the 2004 hurricane season. The review is intended to make certain that all insurance policy hurricane deductibles were fairly and consistently applied. You have received this letter because you have been identified as a policyholder who filed multiple hurricane claims in 2004.

Nationwide has developed a hurricane deductible review process that is available to you upon your request. If you have any reason to believe that you were incorrectly charged for more than one deductible for your 2004 hurricane claims, then you should immediately contact Nationwide at 1-800_____, between the hours of 8:00 a.m. and 9:00 p.m., E.D.S.T., and request a Hurricane Deductible Review. Upon receipt of your request, Nationwide will review your 2004 hurricane claim files and determine what, if any, additional action is required. Please note that if you are satisfied with the handling of your hurricane insurance deductibles in 2004 and do not have reason to believe they were incorrectly applied, then you do not need to request a deductible review.

In order to request a 2004 hurricane deductible review, you should contact Nationwide within thirty (30) days of your receipt of this letter. Should you choose to request a review, you will be asked during your initial telephone call to Nationwide to properly identify yourself by providing your name, address, claim numbers and the dates of loss, if possible, for those claims you are seeking to have reassessed. Once the review is completed, Nationwide will be responsible for communicating the result of the reassessment back to you in writing and for making any additional claims payment that may be due to you as a result of the review. The Office of Insurance Regulation will be reviewing Nationwide's reassessments.

We appreciate your attention to this matter. Our goal is to ensure that all Florida policyholders were treated fairly, properly, and in accordance with their policy provisions and the laws of Florida. Your cooperation in this is greatly appreciated.

Sincerely yours,

Kevin M. McCarty, Commissioner
Office of Insurance Regulation