



THE TREASURER OF THE STATE OF FLORIDA  
DEPARTMENT OF INSURANCE

FILED

NOV 18 2002

Treasurer and  
Insurance Commissioner  
Docketed by: SP

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 62334-02-CO

**ONEBEACON INSURANCE COMPANY**  
**f/k/a CGU INSURANCE 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 **ONEBEACON INSURANCE COMPANY**, hereinafter referred to as **ONEBEACON** 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. **ONEBEACON** 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 ONEBEACON 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 ONEBEACON 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. Commercial Automobile

1. Section 626.572, F.S.-Improper Rebating of Commission.
2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Loss Cost Factor.
3. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.
4. Section 627.727, F.S.-Failure to Offer/Obtain/Maintain Signed UM Acceptance/Rejection Form.
5. Rule 4-170.004, Failure to Document/Substantiate Debit/Credit-IRPM Worksheet.
6. Rule 4-170.004, Failure to Apply Credit/Debit within Approved Range.

b. Workers' Compensation

1. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Modification Factor .89.
2. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Anniversary Rating Date.
3. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Florida Contractors Classification Premium Program.

4. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Classification Code 5645.
5. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Allowing Drug Free Workplace Credit.
6. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Not Allowing Drug Free Workplace Credit.
7. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Officers' Payroll.
8. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Additional Charge.
9. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Expense Constant.
10. Section 627.191, F.S.-Failure to Audit Policy and Return Premium Timely.
11. Section 627.091, F.S.-Use of Unfiled Rate, Rating Schedule, Rating Rule or Underwriting Guideline.
12. Section 627.410. F.S.-Use of Unfiled Form/Endorsement-Hybrid Retrospective Premium Contract.
13. Rule 4-170.004, Failure to Document/Substantiate Debit/Credit-Scheduled Credit.
14. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements-Premium Charge.
15. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Statistical Information.
16. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Injury Code 3.

17. Section 627.191, F.S.-Failure to Audit Policy and Return Premium Timely-Loss History.
18. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Closed.
19. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Injury Code 5.
20. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Injury Code 2.

c. Claims

1. Section 627.4137, F.S.-Failure to Disclose Information.

4. The **DEPARTMENT** and **ONEBEACON** 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.

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

(a) **ONEBEACON** shall pay an administrative penalty of \$9,500 and administrative costs of \$1,750 on or before the 30th day after this Consent Order is executed.

(b) **ONEBEACON** 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. Within 90 days after execution of this Consent Order, **ONEBEACON** shall both

implement 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.

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

6. ONEBEACON 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 ONEBEACON 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 ONEBEACON INSURANCE COMPANY 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 18TH day of NOVEMBER, 2002.



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KEVIN MCCARTY  
Deputy Insurance Commissioner

By execution hereof ONEBEACON 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.

ONEBEACON INSURANCE COMPANY

By: Roger M. Singer  
Title: Senior Vice President  
Date: Oct 28, 2002

COPIES FURNISHED TO:

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