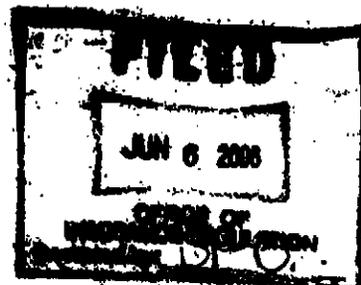




OFFICE OF INSURANCE REGULATION

KEVIN M. McCARTY
COMMISSIONER



IN THE MATTER OF:

CASE NO: 93652-08-CO

QBE INSURANCE CORPORATION

2007 Property and Casualty Market Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration upon the agreement between QBE INSURANCE CORPORATION (hereinafter referred to as "QBE") and the OFFICE OF INSURANCE REGULATION (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 COMMISSIONER OF THE OFFICE OF INSURANCE REGULATION hereby finds as follows:

1. The OFFICE has jurisdiction over the subject matter of, and parties to, this proceeding.
2. QBE is a foreign 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 market conduct examination of QBE pursuant to Section 624.316, Florida Statutes, in 2007, and as a result of that examination it has been determined that QBE has violated the following provisions of the Florida Insurance Code and/or Florida Administrative Code, to wit:

Commercial Residential Property

Section 627.171(1), Florida Statutes – Failure to timely obtain or accurately complete consent to excess rate forms.

Section 627.171(2), Florida Statutes – Use of excess rates for more than 10% of commercial insurance policies written or renewed in a calendar year for a line of commercial insurance.

Rule 69O-170.004(5)(a), Florida Administrative Code – Failure to maintain documentation to support or justify modifications in a subjective rating plan or changes in modifications.

Rule 69O-170.004(6), Florida Administrative Code – Failure to maintain loss ratios for a subjective rating modification plan.

Rule 69O-137.008(2), Florida Administrative Code – Failure to report all individually rated risks to the Office.

Section 627.062(2)(a), Florida Statutes – Use of an un-filed loss cost multiplier and an obsolete package modification rating factor. Failure to follow a filed rating plan.

Section 627.062(3)(a), Florida Statutes – Failure to maintain documentation supporting the reason for a risk being individually rated.

Section 627.4133(2)(a), Florida Statutes – Failure to provide timely notice of renewal premiums.

Section 627.4133(2)(b), Florida Statutes – Failure to provide timely notice of nonrenewal.

Section 627.4133(2)(d), Florida Statutes – Improper nonrenewal of coverage following a declaration of emergency.

Rule 69O-166.024, Florida Administrative Code – Failure to timely acknowledge claim communications.

Section 627.70131, Florida Statutes – Failure to timely acknowledge claim communications.

Section 626.877, Florida Statutes – Failure to adjust a claim in compliance with the terms of the contract. Failure to provide a proof of loss form.

Section 627.7015, Florida Statutes – Failure to notify the insured of their right to participate in a mediation program of a disputed claim.

Rule 69J-2.002, Florida Administrative Code – Failure to notify the insured of their right to participate in a mediation program of a disputed claim.

Rule 69O-220.201(4)(f), Florida Administrative Code – Failure to adjust a claim with dispatch and due diligence.

Section 626.9541 (1)(j), Florida Statutes – Failure to maintain a complete record of complaints.

Section 20.121(2)(h)2, Florida Statutes – Failure to provide a timely response to the Department of Financial Services.

Section 627.412(1), Florida Statutes – Failure to attach a mandatory policy form.

4. QBE does not agree with the aforementioned allegations, but in the interest of amicably resolving this matter without incurring the cost and uncertainty of litigation, agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) QBE shall pay a penalty of One Hundred Fifty Thousand Dollars and No/100 (\$150,000.00) and administrative costs of Seven Thousand Dollars and No/100 (\$7,000.00) on or before the 30th day after this Consent Order is executed.

(b) QBE shall henceforth comply with all of the provisions of the Florida Insurance Code and the Florida Administrative Code.

(c) QBE 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 QBE may subject QBE to appropriate penalties.

(d) QBE shall, within 30 days of the execution of the Consent Order, provide to the OFFICE certification by an officer of the Company that all necessary corrective actions have been completed.

5. QBE expressly waives a hearing in this matter, the making of Findings of Fact and Conclusions of Law by the OFFICE, and all further and other proceedings herein to which the parties hereto may be entitled by law. QBE hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum, including the right to any administrative proceeding, circuit or federal court action, or any appeal. However, QBE does not waive any rights to contest the results of the examination, the necessity of the corrective action, or the content of this Consent Order in any proceedings or litigation brought or prosecuted by any party other than the OFFICE.

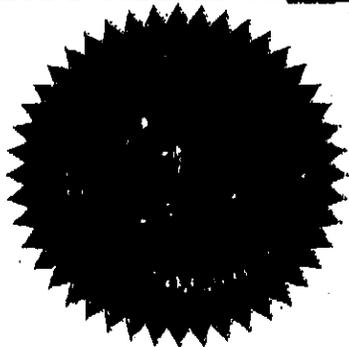
6. QBE agrees that the failure to adhere to one or more of the above terms and conditions of this Consent Order shall constitute a violation of a lawful order of the OFFICE, and shall subject QBE to such administrative action as the OFFICE may deem appropriate.

7. Except as noted above, each party to this action shall bear its own costs and attorney's fees.

THEREFORE, the agreement between QBE and the OFFICE, the terms and conditions of which are set forth above, is APPROVED.

FURTHER, all terms and conditions contained herein are hereby ORDERED.

DONE AND ORDERED this 6TH day of JUNE, 2008.



KEVIN M. McCARTY
Commissioner
Office of Insurance Regulation

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