



THE TREASURER OF THE STATE OF FLORIDA  
DEPARTMENT OF INSURANCE

FILED

MAR 25 2002

Treasurer and  
Insurance Commissioner  
Docketed by: SP

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 60208-02-CO

**SECURITY INSURANCE COMPANY OF HARTFORD**

2001 Property and Casualty Market Conduct Examination

**CONSENT ORDER**

THIS CAUSE came on for consideration as the result of an agreement between **SECURITY INSURANCE COMPANY OF HARTFORD**, hereinafter referred to as **SECURITY INSURANCE** 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. **SECURITY INSURANCE** 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 **SECURITY INSURANCE** 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 **SECURITY INSURANCE** 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. Other Liability

1. Section 627.062, F.S.- Use of Unfiled Rate, Rating Schedule or Rating Rule-Professional Liability Program.
2. Section 627.318, F.S.-Failure to Maintain Records.
3. Section 627.062, F.S.-Use of Unfiled Rate, Rating Schedule or Rating Rule-Scheduled Rating Plan.
4. Section 627.062, F.S.-Use of Unfiled Rate, Rating Schedule or Rating Rule-Policy Limits.

b. Workers' Compensation

1. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Incorrect Experience Modification.
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-Final Audit Billing.
4. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Classification Code.
5. Section 627.191, F.S.-Failure to Audit Policy and Return Premium Timely-Timely Audit.
6. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Claims Payments.

d. Agents/MGA

1. Section 626.741, F.S.-Use of Unlicensed Nonresident Agent.

e. Cancellations/Nonrenewals

1. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.
2. Section 627.191, F.S.-Failure to Audit Policy and Return Premium Timely.
3. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Short Rate.

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

(a) **SECURITY INSURANCE** shall pay an administrative penalty of \$10,000 and administrative costs of \$2,000 on or before the 30th day after this Consent Order is executed.

(b) **SECURITY INSURANCE** 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 the 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, **SECURITY INSURANCE** 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) **SECURITY INSURANCE** 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 **SECURITY INSURANCE** may be deemed willful, subjecting **SECURITY INSURANCE** to appropriate penalties.

6. **SECURITY INSURANCE** 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 **SECURITY INSURANCE** 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 **SECURITY INSURANCE COMPANY OF HARTFORD** 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 25TH day of MARCH,

2002.



Kevin McCarty  
Deputy Insurance Commissioner

By execution hereof **SECURITY INSURANCE COMPANY OF HARTFORD** 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.

**SECURITY INSURANCE COMPANY OF HARTFORD**

By: Jeffrey M. Klein

Title: Vice President - GIA

Date: 3/12/2002

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