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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.: 40787-01-CO

STATE NATIONAL INSURANCE COMPANY, INC.

2000 Property and Casualty Market Conduct
Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between STATE NATIONAL INSURANCE COMPANY, INC., hereinafter referred to as STATE NATIONAL 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. STATE NATIONAL 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 STATE NATIONAL covering the period of January 1998 through December 1998, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the DEPARTMENT determined that STATE NATIONAL 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. Nonrenewals

1. Section 626.091, F.S.-Use of Unlicensed/Appointed MGA.

b. Complaints

1. Section 627.7283, F.S.-Failure to Comply with Return of Unearned Premium Requirements.

c. Investigations

1. Section 626.112, F.S. - use of Unlicensed and Unappointed Agent.

4. The DEPARTMENT and STATE NATIONAL 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. STATE NATIONAL hereby knowingly and voluntarily waives the right 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. STATE NATIONAL agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) STATE NATIONAL shall pay an administrative penalty of \$7,000 and administrative costs of \$1,000 on or before the 30th day after this Consent Order is executed.

(b) STATE NATIONAL 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 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, STATE NATIONAL 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.

(c) STATE NATIONAL 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 STATE NATIONAL

may be deemed willful, subjecting STATE NATIONAL to appropriate penalties.

6. STATE NATIONAL 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 STATE NATIONAL 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 STATE NATIONAL INSURANCE COMPANY, INC. 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 MAY, 2002.



Kevin McCarty
DEPUTY INSURANCE COMMISSIONER

By execution hereof STATE NATIONAL INSURANCE COMPANY, Inc.
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.

STATE NATIONAL INSURANCE COMPANY, INC.

By: George Stuart
Title President
Date: April 24, 2002

COPIES FURNISHED TO:

MR. SCOTT D. RULE, GENERAL COUNSEL
State National Insurance Company, Inc.
Post Office Box 24622
Fort Worth, Texas 76120

CHERYL C. JONES, AIE
Field Insurance Regional Administrator
Division of Insurer Services
Bureau of P&C Insurer Solvency and
Market Conduct Review
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