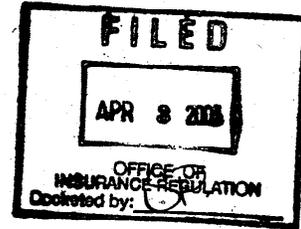




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OFFICE OF INSURANCE REGULATION

KEVIN M. MCCARTY
DIRECTOR

IN THE MATTER OF:

CASE NO.: 64922-02-CO

U.S. SECURITY INSURANCE COMPANY

2002 Property and Casualty Market Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **U.S. SECURITY INSURANCE COMPANY** hereinafter referred to as **U.S. SECURITY**, and the **OFFICE OF INSURANCE REGULATION OF THE FINANCIAL SERVICES COMMISSION**, within the **DEPARTMENT FINANCIAL SERVICES**, 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 **OFFICE** hereby finds as follows:

1. The **OFFICE** has jurisdiction over the subject matter of, and parties to, this proceeding.
2. **U.S. SECURITY** is a domestic 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 property and casualty market conduct examination of **U.S. SECURITY** covering the period of January 2000 through December 2001, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **OFFICE** determined

that U.S. SECURITY 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. Private Passenger Automobile

1. Section 627.0653, F.S.-Failure to Provide Safety Device Discounts.
2. Section 627.0651, F.S.-Use of Unfiled Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA).

b. Complaints

2. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements-Communications.
3. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements-Failure to Act.
4. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements-Two Deductibles.
5. Section 627.728, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.
6. Rule 4-166.025, Failure to Respond to Department Inquiries.
7. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements-Complaint Log.

c. Claims

1. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements-Claim Procedures.
2. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements-Failure to Act.
3. Section 627.4137, F.S.-Failure to Disclose Information.
4. Section 627.7401, F.S.-Failure to Advise Insurer of PIP Rights and Benefits.

5. Rule 4-166.024, Failure to Communicate Timely.

4. The **OFFICE** and **U.S. SECURITY** expressly waive a hearing in this matter and the making of Findings of Fact and Conclusions of Law by the **OFFICE** and all further and other proceedings herein to which the parties may be entitled by law. **U.S. SECURITY** 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. **U.S. SECURITY** agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) **U.S. SECURITY** shall pay an administrative penalty of \$11,000 and administrative costs of \$2,000 on or before the 30th day after this Consent Order is executed.

(b) **U.S. SECURITY** shall henceforth comply with all of the provisions of the Florida Unfair Insurance Trade Practices Act, 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 **OFFICE** for review upon request. Within 90 days after execution of this Consent Order, **U.S. SECURITY** shall both implement the recommendations contained in this report, and submit confirmation, in writing, to the **OFFICE** that all directives contained in the report have been met, including all refunds.

(c) **U.S. SECURITY** 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 **U.S. SECURITY** may be deemed willful, under certain circumstances, subjecting **U.S. SECURITY** to appropriate penalties.

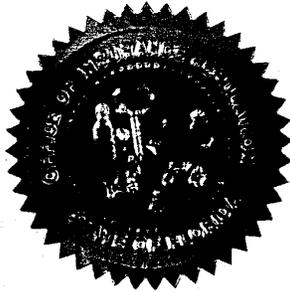
6. U.S. SECURITY agrees that the failure to adhere to one or more of the above terms and conditions of this Order shall constitute a violation of a lawful order of the OFFICE, and shall subject U.S. SECURITY to such administrative action as the OFFICE may deem appropriate.

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

8. THEREFORE, the agreement between U.S. SECURITY INSURANCE COMPANY and the OFFICE, 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 3RD day of APRIL, 2003.



KEVIN MCCARTY, DIRECTOR
Office of Insurance Regulation

By execution hereof U.S. SECURITY 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.

U.S. SECURITY INSURANCE COMPANY

By: _____

Print Name: Alberto Naon

Title: VP of Operations

Date: 3-20-03

COPIES FURNISHED TO:

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