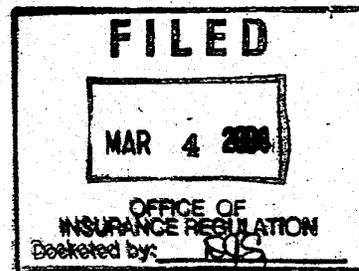




OFFICE OF INSURANCE REGULATION



KEVIN M. MCCARTY  
DIRECTOR

IN THE MATTER OF:

**UNITED AUTOMOBILE  
INSURANCE COMPANY**  
2003 Property and Casualty Market Conduct Examination

Case No.: 74212-03-CO

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **UNITED AUTOMOBILE INSURANCE COMPANY**, (hereinafter referred to as “**UNITED**”) and the **OFFICE OF INSURANCE REGULATION** of the **FINANCIAL SERVICES COMMISSION** within the **DEPARTMENT OF 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 Director of the Office of Insurance Regulation, as head of the **OFFICE OF INSURANCE REGULATION**, hereby finds as follows:

1. The Director of the Office of Insurance Regulation, as head of the **OFFICE**, has jurisdiction over the subject matter of, and parties to, this proceeding.
2. **UNITED** 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 UNITED, pursuant to Section 624.3161, Florida Statutes, in 2003, and as a result, it has been determined that UNITED has violated the following provisions of the Florida Insurance Code and/or Florida Administrative Code, to wit:

Company Operations/Management

Section 626.7451, F.S.-Use of Unauthorized/Incorrect MGA Fee: MGA not Appointed.

Cancellations/Nonrenewals

Section 627.4091, F.S.-Failure to Provide Specific Reason for Denial, Cancellation or Nonrenewal.

Section 627.318, F.S.- Failure to Provide Proof of Mailing.

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

Complaints

Section 626.877, F.S.-Failure to Adjust Claims Timely.

Section 627.4265, F.S.-Failure to Pay Claim Timely.

Section 627.736, F.S.-Failure to Comply with PIP Benefit Requirements: Delays in Paying Bills without Justification.

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

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

Claims

Section 627.736, F.S.-Failure to Comply with PIP Benefit Requirements:  
Delays in Paying Bills without Justification.

Section 626.989(6), F.S.-Failure to Report Possible Fraudulent Claims to  
DFS.

4. The **OFFICE** and **UNITED** 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. **UNITED** hereby knowingly and voluntarily waive all rights to challenge or to contest this Order, in any forum now available, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

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

- (a) **UNITED** shall pay a penalty of \$72,000 and administrative costs of \$3,000.00 on or before the 30th day after this Consent Order is executed. Due to the egregious nature of the failure to report fraudulent claims, this violation comprises the majority of the penalty.
- (b) **UNITED** shall henceforth comply with all of the provisions of the Florida Insurance Code and the Florida Administrative Code.
- (c) **UNITED** 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 **UNITED** may be deemed willful, subjecting **UNITED** to appropriate penalties.

- (d) **UNITED** shall pay past due bills as identified in the Claims Section totaling \$11,152.
- (e) **UNITED** shall continue to monitor the anti-fraud corrective action plan to ensure that all potential fraud claims are reported to the Department of Financial Services, Division of Fraud.
- (f) **UNITED** shall revise the letter to providers rejecting requests for payment due to signature issues to include submission of a copy to the insured/claimant.
- (g) **UNITED** shall continue to monitor Complaint Handling Procedures to ensure compliance.
- (h) **UNITED** shall re-evaluate claims adjusting practices and develop methods to reduce processing time and eliminate the backlog of claims. This will include, for example, shifting the responsibility of obtaining police reports to clerical staff rather than having adjusters or claimants obtain the reports.
- (i) **UNITED** shall recruit and train additional claims adjusters and related claims staff sufficient to enable faster processing of claims, as well as reduce the backlog of claims.
- (j) **UNITED** shall devote staff to timely communicate with claimants and other parties associated with claims to reduce the number of consumer complaints and/or improve processing time associated with consumer complaints filed against **UNITED**. Staff size must be flexible to accommodate fluctuating demands.

(k) **UNITED** shall continue to monitor the staff to timely release policy information as required by Florida Statutes. Staff size must be flexible to accommodate fluctuating demands.

(l) **UNITED** shall establish timeframes for acknowledging claims and communications with claimants and/or Department of Financial Services staff to meet the standards required by Florida Statutes and the Florida Administrative Code.

6. **UNITED** agrees that the failure to adhere to one or more of the above terms and conditions of this Order may constitute a violation of a lawful order of the **OFFICE**, and shall be subject to such administrative action as the Director of the Office of Insurance Regulation 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 **UNITED** and the **OFFICE**, 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 4<sup>th</sup> day of March, 2004.



**KEVIN M. McCARTY**  
Director of the Office of Insurance Regulation

By execution hereof, UNITED AUTOMOBILE 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. The undersigned represents that he or she has the authority to bind UNITED AUTOMOBILE INSURANCE COMPANY to the terms and conditions of this Consent Order and has personal knowledge of the Application and the information provided therein.

**UNITED AUTOMOBILE  
INSURANCE COMPANY**

Corporate Seal

By: Richard Parrillo, Sr.

Title: PRES + C.F.O.

Date: 2-26-04

On Feb. 26<sup>th</sup> 2004 before me, Richard Parrillo, Sr. personally appeared personally known to me (or proved to me on the basis of satisfactory evidence) to be the ~~person whose name is~~ subscribed to the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon whose behalf the person acted, executed the instrument.

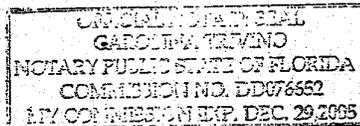
Subscribed and sworn to before me this 26<sup>th</sup> day of February, 2004.

Signature \_\_\_\_\_

(Signature of Notary Public)

[NOTARIAL SEAL]

My Commission Expires:



By execution hereof, UNITED AUTOMOBILE 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. The undersigned represents that he or she has the authority to bind UNITED AUTOMOBILE INSURANCE COMPANY to the terms and conditions of this Consent Order and has personal knowledge of the Application and the information provided therein.

**UNITED AUTOMOBILE  
INSURANCE COMPANY**

Corporate Seal

By: Richard Parrillo, Sr.

Title: PRES. C.F.O.

Date: 2-26-04

On Feb. 26<sup>th</sup> 2004 before me, Richard Parrillo, Sr. personally appeared personally known to me (or proved to me on the basis of satisfactory evidence) to be the ~~person whose name is subscribed to~~ the within instrument and acknowledged to me that he/she executed the same in his/her authorized capacity, and that by his/her signature on the instrument, the person or the entity upon whose behalf the person acted, executed the instrument.

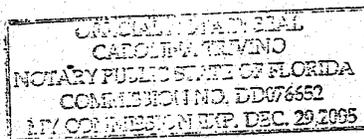
Subscribed and sworn to before me this 26<sup>th</sup> day of February, 2004.

Signature \_\_\_\_\_

(Signature of Notary Public)

[NOTARIAL SEAL]

My Commission Expires:



COPIES FURNISHED TO:

Mr. RICHARD P. PARILLO, President  
United Automobile Insurance Company  
3909 Northeast 163rd Street  
North Miami Beach, Florida 33160

JOE FINNEGAN, Bureau Chief  
Office of Insurance Regulation  
Bureau of Market Conduct  
200 East Gaines Street  
Tallahassee, FL 32399-4210

JOANNA MUELLER  
Investigations Manager  
Office of Insurance Regulation  
Bureau of Market Conduct  
200 East Gaines Street  
Tallahassee, Florida 32399-4210

ELENITA GOMEZ, Esquire  
Legal Services Office  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399

CHRISTOPHER R. HUNT, Esquire  
Legal Services Office  
Office of Insurance Regulation  
200 East Gaines Street  
Tallahassee, Florida 32399