



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 42093-01-CO

WAUSAU UNDERWRITERS INSURANCE COMPANY

2000 Property and Casualty Market Conduct
Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **WAUSAU UNDERWRITERS INSURANCE COMPANY**, hereinafter referred to as **WAUSAU UNDERWRITERS** 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 Treasurer and Insurance Commissioner, as head of the **FLORIDA DEPARTMENT OF INSURANCE**, hereby finds as follows:

1. The Treasurer and Insurance Commissioner, as head of the **DEPARTMENT**, has jurisdiction over the subject matter of, and parties to, this proceeding.

2. **WAUSAU UNDERWRITERS** 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 **WAUSAU UNDERWRITERS** covering the period of January 1996 through December 1998, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **WAUSAU UNDERWRITERS** 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. Commercial Automobile

1. Section 627.412, F.S.-Failure to Attach Mandatory Form/Endorsement.
2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Included Stacked UM.
3. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Deductible Factors.
4. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Experience Modification.
5. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Territory.
6. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Calculation Errors.
7. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.
8. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule.
9. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Used Rates Excluding PIP.
10. Section 627.736, F.S.-Failure to Comply with PIP Benefit Requirements.

11. Section 627.727, F.S.-Failure to Offer/Obtain/Maintain Signed UM Acceptance/Rejection Form.
12. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.
13. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.
14. Section 627.3161, F.S.-Failure to Correct Violation in Prior Exam Report.
15. Section 627.318, F.S.-Failure to Maintain Records.
16. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.
17. Section 627.421, F.S.-Failure to Deliver Policy Timely.
18. Section 626.9541, F.S.-Failure to Comply with Unfair Trade Practice Requirements.
19. Rule 4-170.004, Failure to Document/Substantiate Debit/Credit.
20. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.
21. Section 627.062, F.S.-Failure to Document Individually Rated Risks-Individually Rated.
22. Rule 4-137.008, Failure to Report/Properly Report Individual Rated Risk Stats.
23. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Hired and Non-Owned.
24. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Deductible.

b. Commercial Package

1. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.

2. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.
3. Section 627.062, F.S.-Use of Unfiled Rate, Rating Schedule or Rating Rule.
4. Section 627.421, F.S.-Failure to Deliver Policy Timely.
5. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule- Classified Incorrectly.
6. Section 627.4131, F.S.-Failure to Display Telephone Number and Purpose on Policy/Certificate.
7. Section 627.0625, F.S.-Failure to Provide Risk Management Guidelines.
8. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule- Incorrect Deductible Factors.
9. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule- Incorrect Charge.
10. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule- Incorrect Edition of Rates Special Form Class Limit.
11. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule- Incorrect Group II Rate Table.
13. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule- Incorrect Package Modifier.
14. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule- Incorrect Personal Property Special Form Class Limit.
15. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule- Incorrect Property Group I Rate.
16. Section 627.318, F.S.-Failure to Maintain Records.

17. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.
18. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Group II Zone Rates.
19. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Building Construction.
20. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Fire Protection Class.

c. Agents/MGA

1. Section 627.4085, F.S.-Failure to Display Agent Name/license ID# or Insurer Name on Application.
2. Section 627.318, F.S.-Failure to Maintain Records.
3. Section 626.741, F.S.-Use of Unlicensed Nonresident Agent.

d. Cancellations/Nonrenewals

1. Section 627.4133, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.

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

(a) **WAUSAU UNDERWRITERS** shall pay an administrative penalty of \$24,325 and administrative costs of \$2,000 on or before the 30th day after this Consent Order is executed.

(b) **WAUSAU UNDERWRITERS** 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 violations contained in the examination report. These policies and procedures shall be made available to the **DEPARTMENT** for review upon request. **WAUSAU UNDERWRITERS** will implement recommendations contained in this report within 90 days after execution of Consent Order, including any pending refunds.

(c) **WAUSAU UNDERWRITERS** 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 **WAUSAU UNDERWRITERS** may be deemed willful, subjecting **WAUSAU UNDERWRITERS** to appropriate penalties.

6. **WAUSAU UNDERWRITERS** 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 **WAUSAU UNDERWRITERS** to such administrative action as the Treasurer and Insurance Commissioner 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 **WAUSAU UNDERWRITERS INSURANCE COMPANY** 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 ____ day of _____, 2001.

KEVIN MCCARTY
DEPUTY INSURANCE COMMISSIONER

By execution hereof **WAUSAU UNDERWRITERS 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.

WAUSAU UNDERWRITERS INSURANCE COMPANY

By: _____

Title: _____

Date: _____

COPIES FURNISHED TO:

MR. DWIGHT E. DAVIS, PRESIDENT
Wausau Underwriters Insurance Company
Post Office Box 8017
Wausau, WI 54402-8017

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

INVOICE

ADMINISTRATIVE PENALTY IMPOSED BY CONSENT ORDER

In order to ensure that your payment is received and properly credited, please make your check payable to the Florida Department of Insurance and return this invoice with your check to:

Department of Insurance and State Treasurer
Division of Legal Services
Revenue Processing Section
Post Office Box 6100
Tallahassee, FL 32399-6100

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REFERENCE

NAME: Mr. Dwight E. Davis, President
Wausau Underwriters Insurance
Company

ADDRESS: Post Office Box 8017

CITY, STATE, ZIP: Wausau, WI 54402-8017

FEID#: 39-1341459

CASE #: 42093-01-CO

ATTORNEY: S. Strom Maxwell

SOURCE: P&C Solvency

Fine Due: \$ 24,325.00
Cost Due: \$ 2,000.00
Total Amount Due: \$ 26,325.00

Amount remitted: \$ _____

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