



THE TREASURER OF THE STATE OF FLORIDA

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 40795-01-CO

**ZENITH INSURANCE COMPANY**

2000 Property and Casualty Target  
Market Conduct Examination

---

**CONSENT ORDER**

THIS CAUSE came on for consideration as the result of an agreement between **ZENITH INSURANCE COMPANY**, hereinafter referred to as **ZENITH** 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. **ZENITH** 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 target market conduct examination of **ZENITH** covering the period of

January 1997 through December 1999, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **ZENITH** 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. Workers' Compensation

1. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Class Code 9102.
2. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Class Code 8868 & 7380.
3. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Workplace Safety Credit.
4. Section 627.410, F.S.-Use of Unfiled Form/Endorsement-Rate and Premium Form.
5. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Premium Discounts.
6. Section 627.410, F.S.-Use of Unfiled Form/Endorsement-WC 000503A(1).
7. Section 627.091, F.S.-Use of Unfiled Rate, Rating Schedule, Rating Rule or Underwriting Guideline.
8. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Waiver of Subrogation.
9. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Manual Charge.
10. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Class Code 3076.

11. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Class Code 9101.
12. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Class Code 8006.
13. Section 627.191, F.S.-Failure to Audit Policy and Return premium Timely.
14. Section 627.318, F.S.-Failure to Maintain Records.
15. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Cancelled Mid-Term.
16. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Report Retro Policies.
17. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Orlando Injury Code 5 vs 3.
18. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Sarasota Injury Code 5 vs 3.
19. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Injury Code 5 vs 2.

b. Agents/MGA

1. Section 627.4085, F.S.-Failure to Display Agent Name/License ID# or Insurer Name on Application.

c. Cancellations/Nonrenewals

1. Section 627.191, F.S.-Failure to Audit Policy and Return Premium Timely.
2. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Nonrenumerated Corporate Officer.

3. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Short Rate Factor.
4. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Renumeration for Corporate Officers.
5. Section 627.191, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline-Pro Rata.

4. The **DEPARTMENT** and **ZENITH** 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. **ZENITH** 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. For each violation noted in Paragraph 3, which was not corrected during the examination and verification provided to the **DEPARTMENT**, **ZENITH** shall provide written documentation to the **DEPARTMENT** no later than June 1, 2001, detailing the corrective action taken in order to comply with Florida Statutes for each of the remaining violations noted in Paragraph 3. All pending refunds shall be completed within 60 days of the execution of the Consent Order and documentation provided to the **DEPARTMENT**.

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

(a) **ZENITH** shall pay an administrative penalty of \$5,850 and administrative costs of \$1,000 on or before the 30th day after this Consent Order is executed.

(b) **ZENITH** shall henceforth comply with all of the provisions of the Florida Insurance Code and Florida Administrative Code, and will implement the recommendations contained in this report within 90 days after execution of Consent Order.

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

7. **ZENITH** 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 **ZENITH** to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

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

9. **THEREFORE**, the agreement between **ZENITH 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 **ZENITH 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.

**ZENITH INSURANCE COMPANY**

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

COPIES FURNISHED TO:

MR. STANLEY R. ZAX, PRESIDENT  
Zenith Insurance Company  
21255 Califa Street  
Woodland Hills, CA 91367

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

