



**FILED**

**OCT 06 2023**

**INSURANCE REGULATION**  
Docketed by: GA

**OFFICE OF INSURANCE REGULATION**

**MICHAEL YAWORSKY**  
COMMISSIONER

IN THE MATTER OF:

CASE NO.: 307131-23

AMERICAN INTERSTATE INSURANCE COMPANY  
/

CONSENT ORDER

THIS CAUSE came on for consideration as the result of a market conduct investigation of AMERICAN INTERSTATE INSURANCE COMPANY (hereinafter referred to as "AMERICAN INTERSTATE") conducted by the OFFICE OF INSURANCE REGULATION (hereinafter referred to as the "OFFICE"). The OFFICE, having considered the record in this case and being otherwise fully advised in the premises, finds as follows:

1. The OFFICE has jurisdiction over AMERICAN INTERSTATE and the subject matter of this proceeding.

2. AMERICAN INTERSTATE is a Nebraska domiciled property and casualty insurer that became authorized to transact insurance business in the state of Florida on January 24, 1989. A Certificate of Authority was issued by the OFFICE, in accordance with Chapter 624, Part III, Florida Statutes. AMERICAN INTERSTATE is authorized to write workers compensation and other liability insurance in Florida.

3. The OFFICE conducted a market conduct investigation of AMERICAN INTERSTATE pursuant to Sections 624.307 and 624.318, Florida Statutes, in response to a complaint filed alleging American Interstate's use of an unfiled workers' compensation rate in Florida. Section 627.091(1), Florida Statutes, states that as to workers' compensation and employer's liability insurances, every insurer shall file with the OFFICE every manual of classifications, rule, and rates, every rating plan, and every modification of any of the foregoing which it proposes to use with the OFFICE. Section 627.191, Florida Statutes, states, in part, that no insurer or employee thereof, and no agent, shall make or issue a contract or policy of workers' compensation or employer's liability insurance except in accordance with the filings which are in effect for such insurer, or as provided in the applicable provisions of this part.

4. The results of the investigation determined that from 2001 to 2022, AMERICAN INTERSTATE delivered or issued 287 policies with a rate that was not filed with the OFFICE, in violation of Sections 627.091 and 627.191, Florida Statutes. Of the 287 policies issued with the unfiled rate, 218 were charged a \$3,500 flat fee; the remaining 69 policies were charged a flat fee ranging from \$329 to \$5,000.

5. On August 1, 2022, AMERICAN INTERSTATE filed a rating rule that was approved by the OFFICE on August 29, 2022.

6. AMERICAN INTERSTATE certifies a comprehensive review of all workers compensation policies issued to Florida policyholders was conducted. The cumulative total of the unfiled rate charged to 287 policies issued between 2001 and 2022 was \$1,017,902. To ensure coverage remains in force for affected policyholders who elected the coverage, the amount of the unfiled rate and refunds owed to consumers was reduced by the approved rate and by the unpaid premiums or deductibles owed by policyholders to AMERICAN INTERSTATE. AMERICAN

INTERSTATE calculated the amount of returned premiums owed to policyholders to be \$648,418.35.

7. AMERICAN INTERSTATE certifies it shall not deliver or issue any line of insurance in Florida until AMERICAN INTERSTATE files such rates with the OFFICE.

8. AMERICAN INTERSTATE certifies all policies issued to Florida policyholders contain the correct forms approved by the OFFICE.

9. Section 624.4211(2), Florida Statutes, states that if an insurer discovers a non-willful violation, the insurer shall correct the violation and, if restitution is due, make restitution to all affected persons. Such restitution shall include interest at 12 percent per year from either the date of the violation or the date of inception of the affected person's policy, at the insurer's option. AMERICAN INTERSTATE calculated the amount of interest owed to all affected policies as of May 31, 2023, to be \$558,972.51.

10. Pursuant to Section 624.418(2)(a), Florida Statutes, the OFFICE may, in its discretion, suspend or revoke the Certificate of Authority of an insurer if the OFFICE finds that the insurer has violated any provision of the Florida Insurance Code. Section 624.4211, Florida Statutes, allows for an administrative fine in lieu of suspension if the OFFICE finds that grounds exist for the discretionary revocation or suspension of a Certificate of Authority issued under Chapter 624, Florida Statutes. In no event shall such fine exceed an aggregate amount of \$20,000 for all non-willful violations arising out of the same action.

11. AMERICAN INTERSTATE agrees that upon the execution of this Consent Order, it shall be subject to the following terms and conditions and shall comply and certify compliance to the OFFICE within 30 days after the execution of this Consent Order, as follows:

a. AMERICAN INTERSTATE shall certify to the OFFICE that all proposed remediation actions outlined in this Consent Order have been implemented.

b. AMERICAN INTERSTATE shall implement the appropriate internal controls to ensure all rates are filed with the OFFICE in compliance with Sections 627.091(1), and 627.191, Florida Statutes.

c. AMERICAN INTERSTATE will refund affected policyholders a total of \$1,207,390.86 which is the cumulative total of the unfiled rate charged to 287 policies issued between 2001 and 2022, minus the amount of the rate approved by the OFFICE in 2022, minus the amount of unpaid premiums or deductibles owed by policyholders to AMERICAN INTERSTATE plus the amount of interest owed through May 31, 2023.

d. AMERICAN INTERSTATE will not reduce the amount of refunds owed by the amount of any prior claims or dividends paid to policyholders.

e. AMERICAN INTERSTATE will escheat all unclaimed refundable premiums to the Florida Department of Financial Services, Division of Unclaimed Property, pursuant to Chapter 717, Florida Statutes.

f. AMERICAN INTERSTATE shall pay a fine of \$20,000 and administrative costs of \$5,000. AMERICAN INTERSTATE shall send its payment to the address reflected on the invoice (attached as Exhibit A). AMERICAN INTERSTATE agrees that failure to make this payment in full within the specified time period may result in further administrative action.

12. AMERICAN INTERSTATE agrees that any future violations of the statutes or rules named herein may be deemed willful, subjecting AMERICAN INTERSTATE to penalties as the OFFICE deems appropriate.

13. AMERICAN INTERSTATE agrees that the failure to adhere to one or more of the above terms and conditions of this Consent Order shall constitute a violation of a lawful order of the OFFICE and may result in the OFFICE revoking, suspending, or taking other action as the OFFICE deems appropriate upon AMERICAN INTERSTATE'S Certificate of Authority in the state of Florida.

14. The deadlines set forth in this Consent Order may be extended by prior written approval of the OFFICE. Approval of any deadline extension is subject to statutory or administrative regulation limitations.

15. AMERICAN INTERSTATE expressly waives a hearing in this matter, the making of findings of fact and conclusions of law by the OFFICE, and all further and other proceedings to which it may be entitled, either by law or by the rules of the OFFICE. AMERICAN INTERSTATE hereby knowingly and voluntarily waives all rights to challenge or to contest this Consent Order, in any forum available to it, now or in the future, including the right to any administrative proceeding, state or federal court action, or any appeal.

16. Except as noted above, each party to this action shall bear its own costs and attorneys' fees.

17. This Consent Order shall be deemed to be executed when the OFFICE has signed and docketed a copy of this Consent Order bearing the signature of the authorized representative of AMERICAN INTERSTATE, notwithstanding the fact that the copy may have been transmitted to the OFFICE electronically. Further, AMERICAN INTERSTATE agrees that the signature of its authorized representative shall be under the seal of a Notary Public.

WHEREFORE, the agreement between AMERICAN INTERSTATE INSURANCE COMPANY and the OFFICE OF INSURANCE REGULATION, 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 6<sup>th</sup> day of October 2023.



  
Michael Yaworsky, Commissioner  
Office of Insurance Regulation

By execution hereof, AMERICAN INTERSTATE INSURANCE COMPANY consents to entry of this Consent Order, agrees without reservation to all of the above terms and conditions, and shall be bound by all provisions herein. The undersigned represents that they have the authority to bind AMERICAN INTERSTATE INSURANCE COMPANY to the terms and conditions of this Consent Order.

AMERICAN INTERSTATE INSURANCE COMPANY

By: [Signature]

[Corporate Seal]

Print or Type Name: G. Janelle Frost

Title: CEO

Date: 9/18/2023

STATE OF Louisiana

Parish COUNTY OF Beauregard

The foregoing instrument was acknowledged before me by means of  physical presence

or  online notarization, this 18<sup>th</sup> day of September 2023, by G. Janelle Frost

as CEO for American Interstate Insurance Co.  
(type of authority; e.g., officer, trustee, attorney in fact) (company name)

[Signature]  
(Signature of the Notary)

Paul P. Marks  
(Print, Type or Stamp Commissioned Name of Notary)

LA Bar # 11 #31249

Personally Known / or Produced Identification         

Type of Identification Produced         

My Commission Expires upon death

**COPIES FURNISHED TO:**

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