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MAR 28 2002

Treasurer and
Insurance Commissioner
Docketed by: SP

THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 42089-01-CO

AUTO-OWNERS INSURANCE COMPANY

2000 Property and Casualty Market Conduct
Examination

RECEIVED

MAR 29 2002

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **AUTO-OWNERS INSURANCE COMPANY**, hereinafter referred to as **AUTO-OWNERS** 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 **DEPARTMENT**, hereby finds as follows:

1. The **DEPARTMENT**, has jurisdiction over the subject matter of, and parties to, this proceeding.
2. **AUTO-OWNERS** 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 AUTO-OWNERS 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 AUTO-OWNERS 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 627.413, F.S.-Failure to Correctly Specify Contents of Policy Relating to Subject of Insurance.
2. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.
3. Section 627.412, F.S.-Failure to Attach Mandatory Form/Endorsement-No Fault Endorsement #79255.
4. Section 627.0651, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)-Territory.

b. Homeowners

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Protection Class.

c. Mobile Homeowners

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Protection Class.

d. Dwelling Fire

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Protection Class.
2. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Rating Zone.

e. Commercial Package

1. Section 627.062, F.S.-Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Protection Classes.

f. Agents/MGA

1. Section 627.4085, F.S.-Failure to Display Agent Name/License ID# or Insurer Name on Application.
2. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.

g. Cancellations/Nonrenewals

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

h. Claims

1. Rule 4-166.026, Failure to Properly Compute Sales Tax.
2. Rule 4-166.026, Failure to Properly Compute Sales Tax-Hillsborough County.
3. Section 817.234, F.S.-Failure to Affix Fraud Statement to Claim Form or Application.

4. The DEPARTMENT and AUTO-OWNERS 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. AUTO-OWNERS 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. AUTO-OWNERS agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) AUTO-OWNERS shall pay an administrative penalty of \$3,800 and administrative costs of \$500 on or before the 30th day after this Consent Order is executed.

(b) AUTO-OWNERS 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 the violations contained in the examination report. These policies and procedures shall be made available to the DEPARTMENT for review upon request. Within 90 days after execution of this Consent Order AUTO-OWNERS shall both implement the recommendations contained in this report, and submit confirmation, in writing, to the DEPARTMENT that all

directives contained in the report have been met, including all refunds made.

(c) **AUTO-OWNERS** 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 **AUTO-OWNERS** may be deemed willful, subjecting **AUTO-OWNERS** to appropriate penalties.

6. **AUTO-OWNERS** 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 **AUTO-OWNERS** to such administrative action as the **DEPARTMENT** 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 **AUTO-OWNERS 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 28TH day of MARCH, 2002.



KEVIN MCCARTY
DEPUTY INSURANCE COMMISSIONER

By execution hereof AUTO-OWNERS 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.

AUTO-OWNERS INSURANCE COMPANY

By: William Woodberry

Title: SENIOR ATTORNEY

Date: MARCH 5, 2002

COPIES FURNISHED TO:

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