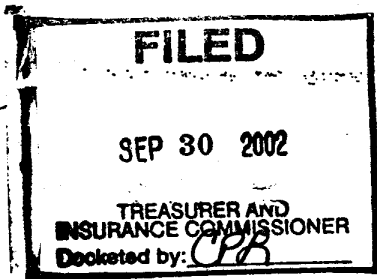


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THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

CASE NO. 61048-02-CO

AV-MED, INC.

CONSENT ORDER

THIS CAUSE came on for consideration as the result of the agreement between **AV-MED, INC.** (hereinafter referred to as "**AV-MED**") 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 undersigned 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. **AV-MED** is authorized to transact business in this State as a health maintenance organization subject to the jurisdiction and regulation of the **DEPARTMENT** in accordance with the Florida Insurance Code.
3. Pursuant to complaints received by the **DEPARTMENT**, a target market conduct examination was conducted pursuant to Section 641.27, Florida Statutes. As a result of such investigation and examination, the **DEPARTMENT**

issued on February 8, 2002, its draft examination report (hereinafter referred to as "1999 examination report"). AV-MED timely requested an informal conference pursuant to sections 641.27, 624.3161, 624.319, Florida Statutes, and Rule 4-121.006, Florida Administrative Code, challenging the 1999 examination report, which was held on March 28, 2002.

4. In an effort to resolve this matter without any further proceedings, this Consent Order is intended by the parties to resolve all pending issues related to AV-MED's 1999 examination. The DEPARTMENT finds that AV-MED failed to comply with the following provisions of the Florida Insurance Code, to wit:

1. Sections 627.4235, 641.31(7), 641.3155(1), 641.3901 and 641.3903(5)(c) 1. & 4., Florida Statutes, (1999): Failure to Adopt and Implement Standards for Proper Investigation of Personal Injury Protection (PIP) Claims.
2. Sections 641.3155(1), 641.3901 and 641.3903(5)(c) 1. & 4., Florida Statutes, (1999): Failure to Adopt and Implement Standards for Proper Investigation of Workers' Compensation Claims.
3. Section 641.3155(2), Florida Statutes (1999): Failure to Properly Calculate Interest.

5. The DEPARTMENT and AV-MED 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. AV-MED hereby knowingly and voluntarily waives all 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.

6. **AV-MED** 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 **AV-MED** to such administrative action as the Treasurer and Insurance Commissioner may deem appropriate.

7. **AV-MED** agrees that upon the execution of this Consent Order it shall be subject to the following terms and conditions:

(a) **AV-MED** shall pay a penalty of Eighteen Thousand Dollars (\$18,000) and administrative costs of Two Thousand Dollars (\$2,000) no later than thirty (30) days following the issuance of this Consent Order.

(b) **AV-MED** shall henceforth comply with all of the provisions of the Florida Insurance Code.

(c) **AV-MED** is hereby placed on notice of the requirements of the above referenced sections of law and acknowledges that any future violations of these sections by **AV-MED** may be deemed willful by the **DEPARTMENT**, subjecting **AV-MED** to appropriate penalties.

(d) **AV-MED** shall undertake corrective action to make certain that all claims by providers are properly coordinated with other insurers and/or self-insurers in accordance with all applicable statutes and rules. **AV-MED** shall submit for the Department's review a revision to its policies and procedures regarding the aforementioned corrective action and proper coordination of benefits no later than thirty (30) days following the issuance of this Consent Order.

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

THEREFORE, the agreement between AV-MED, INC. and the DEPARTMENT, consisting of the terms and conditions set forth above, is approved.

FURTHER, all terms and conditions above are hereby ORDERED.

DONE AND ORDERED this 30TH day of SEPTEMBER, 2002



KEVIN MCCARTY
DEPUTY INSURANCE COMMISSIONER

By execution hereof, **AV-MED, INC.** 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, pursuant to Section 624.310, Florida Statutes, that he/she has the authority to bind **AV-MED, INC.** to the terms and conditions of this Consent Order.

AV-MED, INC.

By: _____

Robert C. Hudson

Print or Type Name

Title: President & CEO

Date: 9/24/02

COPIES FURNISHED TO:

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