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THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

Treasurer and
Insurance Commissioner
Docketed by: SP

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 61692-02-CO

COTTON STATES MUTUAL INSURANCE COMPANY

2001 Property and Casualty Market Conduct Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **COTTON STATES MUTUAL INSURANCE COMPANY**, hereinafter referred to as **COTTON STATES** 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. **COTTON STATES** 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 **COTTON STATES** covering the period of January 1999 through

September 2001, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the DEPARTMENT determined that COTTON STATES 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 627.0651, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)-Transfer Discount.
2. Section 627.0651, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)-Territory.
3. Section 627.0651, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)-Symbols.
4. Section 627.0651, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)-Safety Device Discounts.
5. Section 627.0651, F.S.-Failure to Follow Filed Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA).
6. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.

b. Homeowners

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

c. Cancellations

1. Section 627.728, F.S.-Failure to Provide Timely Notice of Renewal, Nonrenewal or Cancellation.

d. Claims

1. Section 626.877, F.S.-Failure to Properly Adjust Claim Per Policy Requirements.
2. Section 626.572, F.S.-Failure to Properly Forward Automobile Titles to the Department of Highway Safety and Motor Vehicles.

e. Agents

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.
3. Section 626.733, F.S.-Failure to License/Appoint Agency Employees.

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

(a) COTTON STATES shall pay an administrative penalty of \$7,250 and administrative costs of \$1,500 on or before the 30th day after this Consent Order is executed.

(b) **COTTON STATES** 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, **COTTON STATES** 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) Specifically, the Company shall issue refunds within 90 days of execution of the consent order. The Company further agrees that a \$100 penalty shall be assessed for each day past the 90 day period wherein the refunds are not made.

(d) **COTTON STATES** 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 **COTTON STATES** may be deemed willful, subjecting **COTTON STATES** to appropriate penalties.

6. **COTTON STATES** 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 **COTTON STATES** 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 **COTTON STATES MUTUAL 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 18TH day of DECEMBER, 2002.



Kevin McCarty

KEVIN MCCARTY
DEPUTY INSURANCE COMMISSIONER

By execution hereof **COTTON STATES MUTUAL 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.

**COTTON STATES MUTUAL INSURANCE
COMPANY**

By: _____

Title: ROBERT A. WHITE
VICE PRESIDENT P & C UNDERWRITING

Date: 10/21/2002

COPIES FURNISHED TO:

MR. J. RIDLEY HOWARD, PRESIDENT
Cotton States Mutual Insurance Company
244 Perimeter Center Parkway N.E.
Atlanta, Georgia 30346

JOE FINNEGAN, BUREAU CHIEF
Division of Insurer Services
Bureau of Market Conduct
200 East Gaines Street
Tallahassee, Florida 32399-0329

CHERYL C. JONES, AIE
Field Insurance Regional Administrator
Division of Insurer Services
Bureau of Market Conduct
200 East Gaines Street, Suite 220.06
Tallahassee, Florida 32399-4210

S. STROM MAXWELL, ESQUIRE
Department of Insurance
Division of Legal Services
200 East Gaines Street
612 Larson Building
Tallahassee, Florida 32399-0333