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FILED
MAR 8 2002
TREASURER AND INSURANCE COMMISSIONER
Docketed by: <i>[Signature]</i>

THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

IN THE MATTER OF:

DESOTO INSURANCE COMPANY
2001 Property and Casualty
Market Conduct Examination

Case No. 43755-01-CO

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **DESOTO INSURANCE COMPANY**, hereinafter referred to as **DESOTO** 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. **DESOTO** is a domestic 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 **DESOTO** covering the period of October 2000 through May 2001, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the **DEPARTMENT** determined that **DESOTO** committed the following violations of the Florida Insurance Code or Florida Administrative Code:

a. Dwelling Fire

1. Section 627.062, Florida Statutes, Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Protection Classes.
2. Section 627.062, Florida Statutes, Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Territory.
3. Section 627.062, Florida Statutes, Failure to Follow Filed Rate, Rating Schedule or Rating Rule-ACV Roof Endorsement.
4. Section 627.062, Florida Statutes, Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Loss Free Credit.

b. Homeowners

1. Section 627.062, Florida Statutes, Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Incorrect Protection Classes.
2. Section 627.062, Florida Statutes, Failure to Follow Filed Rate, Rating Schedule or Rating Rule-Loss Free Credit.

3. Section 627.062, Florida Statutes, Failure to Follow Filed Rate, Rating Schedule or Rating Rule-New Home Credit.
4. Section 627.062, Florida Statutes, Failure to Follow Filed Rate, Rating Schedule or Rating Rule-ACV Roof Endorsement.

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

(a) **DESOTO** shall pay an administrative penalty of \$2,000.00 and administrative costs of \$500.00 before the 30th day after this Consent Order is executed.

(b) **DESOTO** shall henceforth comply with all of the provisions of the Florida Insurance Code, Florida Administrative Code and implement policies and procedures

that will preclude the recurrence of violations contained in the examination report. These policies and procedures shall be made available to the **DEPARTMENT** for review upon request. **DESOTO** will implement recommendations contained in this report within 90 days after execution of Consent Order, including any pending refunds, and submit confirmation, in writing, to the **DEPARTMENT** that all directives contained in the report have been met, including all refunds made. This confirmation shall be provided to the **DEPARTMENT** within the 90-day timeframe.

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

6. **DESOTO** 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 **DESOTO** to such administrative action as the Treasurer and Insurance Commissioner 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 DESOTO 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 8th day of March, 2002.



Kevin McCarty
DEPUTY INSURANCE COMMISSIONER

By execution hereof **DESOTO 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.

DESOTO INSURANCE COMPANY

By: William T. Sanders
Title: President
Date: February 25, 2002

Company Seal

COPIES FURNISHED TO:

Mr. William T. Sanders, CPCU, AU, President
DESOTO INSURANCE COMPANY
P. O. Box 14075
Tallahassee, FL 32317-4075

Thomas A. Brinkley, AIE
Field Insurance Regional Administrator
Division of Insurer Services
Bureau of Market Conduct
200 East Gaines Street, Suite 131B
Tallahassee, Florida 32399-0329

A. Collin Cherry
Senior Attorney
Department of Insurance
Division of Legal Services
200 East Gaines Street
Tallahassee, Florida 32399-0333