



**FILED**

MAR 13 2006

Decided by: SPB

**OFFICE OF INSURANCE REGULATION**

**KEVIN M. McCARTY**  
COMMISSIONER

IN THE MATTER OF:

**LION INSURANCE COMPANY**

**CASE NO. 88252-06-CO**

2005 Market Conduct Examination

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**CONSENT ORDER**

THIS CAUSE came on for consideration as the result of an agreement between **LION INSURANCE COMPANY** (hereinafter referred to as "**LION INSURANCE**") and the **OFFICE OF INSURANCE REGULATION** (hereinafter referred to as "**the OFFICE**"). Following a complete review of the entire record, and upon consideration thereof, and being otherwise fully advised in the premises, the **OFFICE** hereby finds as follows:

1. The **OFFICE** has jurisdiction over the subject matter of, and parties to, this proceeding.
2. **LION INSURANCE** is a domestic property and casualty insurer authorized to transact workers' compensation insurance business in Florida, and is subject to the jurisdiction and regulation of the **OFFICE** pursuant to the Florida Insurance Code.

3. The OFFICE conducted a market conduct examination of LION INSURANCE pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the OFFICE has determined that LION INSURANCE violated the following provisions of the Florida Statutes and Florida Administrative Code:

- a. *Section 440.42(3), Florida Statutes* – Failure to timely notify certificateholders of coverage termination.
- b. *Section 440.42(3), Florida Statutes* – Failure to timely notify the Division of Workers' Compensation of client employer terminations.
- c. *Section 627.191, Florida Statutes* – Use of an incorrect increased limit factor while developing the standard premium.
- d. *Section 627.192(9), Florida Statutes* – Failure to properly complete audit.
- e. *Rule 690-189.003(2)(b), Florida Administrative Code* – Failure to obtain a notarized signature of the insured on the application for coverage.

4. LION INSURANCE agrees that upon the execution of this Consent Order, it shall be subject to the following terms and conditions:

- a. LION INSURANCE shall pay an administrative penalty in the amount of Twenty-Five Thousand Dollars (\$25,000.00) and administrative costs in the amount of Three Thousand Dollars (\$3,000.00) on or before the 30th day after this Consent Order is executed.
- b. LION INSURANCE shall provide to the OFFICE, within 30 days of execution of this Consent Order, certification by an officer of the Company that corrective actions as stated in the examination report have been completed with regard to the above-cited violations.

5. **LION INSURANCE** 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 **LION INSURANCE** may be deemed willful, subjecting **LION INSURANCE** to appropriate penalties.

6. **LION INSURANCE** affirms that all representations and requirements set forth herein are material to the issuance of this Consent Order. Violation of any part of this Consent Order shall constitute a violation of a lawful order of the **OFFICE** and may subject **LION INSURANCE** to one or more of the administrative remedies available under the Florida Insurance Code or other applicable law.

7. **LION INSURANCE** expressly waives its right to a hearing in this matter, the making of Findings of Fact and Conclusions of Law by the **OFFICE**, and all further and other proceedings herein to which the parties may be entitled by law or rules of the **OFFICE**. **LION INSURANCE** hereby knowingly and voluntarily waives all rights to challenge or to contest this Order, in any forum now or in the future available to it, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

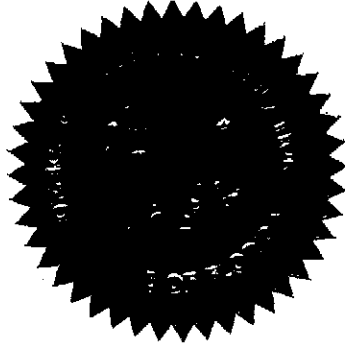
8. The parties agree that this Consent Order shall be deemed to be executed when the **OFFICE** has executed a copy of this Consent Order bearing the signature of **LION INSURANCE**'s authorized representative under the seal of a notary public, notwithstanding the fact that the copy may have been transmitted to the **OFFICE** electronically.

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

THEREFORE, the agreement between **LION INSURANCE** and the **OFFICE**, 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 13TH day of MARCH, 2007.



\_\_\_\_\_  
Kevin M. McCarty  
Commissioner  
Office Of Insurance Regulation

By execution hereof, LION 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, pursuant to Section 624.310, Florida Statutes, that he/she has the authority to bind LION INSURANCE COMPANY to the terms and conditions of this Consent Order.

LION INSURANCE COMPANY

By: \_\_\_\_\_

(Corporate Seal)

JOHN A. PORRECA  
(Print or Type Name)

Title: PRESIDENT

Date: 3-8-07

STATE OF Florida

COUNTY OF Pasco

The foregoing instrument was acknowledged before me this 8<sup>th</sup> day of March 2007, by

John Porreca as President  
(Name of person) (Type of authority.... e.g. officer, trustee, attorney in fact)

for Lion Insurance Co.  
(Company name)

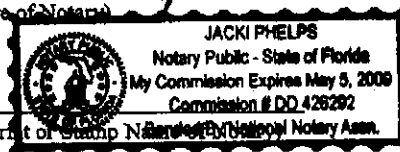
Personally Known  or Produced Identification \_\_\_\_\_

Type of Identification Produced \_\_\_\_\_

(Notarial Seal)

My Commission Expires:

(Signature of Notary)



(Type, Print or Stamp Number of Notary Assn.)

**Lion Insurance Company  
Certification of Corrective Action  
Consent Order No. 88252-06-CO**

**Item 3. a. Section 440.42(3), Florida Statutes** – Failure to timely notify certificate holders of coverage termination.

Corrective actions as stated in the examination report have been completed with regard to the above-cited violation.

**Item 3. b. Section 440.42(3), Florida Statutes** – Failure to timely the Division of Workers' Compensation of client employer terminations.

Corrective actions as stated in the examination report have been completed with regard to the above-cited violation.

**Item 3. c. Section 627.191, Florida Statutes** – Use of an incorrect increased limit factor while developing the standard premium.

Corrective actions as stated in the examination report have been completed with regard to the above-cited violation.

**Item 3. d. Section 627.192(9), Florida Statutes** – Failure to properly complete audit.

Corrective actions as stated in the examination report have been completed with regard to the above-cited violation.

**Item 3. e. Section 690-189.003(2)(v), Florida Administrative Code** – Failure to obtain notarized signature on the application for coverage.

Corrective actions as stated in the examination report have been completed with regard to the above-cited violation.

I certify that the above are true and correct statements.

John Anthony Porreca  
President  
Lion Insurance Company

3-8-07

Date

Subscribed and sworn to before me this 8th day of March, 2007

Jacki Phelps, Notary Public

My Commission Expires: May 5, 2009

