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THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

Treasurer and
Insurance Commissioner
Docketed by: CR

TOM GALLAGHER

IN THE MATTER OF:

CASE NO.: 43635-01-CO

GEICO INDEMNITY, GEICO GENERAL, GEICO
CASUALTY AND GOVERNMENT EMPLOYEES INSURANCE
COMPANY

2001 Property and Casualty Target Market Conduct
Examination

CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between GEICO INDEMNITY, GEICO GENERAL, GEICO CASUALTY AND GOVERNMENT EMPLOYEES INSURANCE COMPANY, hereinafter referred to as GEICO COMPANIES, 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. GEICO COMPANIES are foreign property and casualty insurers authorized to transact insurance business in Florida

and are subject to the jurisdiction and regulation of the DEPARTMENT pursuant to the Florida Insurance Code.

3. The DEPARTMENT conducted a property and casualty target market conduct examination of GEICO COMPANIES covering the period of November 2000 through January 2001, pursuant to Section 624.3161, Florida Statutes. As a result of such examination, the DEPARTMENT determined that GEICO COMPANIES 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. Agents/MGA

1. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
2. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
3. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
4. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
5. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
6. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
7. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
8. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.

9. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
10. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
11. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
12. Rule 4-213.060, Use of Unlicensed 2-20 Supervising Agent.
13. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent.
14. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent.
15. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent.
16. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent.
17. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent.
18. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent.
19. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent.
20. Section 626.112, F.S.-Use of Unlicensed and Unappointed Agent.

4. The DEPARTMENT and GEICO COMPANIES 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. GEICO COMPANIES hereby knowingly and voluntarily waive the right

to challenge or to contest this Order in any forum now available to them, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

5. **GEICO COMPANIES** agree that upon the execution of this Consent Order they shall be subject to the following terms and conditions:

(a) **GEICO COMPANIES** shall pay an administrative penalty of \$40,000 and administrative costs of \$2,000 on or before the 30th day after this Consent Order is executed.

(b) **GEICO COMPANIES** 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, **GEICO COMPANIES** 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) **GEICO COMPANIES** shall henceforth only utilize appropriately licensed and appointed general lines agents as supervisors on the sales floor. In addition, only licensed and

appointed agents and/or customer service representatives are to be used in the production of business.

(d) GEICO COMPANIES are hereby placed on notice of the requirements of the above referenced sections of law and agree that any future violations of these sections by GEICO COMPANIES may be deemed willful, subjecting GEICO COMPANIES to appropriate penalties.

6. GEICO COMPANIES agree 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 GEICO COMPANIES 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 GEICO INDEMNITY, GENERAL, CASUALTY AND GOVERNMENT EMPLOYEES 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 21ST day of JUNE, 2002.



KEVIN MCCARTY
DEPUTY INSURANCE COMMISSIONER

By execution hereof GEICO INDEMNITY, GENERAL, CASUALTY AND GOVERNMENT EMPLOYEES INSURANCE COMPANY consent to entry of this Order, agree 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.

GEICO INDEMNITY, GEICO GENERAL, GEICO CASUALTY AND GOVERNMENT EMPLOYEES INSURANCE COMPANY

By: _____

Title: Vice President and Legislative Counsel

Date: April 2, 2002

COPIES FURNISHED TO:

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