



THE TREASURER OF THE STATE OF FLORIDA
DEPARTMENT OF INSURANCE

TOM GALLAGHER

FILED

JAN 6 2003

Treasurer and
Insurance Commissioner
Docketed by: CF

IN THE MATTER OF:

CASE NO'S.: 63794-02-CO
60209-02-CO

**AMERICAN INTERNATIONAL INSURANCE COMPANY
and AIG NATIONAL INSURANCE COMPANY, INC.**

2001 (AIC) and 2002 (AIGNIC) Property and Casualty
Market Conduct Examinations

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CONSENT ORDER

THIS CAUSE came on for consideration as the result of an agreement between **AMERICAN INTERNATIONAL INSURANCE COMPANY** and **AIG NATIONAL INSURANCE COMPANY, INC.**, hereinafter referred to as **AMERICAN INTERNATIONAL** and **AIG NATIONAL** 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. **AMERICAN INTERNATIONAL** and **AIG NATIONAL** 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 market conduct examination of AMERICAN INTERNATIONAL covering the period of January 1998 through December 2000, and of AIG NATIONAL covering the period of January 2002 through March 2002, pursuant to Section 624.3161, Florida Statutes. As a result of said examinations, the DEPARTMENT determined that AMERICAN INTERNATIONAL and AIG NATIONAL committed the following violations of the Florida Insurance Code or Florida Administrative Code as outlined in the Report of Examination Findings:

a. American International Insurance Company:

Private Passenger Automobile

1. Section 627.736, F.S.-Failure to Comply with PIP Benefit Requirements.
2. Section 627.739, F.S.-Failure to Comply with PIP Coverage Requirements-Extended/Additional PIP.
3. Section 627.739, F.S.-Failure to Comply with PIP Coverage Requirements-Deductibles.
4. Section 627.727, F.S.-Failure to Offer/Obtain/Maintain Signed UM Acceptance/Rejection Form.
5. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.
6. Section 627.0651, F.S. -Use of Unfiled Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA).
7. Section 627.0651, F.S. -Use of Unfiled Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA).

8. Section 627.727, F.S.-Failure to Offer/Obtain/Maintain Signed UM Acceptance/Rejection Form.
9. Section 627.318, F.S.-Failure to Maintain Records.

Cancellations/Nonrenews

1. Section 627.7295, F.S.-Failure to Comply with Cancellation Requirements for Policies in Effect Less than 60 Days.

Claims

1. Section 624.3161, F.S.-Failure to Correct Violation in Prior Exam Report.
2. Section 626.112, F.S.-Use of Unlicensed/Unappointed Agent/Adjuster.

b. AIG National Insurance Company:

Private Passenger Automobile

1. Section 627.0651, F.S.- Use of Unfiled Rate, Rating Schedule, Rating Rule or Underwriting Guideline (PPA)
2. Rule 4-125.004, Failure to Comply with Credit Report/Scoring Requirements-Advisement of Impact.
3. Rule 4-125.004, Failure to Comply with Credit Report/Scoring Requirements-Failure to Establish Procedures.
4. Rule 4-125.004, Failure to Comply with Credit Report/Scoring Requirements-Failure to Maintain Evidence of Compliance.

Complaints

1. Section 627.7282, F.S.-Failure to Comply with Additional Premium Requirements.

Claims

1. Section 627.112, F.S.-Use of Unlicensed and Unappointed Adjuster.

Agents

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

4. The **DEPARTMENT** and **AMERICAN INTERNATIONAL** and **AIG NATIONAL** 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. **AMERICAN INTERNATIONAL** and **AIG NATIONAL** hereby knowingly and voluntarily waive the rights to challenge or to contest this Order in any forum now available to either, including the right to any administrative proceeding, circuit or federal court action, or any appeal.

5. **AMERICAN INTERNATIONAL** and **AIG NATIONAL** agree that upon the execution of this Consent Order they shall be subject to the following terms and conditions:

(a) **AMERICAN INTERNATIONAL** shall pay an administrative penalty of \$32,750 and **AIG NATIONAL** shall pay an administrative penalty of \$30,000 for a collective total of \$62,750 and aggregate administrative costs of \$4,000 on or before the 30th day after this Consent Order is executed.

(b) **AMERICAN INTERNATIONAL** and **AIG NATIONAL** 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 **DEPARTMENT** for review upon request. Within 90 days after execution of this Consent Order, **AMERICAN INTERNATIONAL** and **AIG NATIONAL** 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) The insurers further agree to pay an administrative penalty of \$100 per day that they are not in compliance starting on the 91st day after execution of the Consent Order.

(d) Corrective Actions:

American International Insurance Company

1. Review of Policies

a. The Company is directed to obtain or maintain signed personal injury protection option forms and uninsured motorist acceptance/rejection forms to complete the underwriting files. Documentation of the plan to obtain these forms and the results of the plan shall be provided to the Department within thirty (30) days of the execution of this Consent Order.

(e) **AMERICAN INTERNATIONAL** and **AIG NATIONAL** 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 **AMERICAN INTERNATIONAL** and or **AIG NATIONAL** may be deemed willful, subjecting **AMERICAN INTERNATIONAL** and **AIG NATIONAL** to appropriate penalties.

6. **AMERICAN INTERNATIONAL** and **AIG NATIONAL** 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 **AMERICAN INTERNATIONAL** and or **AIG NATIONAL** 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 **AMERICAN INTERNATIONAL** and **AIG NATIONAL 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 6TH day of JANUARY, 2003.



KEVIN MCCARTY
Deputy Insurance Commissioner

By execution hereof **AMERICAN INTERNATIONAL AND AIG NATIONAL 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 each document.

AMERICAN INTERNATIONAL INSURANCE COMPANY

By: _____

Title: President JACOB HANSEN

Date: 12/30/02

AIG NATIONAL INSURANCE COMPANY, INC.

By: _____

Title: President

Date: 12/31/02

COPIES FURNISHED TO:

MS. MAURA C. POPP, ASSISTANT GENERAL COUNSEL
American International Insurance Company and
AIG National Insurance Company, Inc.
505 Carr Road
Wilmington, Delaware 19809

CHERYL C. JONES, AIE
Field Insurance Regional Administrator
Division of Insurer Services
Bureau of Market Conduct
200 East Gaines Street
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