

JUL 10 2006

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY JL

In the Matter of:

**AMERICAN BANKERS INSURANCE COMPANY OF
FLORIDA, NAIC # 10111,**
Respondent.

) Docket No. 06A-105-INS

) **CONSENT ORDER**

Examiners for the Department of Insurance (the "Department") conducted a target market examination of American Bankers Insurance Company of Florida ("ABIC"). In the Report of Target Market Examination of ABIC, the Examiners allege that ABIC violated A.R.S. §20-1632.01.

ABIC wishes to resolve this matter without formal proceedings, it neither admits nor denies the following Findings of Fact and Conclusions of Law, and consents to the entry of the following Order.

FINDINGS OF FACT

1. ABIC is authorized to transact property and casualty insurance pursuant to a Certificate of Authority issued by the Director.

2. The Director authorized the Examiners to conduct a target market examination of ABIC. The examination covered the time period from January 1, 2004 through December 31, 2004 and concluded on February 22, 2006. Based on the examination findings, the Examiners prepared the "Report of Target Market Examination of American Bankers Insurance Company of Florida" dated December 31, 2004.

3. The Examiners reviewed 60 of 297 mid-term cancellation files and 112 of 18,539 non-renewal cancellation files cancelled for non-payment of premium during the examination period and found that ABIC failed to provide the minimum 7 day grace

1 period, after the premium due date, on 59 mid-term cancellations and 112 non-renewal
2 cancellations.

3 **CONCLUSIONS OF LAW.**

4 1. ABIC allegedly violated A.R.S §20-1632.01 by failing to provide a
5 minimum seven day grace period, after the premium due date, before canceling
6 personal automobile policies for nonpayment of premium.

7 2. Grounds exist for the entry of the following Order in accordance with
8 A.R.S. § 20-220.

9 **ORDER**

10 **IT IS HEREBY ORDERED THAT:**

11 1. American Bankers Insurance Company of Florida shall cease and desist
12 from failing to provide a minimum seven day grace period, after the premium due date,
13 before canceling personal automobile policies for nonpayment of premium.

14 2. Within 90 days of the filed date of this Order, ABIC shall submit to the
15 Arizona Department of Insurance, for approval, evidence that corrections have been
16 implemented and communicated to the appropriate personnel, regarding the issues
17 outlined in Paragraph 1 of the Order section of this Consent Order. Evidence of
18 corrective action and communication thereof includes, but is not limited to, memos,
19 bulletins, E-mails, correspondence, procedures manuals, print screens, and training
20 materials.

21 3. The Department shall be permitted, through authorized representatives,
22 to verify that ABIC has complied with all provisions of this Order.

23 4. ABIC shall pay a civil penalty of \$25,000.00 to the Director for remission
24 to the State Treasurer for deposit in the State General Fund in accordance with A.R.S.
25 §20-220(B). The civil penalty shall be provided to the Market Oversight Division of the

1 Department prior to the filing of this Order.

2 5. The Report of Target Market Examination of American Bankers Insurance
3 Company of Florida as of December 31, 2004, including the letter with their objections
4 to the Report of Examination, shall be filed with the Department upon the filing of this
5 Order.

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7 DATED at Arizona this 7th day of July, 2006.

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10 _____
11 Christina Urias
12 Director of Insurance

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1 **CONSENT TO ORDER**

2 1. American Bankers Insurance Company of Florida has reviewed the
3 foregoing Order.

4 2. American Bankers Insurance Company of Florida admits the jurisdiction
5 of the Director of Insurance, State of Arizona, neither admits nor denies the foregoing
6 Findings of Fact, and Conclusions of Law and consents to the entry of the Order.

7 3. American Bankers Insurance Company of Florida is aware of the right to
8 a hearing, at which it may be represented by counsel, present evidence and cross-
9 examine witnesses. American Bankers Insurance Company of Florida irrevocably
10 waives the right to such notice and hearing and to any court appeals related to this
11 Order.

12 4. American Bankers Insurance Company of Florida states that no promise
13 of any kind or nature whatsoever was made to it to induce it to enter into this Consent
14 Order and that it has entered into this Consent Order voluntarily.

15 5. American Bankers Insurance Company of Florida acknowledges that the
16 acceptance of this Order by the Director of the Arizona Department of Insurance is
17 solely for the purpose of settling this matter and does not preclude any other agency or
18 officer of this state or its subdivisions or any other person from instituting proceedings,
19 whether civil, criminal, or administrative, as may be appropriate now or in the future.

20 6. Russell G. Kirsch, who holds the office of
21 Senior Vice President of American Bankers Insurance Company of Florida, is
22 authorized to enter into this Order for them and on their behalf.

23 **AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA**

24 7/5/06
25 Date

By 

1 COPY of the foregoing mailed/delivered
2 this 10th day of July, 2006, to:

3 Gerrie Marks
4 Deputy Director
5 Mary Butterfield
6 Assistant Director
7 Consumer Affairs Division
8 Paul J. Hogan
9 Market Oversight Administrator
10 Market Oversight Division
11 Dean Ehler
12 Assistant Director
13 Property & Casualty Division
14 Steve Ferguson
15 Assistant Director
16 Financial Affairs Division
17 Alan Griffieth
18 Chief Financial Examiner
19 Alexandra Schafer
20 Assistant Director
21 Life and Health Division
22 Terry L. Cooper
23 Fraud Unit Chief

24 DEPARTMENT OF INSURANCE
25 2910 North 44th Street, Suite 210
Phoenix, AZ 85018

26 Michele J. Campbell, Director
27 Regulatory Administration Department
28 American Bankers Insurance Company of Florida
29 11222 Quail Roost Drive
30 Miami, Florida 33157-6596

31
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33
34
35 Linda Light