

THE INTERCOM

VOL. 8, NO. 3
AUG.-DEC. 1998

PUBLICATION FOR AGENTS AND ADJUSTERS FROM
THE STATE OF FLORIDA DEPARTMENT OF INSURANCE

Bill Nelson
Treasurer/Insurance Commissioner/Fire Marshal

DOI's Hurricane Response

By Bill Nelson, State Treasurer, Insurance Commissioner, Fire Marshal

The damages inflicted by Hurricane Georges in Florida were moderate, especially when compared to the \$16 billion of insured losses suffered in Hurricane Andrew six years ago. Georges caused about \$325 million in insured wind and rain damages in South and Northwest Florida. In addition, uninsured losses and damages covered by the National Flood Insurance Program were expected to put the total cost in our state at around \$500 million.

These are terrible losses for the individual property owners involved, but they should have no impact on either the availability or cost of homeowners insurance in Florida. As destructive as Georges was, the storm was well within the industry's ability to pay claims without increasing anyone's rates.

Along with other government officials and insurance company representatives, I toured the impacted areas on the ground and by helicopter shortly after Georges swept across the Keys and also after it sideswiped the western Panhandle. In addition to viewing the damage to homes and businesses, I was able to see the Department of Insurance Response Team in action.

In the immediate aftermath of the hurricane, employees from the Divisions of Agents and Agencies Services, Consumer Services, Insurer Services, Insurance Fraud, Fire Marshal and others went to the Florida Keys and the Panhandle to assist residential and business consumers. In addition to staffing Department consumer assistance desks in the impacted areas, Bureau of Agent and Agency Investigation employees canvassed the area to monitor adjusting activities, detect any unlicensed adjusting activity, determine whether adjusters were responding to homeowners' needs in a timely manner, and provide technical insurance assistance to homeowners and commercial property owners.

The prospect of stricter punishment for unlicensed adjusters, supported by the Department and enacted by the Florida Legislature earlier this year, already is having a significant chilling effect on those who would travel into Florida and attempt to engage in public adjusting without a license. Under the law that took effect on October 1, adjusting without proper licensure constitutes a third-degree felony.

On October 2, the Department issued an emergency rule to protect consumers from excessive adjusting fees. The rule limits public adjuster commissions or fees to 10 percent of any insurance settlement or proceeds. The rule remains in effect until December 31.

The lessons learned from Andrew served Florida well in the aftermath of Hurricane Georges. Working with the insurance industry, we now have a response system that pro-



What's Inside:

Small Group Commissions	2
Continuing Education	2, 9
Banks Selling Insurance	2
Bail Bond Agencies	2
Agent Addresses	3
DOI Website Changes	3
Surplus Lines Service Office	4
Health Care Fraud Task Force	4
Company Liquidations	4
Agent Appointments	5
New License Numbers	5
New Companies	6
Life Insurance Notice	6
Consumer Complaints	7
Case Notes	7
News from Division of Fraud	8
Workers' Comp Law Clarification	9
Electrical Contractors' Insurance	10
Flood Policies and Maps	10
Primary Agent Form	11, 12
Disciplinary Actions	13
Year 2000 Computer Problems	14
Address Correction Form	15
Phone Directory	16

Continued on page 13

Notice to All Health Agents: Update on Small Group Commissions

On July 24, the Department issued a bulletin addressing agent commissions in the small group health insurance market. The purpose of Bulletin 98-005 is to provide guidance to all insurers and health maintenance organizations on acceptable practices related to marketing health insurance coverage in the small employer (employer groups from 1 to 50 employees) market.

The Employee Health Care Access Act (Section 627.6699, Florida Statutes) was adopted to improve the overall fairness and efficiency of the small group health insurance market. The practice by some small employer carriers of paying minimal agent commissions on sales to the smallest employers violates the fair marketing provisions of the Act (Section 627.6699(13), F. S.). Specifically, the law prohibits commission schedules in which the commission percentage is reduced as the size of the group becomes smaller in a manner that results in unreasonably low commissions.

The bulletin required all insurers with a current commission schedule that varies by group size to provide the Department with a certification that the schedule complies with Florida law.

United HealthCare of Florida has challenged the implementation of the bulletin. Until that challenge is resolved, the Department is prevented from enforcing the bulletin. A hearing on the challenge is scheduled for December 17. Meanwhile, the Department is moving aggressively to prepare a defense of the position put forward in the bulletin.

If you have any questions regarding this bulletin, contact the Bureau of Life and Health Forms and Rates at (850) 922-3152.



Continuing Ed: Rules & Regs Now Optional

The Department has initiated action to amend rule 4-228, Florida Administrative Code, which governs continuing education (CE) for agents and adjusters. The amendment will remove the mandatory rules and regulations requirement for all licensees. However, it will not affect the total number of CE hours that a licensee must complete every two years.

Rules and regulations will continue to be an optional CE subject. Courses taken in this subject area will be credited as *generic* hours.

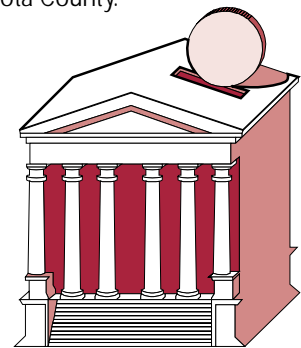
This change takes effect immediately. The Department will incorporate this change into its future enforcement activities.

Bail Bond Agencies: Rule Change

Bail bond agents may now establish and maintain separate agencies at the same location, due to a change in the Florida Administrative Code. The Department has amended Rule 4-221.051, F.A.C., to delete language that prohibited the separate agencies. The change went into effect July 2, 1998.

Small Town Bank Can Sell Insurance

The Department has determined that a bank in Nokomis, Florida may establish an independent insurance agency. Community National Bank of Sarasota County asked the Department to issue a Declaratory Statement as to whether Nokomis can be considered a city for the purposes of Section 626.988, Florida Statutes. That statute allows banks in cities with populations under 5,000 to sell insurance. Nokomis is an unincorporated community located near Venice in Sarasota County.



The Department determined that a full service bank branch located in Nokomis may form an insurance agency operating subsidiary or otherwise be associated with an insurance agent in the transaction of insurance.

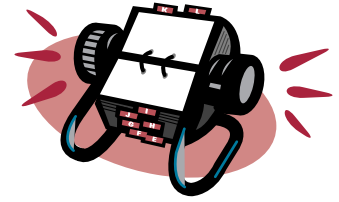
The Department used the following facts in its decision:

- Nokomis is a long-established community, having been developed in the 1920s.
- It has distinct boundaries.
- Area residents recognize and identify it as a distinct community.
- It has a post office and an established zip code.
- It has its own fire department.
- It is listed in the index of cities and towns on the official road map of the state of Florida.
- The 1990 census identifies Nokomis as a census designated place with a population of 3,108.

This decision applies only to the community of Nokomis. Any bank located in any other *small town* in Florida would need to determine whether the community can be considered a *city*.

Did You Borrow This *Intercom*?

...Then Your Address May Be Incorrect



If you hold a Florida insurance license and you have not been receiving *The Intercom* or other correspondence from the Department, your address may be outdated. The Department records the home, business and mailing address of each licensee when we receive the application for licensure. After that, it is the licensee's responsibility to inform the Department of any change of address (Section 626.551, Florida Statutes). The only way the Department knows that you have moved or changed jobs is when you send a written notice to us. Companies do not update agent and adjuster addresses on the appointment forms. The information on the primary agent/adjuster forms is not transferred into our licensing database.

Many licensees do not realize that we maintain three addresses in our database. To help you understand, here is a facsimile of an agent's address record as it appears in our licensing database.

AGENT PERSONAL DATA INQUIRY				
NAME	JOHN Q. DOE			
AGENT #	999999999			
HOME STREET	123 SHADY LANE			
HOME CITY STATE	ANYTOWN	FL	ZIP	99999-9999
BUS. NAME	XYZ AGENCY			
BUS. STREET	1 SOUTH MAIN ST			
BUS. CITY STATE	ANYTOWN	FL	ZIP	99999-9999
MAIL STREET	P.O. BOX 456			
MAIL CITY STATE	ANYTOWN	FL	ZIP	99999-9999

When you submit an address change, you must specify whether you are changing your home, business, or mailing address. We do not make judgment calls relative to which address you want used as your mailing address. For example, if you use your business address as your mailing address also, and you change jobs, you must request a change to your business and mailing addresses.

Why is your address so important? Because early next year, we will mail new licenses to all 185,000-plus insurance representatives. (See the article on page 5.) It is extremely important that these new licenses reach every licensed individual or firm. Section 627.4085, Florida Statutes, states that insurance applications and annuity contracts shall *"disclose the name and license identification number of the agent as shown on the agent's license issued by the department, which information may be typed, printed, stamped or handwritten if legible."*

You can verify your business and mailing addresses on our Internet website, at www.doi.state.fl.us. We do not publish home addresses on the website, unless you have designated your home address as your mailing address. Click on "for Agents" then click on "Agent/Adjuster Search".

If you need to correct your address(es), please complete the form on page 15 and mail it to us right away.

Are You on Our Bad Address List?

If you are a licensed insurance representative and are not receiving correspondence from the Department, such as continuing education transcripts or *The Intercom*, your name may be on our Bad Address List. This list also contains the names of licensed firms.

An address is flagged as "bad" for a variety of reasons, but is generally done when one or more pieces of mail are returned by the US Postal Service.

To verify your address, go to our website at www.doi.state.fl.us, click on the "for Agents" button, then click on Agent/Adjuster Bad Address Listing. Read the instructions, then click on "Search for Firms" or "Search for Individuals". Type in your name (or firm name) to see if you are on the list.

If your name is on the list, fill out the Address Correction Form on page 15 and mail it to us as soon as possible.

Website Changes

We have changed the look of our home page. Previous issues of *The Intercom* instructed you to click on the "Industry Menu" to access features such as Agent/Adjuster Search. The "Industry Menu" button has been replaced by the "for Agents" button.

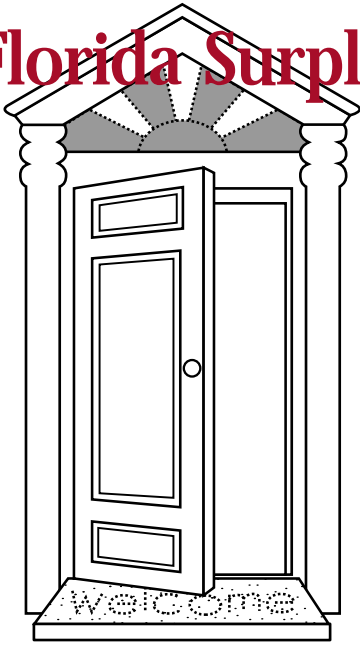
We have also added new features:

Qualifications and Licensing - Lists each type and class of license offered by the Department. It explains how to qualify for each type/class, which application form is required, and other information you need to know before applying for the license.

Fees - Lists the fees that DOI charges for licenses and appointments.

Rules - Lists some of the administrative rules that govern the activities of insurance agents, adjusters, or other insurance representatives. These can be viewed by clicking on the rule number.

Florida Surplus Lines Service Office Now Open



The idea of a surplus lines service, or *stamping*, office is not new. Florida is the 15th state to establish a self-regulating organization to promote access to the surplus lines market. Today, these offices process over 60 percent of the surplus lines premium written in the United States.

This partnership between industry and regulators is a proven method of facilitating compliance, monitoring the marketplace, and protecting state revenues. Consumers, regulators and agents receive a high degree of assurance that business is conducted in a manner consistent with established regulatory standards. A fair and competitive market for consumers who need to obtain coverage through non-admitted companies is maintained through oversight of all surplus lines transactions.

Industry professionals will operate in a less intrusive regulatory environment designed to assist with compliance and promote fair competition. A staff of surplus lines experts will assist and educate agents with regard to state regulations and legislation to ensure the proper placement of risks with non-admitted companies.

Unlike similar offices in other states, the Florida Surplus Lines Service Office (FSLSO) will perform a *paperless* review of all surplus

lines placements. The costs and delays associated with printing, mailing, storing, and inputting hundreds of thousands of policies are avoided by using state-of-the-art technology and a proprietary software program. FSLSO will expedite the accurate and timely remittance of the surplus lines premium tax by calculating premium information for each agent and producing quarterly tax invoices. Staff will review and reconcile premium information reported by agents with that reported by companies, reducing the likelihood of unreported and unpaid taxes.

FSLSO will accumulate premium data by type and class of business, which will provide insight into the surplus lines market in Florida. This information can be used to assure that the market can respond to the unmet needs of the insurance consumer while promoting policyholder protection.

If you have any questions concerning the FSLSO, please call (850) 224-7676 or write to PO Box 10968, Tallahassee, FL 32302.

New Task Force to Fight Health Care Fraud

A new statewide insurance task force will fight organized health care fraud through proactive investigations, prosecution of major health care fraud cases, public awareness campaigns, crime prevention methods and legislative proposals. The Multi-agency Health Insurance Fraud Task Force (MHIFT) will coordinate investigative efforts between law enforcement and state regulatory agencies.

The National Coalition Against Insurance Fraud estimates that fraudulent health insurance claims in Florida cost \$4.8 billion (1995 statistics). According to the group, health care claims fraud costs each Florida family over \$1,066.

The task force will begin its work by addressing issues of immediate concern such as drop box scams, patient brokering, solicitation of accident victims, diagnostic brokering, and fraudulent patterns of billing. The MHIFT, under the direction of the Divi-

sion of Insurance Fraud, will coordinate investigative efforts between law enforcement and regulatory members, and act as a liaison with the insurance industry and other public members.

HMO Liquidated

On July 24, 1998, the Department obtained a Consent Order of Liquidation, Injunction and Notice of Automatic Stay against Champion Healthcare, Inc., 7406 Fullerton Street, Suite 641, Suite 200, Jacksonville, Florida 32256. DOI was appointed as receiver of the HMO and was ordered to liquidate the company's assets. The deadline for filing claims is 11:59 p.m. on July 23, 1999.

For further information, call the Division of Rehabilitation and Liquidation at (800) 882-3054.



Workers' Comp Co. to be Rehabilitated

On July 17, 1998, the Florida Department of Insurance (DOI) obtained a Consent Order of Rehabilitation, Injunction and Notice of Automatic Stay against Florida Workers' Compensation Fund, 1901 Mason Avenue, Suite 103, Daytona Beach, Florida 32117-5105. DOI was appointed receiver of the fund for the purpose of rehabilitation.

For further information, call the Division of Rehabilitation and Liquidation at (850) 413-4450.

What Can Delay an Agent's Appointment?

The Department receives a large number of appointment forms that contain incomplete or incorrect information. In an effort to reduce the delays caused by these errors, the Bureau of Agent and Agency Licensing has compiled a list of common problems, as well as actions that licensees and companies can take to avoid them.

Problem: Improper license or no license at all.

Action: Verify licensure before submitting appointment. This can be done by consulting the Department's website at www.doi.state.fl.us or by inspecting the license. Bear in mind, however, that a type/class of license expires when the licensee allows 24 months to elapse without an appointment in that type/class. Therefore, checking the website will ensure greater accuracy.

Problem: No current bond on file with the Department. This requirement applies only to surplus lines agents, public adjusters and title agencies.

Action: Make sure that you have filed proof of a current bond with the Department, before the expiration date of your appointment(s). You can check on the status of your bond by calling the Bureau of Licensing at (850) 922-3137, ext. 1101.

Problem: Name on appointment form does not match name in Department licensing records. This occurs when a licensee, usually recently married or divorced, fails to notify the Department of a name change.

Action: Submit official documentation, such as a marriage certificate or divorce decree, of a legal name change within 30 days of such change. Enclose a \$5 fee for a new license identification card. This change must be processed by the Department before an appointment can be issued.

Problem: Insufficient fees are submitted with the appointment form.

Action: Ensure that proper fees are enclosed with the appointment request. Appointment fees vary between different type/class appointments. Additionally, fees for non-residents vary depending whether the licensee will travel to Florida to personally transact business and the number of counties where the licensee will transact business. Be sure you have calculated the fees correctly before submitting the paperwork to the Department. You can consult a listing of common fees on the Department's website at www.doi.state.fl.us.

Problem: Licensee's addresses are not consistent with those found in Department records.

Action: Licensees should be diligent about advising the Department of any change of name or home, business or mailing address. Florida law requires such changes to be filed in writing and within 30 days of the change. Discrepancies in addresses may cause delays in appointments.

Problem: Form is incomplete. This is a very common problem. If certain information is not provided on the appointment form, the Department cannot process it. In many cases, the form is returned to the appointing entity for completion.

Action: Thoroughly review all appointment forms before submission to the Department. Verify that all data fields are completed and all questions are answered. Also, make sure that the forms are signed.

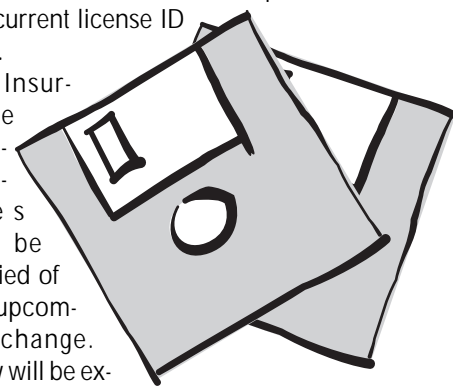


New License Numbers

Florida currently uses social security numbers as license numbers for all insurance representatives. This number is printed on the license identification card and is used by the Department to track licensee records. Agents have expressed concerns over the use of their social security numbers in this manner, which prompted the Department to find an alternate identification method. A project is currently underway to abolish the use of social security numbers as license numbers and replace them with a seven-character alphanumeric identification number. However, the Department will still require applicants to provide their social security numbers on applications for insurance licensure.

We expect to assign new license numbers in April 1999. Each licensee will receive a sticker with the new number to place on his/her current license ID card.

Insurance companies will be notified of the upcoming change. They will be expected to use the new numbers on appointment forms and other correspondence after April. Insurers that have 75 or more persons appointed to represent them will receive the information via diskette. The Department will provide a hard copy report to insurers that have fewer than 75 appointments. Other appointing entities, such as warranty companies, adjusting firms and other employer types will also receive this information.



New Companies

American Alternative Insurance Corporation was authorized on July 22, 1998. Lines of business: Fire, Allied Lines, Homeowners Multi Peril, Farmowners Multi Peril, Commercial Multi Peril, Inland Marine, Ocean Marine, Workers' Compensation, Aircraft, Glass, Burglary & Theft, Commercial Auto Liability, Commercial Auto Physical Damage, Fidelity, Surety, Boiler & Machinery, Credit, Livestock, Industrial Fire, Accident & Health, Industrial Extended Coverage, Other Liability, Reinsurance. Address: 555 College Road East, Princeton, NJ 08543; telephone: (800) 243-4200.

Anesthesiologists' Professional Assurance Company was acquired by **FPIC Insurance Group**. The acquisition was approved on June 30, 1998. Anesthesiologists converted from a Risk Retention Group to a domestic Property & Casualty insurer. Line of business: Medical Malpractice. Address: 801 Arthur Godfrey Road, Ste. 400, Miami, FL 33140; telephone: (305) 673-4357.

Columbia National Risk Retention Group was registered as a Risk Retention Group on June 27, 1998. Lines of business: Other Liability, Reinsurance. Address: PO Box 530, Burlington, VT, 05402; telephone: (802) 864-5599.

Excess Share Insurance Corporation was admitted on July 28, 1998. Lines of business: Other Liability, Reinsurance. Address: 5656 Frantz Road, Dublin, OH 43017; telephone: (614) 764-1900.

Explorer Insurance Company was admitted on June 30, 1998. Lines of business: Private Passenger Auto Liability, Commercial Auto Liability, PPA Physical Damage, Commercial Auto Physical Damage, Reinsurance. Address: PO Box 85563, San Diego, CA 92186; telephone: (619) 350-2400.

Family Financial Life Insurance Company was admitted on June 30, 1998. Lines of business: Life, Credit Life/Health, Credit Disability, Accident & Health, Reinsurance. Address: PO Box 19685, New Orleans, LA 70179; telephone (504) 456-0101.

Federated Service Insurance Company was admitted on Sept. 11, 1998. Lines of business: Workers' Compensation, Reinsurance. Address: 121 East Park Square, Owatonna, MN 55060; telephone: (507) 455-5200.

Galway Insurance Company was admitted on August 28, 1998. Lines of business: Private Passenger Auto Liability, PPA Physical Damage, Reinsurance. Address: 200 S. Wacker, 23rd Floor, Chicago, IL 60606; telephone: (312) 822-5000.

One Health Plan of Florida was licensed in Florida as a Health Maintenance Organization (HMO) on August 21, 1998. Address: 7650 Courtney Campbell Causeway, Ste. 850, Tampa, FL 33607; telephone: (813) 207-0216.

Peninsula Insurance Company was authorized on October 2, 1998. Lines of business: Inland Marine, Workers' Compensation, Private Passenger Auto Liability, PPA Physical Damage, Credit, Mobile Home Multi Peril, Reinsurance. Address: PO Box 108, Salisbury, MD 21803; telephone: (301) 742-5132.

Professional Offices Purchasing Group, Inc. was registered as a Purchasing Group on August 14, 1998. Address: C/O PG Administrators, LLC67 Prospect Avenue, West Hartford, CT 06106; telephone: (860) 561-3600.

Prorisk Purchasing Group, Inc. was registered as a Purchasing Group on August 14, 1998. Address: 820 Gessner, Ste. 1200, Houston, TX 77024; telephone: (713) 461-1504.

Restaurant Owners Purchasing Group, Inc. was registered as a Purchasing Group on August 14, 1998. Address: C/O PG Administrators, LLC67 Prospect Avenue, West Hartford, CT 06106; telephone: (860) 561-3600.

Transguard Insurance Company of America was admitted on Sept. 21, 1998. Lines of business: Inland Marine, Commercial Auto Liability, Commercial Auto Physical Damage, Reinsurance. Address: 215 West Diehl Road, Naperville, IL 60563; telephone: (630) 717-3565.

Vanderbilt Properties Associates, Inc. was registered as a Purchasing Group on August 14, 1998. Address: 40 Broad Street, New York, NY 10004; telephone: (212) 344-2444.

Written Notice to Policyowner and Insurance Commissioner Required When Changing Life Insurance Portfolio

Agents simultaneously holding a securities license and a life insurance agent's license are required to complete form I-40(FL), "*15 Days Notice to Policyowner and Insurance Commissioner*", when the agent knows that an existing life insurance or a fixed annuity has been or will be affected by lapse, surrender, lapse into paid-up or extended term

insurance or by borrowing in connection with the purchase of a securities product. Rule 4-151.011, Florida Administrative Code, mandates the use of this form.

A copy of the notice is to be provided to the policyowner and a copy must be forwarded to the Department of Insurance.

The address shown in the rule has been

changed and the new address is:
Department of Insurance
Bureau of Life & Health Forms & Rates
200 East Gaines Street
Tallahassee, Florida 32399-0328.

If you have any questions, contact Bill Pace at (850)413-5124.

Responding to Consumer Complaints

Last year, the Department's Division of Insurance Consumer Services received more than 3,650 requests for assistance involving agents, adjusters and other insurance representatives. In handling these requests, Consumer Services' employees review the details to determine if the actions taken by licensees and the companies they represent comply with the Florida Insurance Code.

When the Department receives a consumer's written request for assistance, an employee reviews it to determine what information will be necessary to resolve the issue. Very often, the employee must contact an agent or adjuster and the insurance company in order to determine what, if any, action needs to be taken.

When a request involves an insurance licensee, the employee will generally provide the licensee with information about the nature of the request. The agent will be asked to respond to the request and is given approximately 20 days in which to reply. If the agent does not have a current address on file with the Department, it will delay the process. This may result in administrative action against the agent. Section 626.551, Florida Statutes, requires all agents, adjusters and other insurance representatives to maintain up-to-date home, business, and mailing addresses with the Department's Bureau of Agent and Agency Licensing.

There are two simple steps a licensee should follow when responding to a complaint: be prompt and be thorough. The response should include an explanation of the circumstances and substantiating documentation, such as copies of receipts for cash, policy delivery receipts, applications and premium finance contracts. If there are extenuating circumstances and a licensee

needs more time to reply, he/she should contact the Department and request it.

If the licensee provides an adequate and timely response to Consumer Services, it often prevents further investigation by the Bureau of Agent and Agency Investigation. Failure to respond to the Department's notice may result in the issuance of an Agent-to-Appear letter. The letter requires the licensee to meet with Department staff and give a verbal response to the consumer's request for service.

If a consumer's complaint is directed at the licensee, and the Department does not find code violations, the Department sends the consumer a letter based on those findings. However, if a request for assistance indicates a possible violation of the insurance code, the file will likely be forwarded to the Bureau of Agent and Agency Investigation for review.

The Bureau's Investigation Unit does further research, and if necessary, forwards the investigative file to the Department's Division of Legal Services for possible administrative action. Out of the many consumer assistance requests involving insurance licensees last year, 1,181 were sent to the Bureau of Agent and Agency Investigation for further investigation. The Department keeps this information for at least five years.

The research done, investigations conducted and decisions made within the Department are in accordance with Florida's insurance laws and administrative rules. It is important for insurance licensees to realize that they and the Department share the same mission... *"to provide quality service and assistance to our consumers."*

Case Notes

- A county sheriff notified the Department of Insurance (DOI) that a customer representative was using a social security number that did not belong to her and she was in the country illegally. An Administrative Complaint was issued charging her with making a material misrepresentation on her license application by using a social security number that was not her own. The licensee did not respond to the complaint or request a hearing, so an Order of Revocation was entered and her license was revoked.
- In the process of evaluating a complaint on a resident life and health agent, investigators found documentation that indicated that the agent was living and working in another state. The DOI contacted the agent and advised him that he could not hold a resident Florida license while residing in another state. Since the agent had already moved back to Florida, he entered into a settlement wherein he paid a \$500 fine and retained his resident license.
- A customer representative was served with an Administrative Complaint charging numerous cases of sliding ancillary products during the sale of automobile insurance. After negotiation with the DOI, the agent agreed to testify in related cases and received a one year's suspension.
- A life, health and general lines agent allegedly told insureds that to retain their homeowners coverage they would have to buy life insurance from their present carrier. It is a violation of Section 626.9541(1)(x)(3), Florida Statutes, to refuse to insure persons who decline to place collateral coverages. The agent was fined \$1,000, placed on one-year's probation and ordered to cease and desist this practice.
- A life, health and general lines agent was fined \$500 and put on one year's probation for failing to notify the Department of a change in address and failing to file a primary agent form. The agent did not pay the fine within the required time period, and the DOI suspended the agent's licenses for 60 days. The licenses will not be reinstated until the fine is paid and the term of suspension is served.

Grand Jury Indicts 13 In Scheme Targeting Elderly

A statewide grand jury has charged four insurance agents, one stockbroker and eight others with defrauding 145 Floridians out of \$10.9 million in connection with a promised upscale “*golf, recreation and entertainment*” complex in Central Florida. State insurance fraud investigators arrested most of the suspects in a predawn sweep on October 14. Thirty-seven sales agents – 29 of them licensed insurance agents – remain under investigation, with more arrests expected, said Insurance Commissioner Bill Nelson.

“*Unscrupulous developers and agents targeted Florida retirees and robbed them of nest eggs ranging from \$25,000 to almost \$300,000,*” Nelson said. “*The victims were deceived into cashing in annuities and other investments on a promise of big profits that never materialized.*” Florida Comptroller Bob Milligan and Statewide Prosecutor Melanie Ann Hines joined Nelson to announce the indictments.

Milligan initiated the investigation two years ago, ordering the Altamonte Springs-based Legend Sports Inc. to stop selling unregistered securities in Florida. The Department of Banking and Finance then worked closely with Department of Insurance’s Division of Insurance Fraud investigators in developing the criminal case.

The Statewide Grand Jury, under Hines’ guidance, returned indictments charging 12 men and one woman with violating Florida’s Racketeering Influenced Corrupt Organization (RICO) law, scheming to defraud, and committing securities fraud. Most also face charges of conspiring to violate RICO, selling unregistered securities, selling securities by unlicensed dealers, and conducting unauthorized insurance business in Florida.

James T. Staples of Knoxville, Tennessee, and Joseph Anthony Monaco of Lake Mary concocted a Ponzi scheme in 1995, where original investors are paid from funds invested by newer investors instead of any profits, investigators said. Their object was to raise money for development of golf ranges in Florida and other states. Staples headed Legend Sports Inc. Monaco, an insurance agent, acted as a consultant and received a commission on every security sold.

Staples, Monaco and others enlisted insurance agents and a stockbroker to help tap the savings of people living in Central Florida, Tampa Bay and other coastal communities with high numbers of retired residents. Insurance agents persuaded their customers to cash in annuities, IRAs, and other investments in exchange for nine-month promissory notes paying 12 percent interest. The agents assured investors there was no risk, claiming the notes were insured by “*financial guarantee bonds*” issued by insurance companies, investigators said. But, they added, the insurance companies did not exist, and the bonds were worthless. The bogus bonds bore the names of Tangent Insurance Co., Westwood Insurance Co. LTD., and Indemnity Reinsurance Co., which listed offshore addresses and were never licensed to do business in Florida.

According to investigators, about \$12 million was raised in Florida and another \$4.5 million in 14 other states. The original Florida investors received about \$1 million. Half of the Florida money was

spent on sales commissions, operating expenses and lavish life styles, investigators said. Some went toward the promised golf complex, which was never fully developed and has since been sold.

In addition to Monaco, the agents who were charged are: David E. Trotter of Windermere, charged with violation of RICO, conspiracy to violate RICO, scheme to defraud, securities fraud, sale of unregistered securities, sale of securities by unlicensed dealers, and unauthorized insurance; Steven R. Schaefer of Ormond Beach, charged with violation of RICO, scheme to defraud, securities fraud, sale of unregistered securities, sale of securities by unlicensed dealers, and unauthorized insurance; and Julie A. Gilvary of Cape Coral, charged with violation of RICO, scheme to defraud, securities fraud, sale of unregistered securities, sale of securities by unlicensed dealers, and unauthorized insurance.

Agent Arrested for Pocketing Bond Collateral



A Division of Insurance Fraud investigator arrested bail bond agent Leann Pilot in July for failing to remit money from 33 bail bonds, totaling \$100,000, that she had written in Osceola County. Based on the standard agreement for the issuance of bonds between Pilot, d/b/a USA Bail Bonds, and the Continental Heritage Insurance Company, she was responsible for collecting a total of \$10,000 in premi-

ums. She was to remit \$7,000 of the \$10,000 to the carrier, but remitted only \$750. She has an outstanding balance due to the carrier in the amount of \$6,250. Pilot was charged with grand theft of premiums.

In August 1997, an individual was arrested on outstanding warrants issued in Broward County. A friend of the individual contacted Pilot to place a bail bond in the amount of \$2,000. He paid Pilot \$1,000 in cash for the bond. Eight hundred dollars of the amount accounted for cash collateral, and was to be returned when the court approved its release. The court granted approval in January of this year, but Pilot did not return the \$800. Since that time, the friend has attempted numerous times to regain possession of the money without success. In September, Pilot was charged with grand theft for failing to return collateral.

Workers' Comp Law - Clarification of Effective Dates

The May-July 1998 edition of *The Intercom* contained an article summarizing CS/SB 1408 on Workers' Compensation confidentiality. The summary contained only information relating to the Department of Insurance's Division of Insurance Fraud. The bill also addresses notices of injuries that must be filed with the Division of Workers' Compensation within the Florida Department of Labor and Employment Security. The information pertinent to the Division of Insurance Fraud has an effective date of January 1, 1999. The sections of the bill that address notification of injury took effect June 17, 1998. Here is a revised summary.

WORKERS' COMPENSATION CONFIDENTIALITY: CS/SB 1408; Chapter 98-407, Laws of Florida; by Senate Banking & Insurance & Senator Clary.

This act exempts information relating to an active investigation of a possible fraudulent workers' compensation claim from public records requests. It also exempts such information once a case is completed or closed if it may jeopardize another investigation, reveal a trade secret, reveal a confidential source, defame a good reputation, reveal financial information, or reveal investigative techniques or procedures. The two

sections providing for this type of confidentiality are effective January 1, 1999.

It also exempts any information contained in notices of injury or illness, required to be filed with the Division of Workers' Compensation pursuant to section 440.185, Florida Statutes, which identifies an injured or ill employee. This exemption, and the rationale for it, are identical to the public records exemption in current law which exempts medical records and identifying information of an employee in medical records. The effective date of the two sections addressing notification of injury was June 17, 1998.

Continuing Education Reminder

A significant number of agents and adjusters remain unaware of their continuing education (CE) requirements. Please read this article to see if the requirements apply to you. The last three issues of *The Intercom* also contained information about CE.

Failure to satisfy continuing education requirements can result in fines and disciplinary actions.

Individuals who hold these licenses must take CE courses:

- General lines
- Customer representative
- Limited customer representative
- Industrial fire or burglary
- Life, including variable annuity or health
- Limited surety
- Professional bondsman
- Surplus lines
- Title insurance
- Adjuster - all lines (if handling workers' compensation claims)
- Adjuster - workers' compensation
- Solicitor
- Administrative agent



The Florida Statutes set forth the continuing education requirements for the license types indicated:

- Section 626.2815, F.S. - Agents, solicitors and customer representatives. (Motor vehicle physical damage and mechanical breakdown agents and crop hail/multi-peril agents are exempt by rule.)
- Section 626.869(5), F.S. - Adjusters who handle workers' compensation claims.
- Section 626.385, F.S. - Professional bondsmen and limited surety agents.

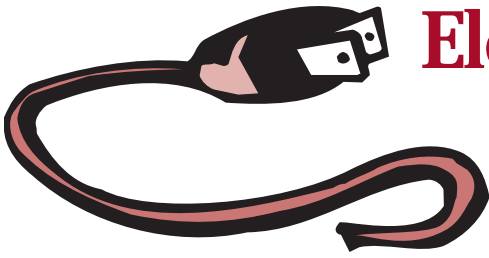
Florida rules state that continuing education credits must be earned in the line of business for which the individual is licensed.

The number of hours required will vary depending upon the length of time of licensure and type of license. These criteria are described in Rule 4-228 of the Florida Administrative Code, which can be obtained from our website at www.doi.state.fl.us.

Or you can get a free copy of our CE Guide from Assessment Systems, Inc. (ASI). Call ASI toll-free at (888) 204-6214, or download the guide from their website at www.asivcs.com.

Here is a list of other services that ASI provides for licensees who are required to meet CE requirements:

- Toll free customer service at (888) 204-6214.
- Continuing education transcripts via fax. Call ASI's FAX-BACK system at (888) 205-6251, and you can request a transcript through an interactive voice response system.
- Provider/course offering catalogs. You can obtain a list of course offerings in your area by calling (888) 204-6214.
- Related forms via FAX-BACK. Call (888) 204-6246 to order forms.



Electrical Contractors' Insurance Requirements

The Electrical Contractors' Licensing Board conducted a random audit that required active electrical, alarm, and specialty contractor licensees to provide proof of liability, property damage, and workers' compensation insurance for an entire license period. The audit resulted in more than 200 complaints against contractors who either did not maintain any insurance or did not maintain the correct amounts. Some contractors claimed that they were not aware of the requirements.

The Department of Insurance is providing the following information so agents who have contractor clients can make sure that their clients have adequate insurance coverage.

The Electrical Contractors' Licensing Board requires all registered or certified electrical, alarm, and specialty contractor licensees to have liability and damage insurance. The minimum amounts are: liability insurance (including completed operations) of \$100,000 per person and \$300,000 per occurrence, and property damage insurance (including completed operations)

of \$500,000. As an alternative, a licensee can have a minimum combined single limit policy of \$800,000.

Evidence of workers' compensation coverage must comply with Chapter 440, Division of Workers' Compensation, Department of Labor and Employment Security requirements.

Please note that the insurance requirements of the Electrical Contractors' Licensing Board differ from those of the Construction Industry Licensing Board. If you have any questions, please contact the Electrical Contractors' Licensing Board at (850) 488-3109.

Freeze on 3-Year Flood Policies in Monroe County

The National Flood Insurance Program (NFIP) will not permit three-year policies to be written in Monroe County, Florida, as of January 1, 1999. One-year policies will still be allowed. This action is a result of visits conducted by the Federal Emergency Management Agency (FEMA). During these visits, FEMA discovered that many buildings may be in violation of Monroe County's

floodplain management ordinance. Most of these suspected violations are conversions of the enclosures below elevated buildings to uses other than parking, storage or access.

FEMA is preparing a rule that would establish an inspection procedure under the NFIP to use as a means of verifying that structures in a community are compliant

with the community's floodplain management ordinance and are properly rated. The Federal Insurance Administration is concerned that property owners who may have learned about the proposed rule would exercise the three-year term option, so as to delay the inspection. Therefore, FEMA has imposed the freeze on new and renewal three-year policies in Monroe County.

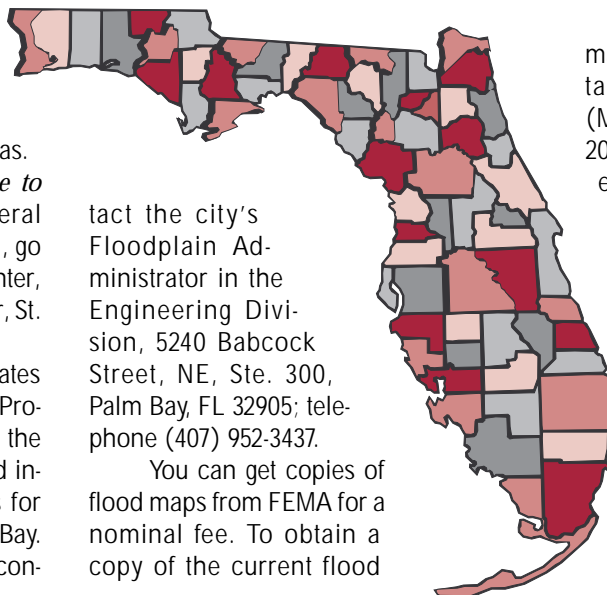
FLOOD MAP INFORMATION

The city of St. Petersburg provides information to insurance and real estate agents about flood zone and elevation areas. To receive a copy of *Your Guide to Flood Maps from FEMA* (Federal Emergency Management Agency), go to the city's Municipal Services Center, One-fourth Street North, First Floor, St. Petersburg, FL 33701.

The city of Palm Bay participates in the National Flood Insurance Program (NFIP). As part of the NFIP, the city offers verbal and written flood insurance rate map determinations for properties within the city of Palm Bay. To request a map determination, con-

tact the city's Floodplain Administrator in the Engineering Division, 5240 Babcock Street, NE, Ste. 300, Palm Bay, FL 32905; telephone (407) 952-3437.

You can get copies of flood maps from FEMA for a nominal fee. To obtain a copy of the current flood



map for a specific community, contact FEMA's Map Service Center (MSC), PO Box 1038, Jessup, MD 20794-1038, or call (800) 358-9616. To expedite your request, review the current flood map on file at the local community repository and obtain the panel number you need. Or you may order the flood map index from the MSC to determine the panels you will need. You can also request the FEMA publication *Guide to Flood Maps* from the MSC. Ask for inventory #00108.

Primary Agent / Primary Adjuster Form

The Department requires each person operating an insurance agency or adjusting firm and each location of a multiple agency or firm to complete a Primary Agent / Primary Adjuster Form (D14-63/64) within 30 days after the agency's or firm's inception, or when the primary agent or adjuster changes. A law passed by the Florida Legislature this year eliminated the requirement to submit the form by January 1 of each year. **If there has been no change in the primary agent or adjuster for your agency or firm since you last submitted an updated form, you do not have to send one now.**

The form and instructions for completing it are contained on this page and the next page. The form can also be downloaded from the Department's website at www.doi.state.fl.us/agents/forms.htm. If you do not have Internet access, keep a copy of this form in your files. If you have questions about completing the form, call the Bureau of Investigation at (850) 922-3136.

DESIGNATION OR DELETION OF PRIMARY AGENT FOR INSURANCE AGENCY And PRIMARY ADJUSTER FOR ADJUSTING FIRM; And FILING OF FIRM, CORPORATION, OR BUSINESS NAME

This form must be filed with the Florida Department of Insurance within 30 days of agency inception or change of primary agent designation, pursuant to 626.592 and 626.8695, Florida Statutes

1. Owner's full name, social security number and residence address if not an incorporated agency or firm:

SSN	Last Name	Jr., Sr., etc.	First Name	M.I.
()				
Residence Street Address	City	State	Zip Code	Residence Telephone Number

2. Business name, Federal ID number, street address and telephone number of the insurance agency or adjusting firm:

Federal ID Number	Business Name	Business Telephone Number	
()			
Business Street Address	City	State	Zip Code

3. (To be completed by agents/adjusters only - see instructions on back) Full name and social security number of the individual who is the designated PRIMARY AGENT/PRIMARY ADJUSTER for insurance agency or adjusting firm location given in section 2:

SSN	Last Name	Jr., Sr., etc.	First Name	M.I.
()				
(check only one)	Primary Agent <input type="checkbox"/> Designate _____ Delete _____	Primary Adjuster <input type="checkbox"/> Designate _____ Delete _____		

4. Are there additional business locations operating under the same business name given in section 2? _____ Yes _____ No
If "Yes" is marked, list the complete address for each of the additional locations. (Attach additional page if needed)

Business Street Address	City	State	Zip Code
Business Street Address	City	State	Zip Code

5. If you, as a licensed agent or adjuster, are doing business under a firm or corporate name other than your own individual name, the following information must be provided:

Federal ID Number	Firm or Corporate Name		
Business Street Address	City	State	Zip Code

(continued on reverse side)
SIGNATURE REQUIRED



(Continued from previous page)

6. Name and social security number of the president, directors and other persons associated under the firm or corporate name listed in section 2 that are involved in transacting insurance or in the use of the business name:

SSN	Last Name	Jr., Sr., etc.	First Name	M.I.
SSN	Last Name	Jr., Sr., etc.	First Name	M.I.
SSN	Last Name	Jr., Sr., etc.	First Name	M.I.
SSN	Last Name	Jr., Sr., etc.	First Name	M.I.
SSN	Last Name	Jr., Sr., etc.	First Name	M.I.

I understand that if there is a change in the above information, that I must complete a new form and file it with the Department of Insurance within thirty (30) days.

Signature of Designated Primary Agent or Primary Adjuster **Date** **Filing for calendar year 19** _____

SPECIAL NOTE TO THE DESIGNATED PRIMARY AGENT OR PRIMARY ADJUSTER:

When an updated form is filed designating another primary agent or primary adjuster, the previous designee will no longer be considered the current primary agent or primary adjuster for that designated location. If you should leave the agency or firm you will still be considered the primary agent or primary adjuster until a new form is filed by that agency or firm. If you will no longer be working at the agency or firm location as the designated primary agent or primary adjuster, you are advised to submit this form with section numbers 2 and 3 completed and the appropriate delete box checked and your signature in the space provided. Failure to remove yourself as the primary agent or primary adjuster could result in your continuing to be held responsible for the activities of the agency or firm until a new designation is made.

FAILURE TO FILE:

An insurance agency location or adjusting firm location may not conduct the business of insurance unless a primary agent or primary adjuster is designated at all times. Failure to designate a primary agent or adjuster as required by Florida Statutes shall constitute grounds for requiring that the agency or firm obtain a license in accordance with Sections 626.112 and 626.172, F.S.

INSTRUCTIONS FOR COMPLETING PRIMARY AGENT / PRIMARY ADJUSTER FORM

To be completed by each person operating an insurance agency or adjusting firm, and for each location of a multiple agency or firm. (See definitions of insurance agency and adjusting firm shown below.)

Each location of an insurance agency or adjusting firm shall file the name and agency or firm address of the primary agent or primary adjuster. The primary agent or primary adjuster may be the same person listed in section 1. If the agency or firm listed in section 3 is not a corporation, then use the social security number of the individual proprietor in place of the Federal ID. (See definitions of primary agent and primary adjuster shown below.)

One form is required for each designation or deletion. The same form CANNOT be used for both. The signature of the primary agent or primary adjuster is required for each agency or firm location in order for the designation or deletion to be valid.

DEFINITIONS:

"Insurance agency" is a location where any agent is engaged in the business of insurance.

"Primary agent" is the licensed agent who is responsible for the hiring and supervision of all individuals within an insurance agency location who deal with the public in the solicitation or negotiation of insurance contracts or in the collection or accounting of moneys from the general public. Note: An agent may be designated as primary agent for only one insurance agency location.

"Adjusting firm" is a location where any adjuster is engaged in the business of adjusting. Note: If an adjuster is operating alone then that adjuster is a firm and must file this form with the Department of Insurance.

"Primary adjuster" is the licensed adjuster who is responsible for the hiring and supervision of all individuals within an adjusting firm location who deal with the public and who acts in the capacity of a public adjuster or an independent adjuster. Note: An adjuster may be designated a primary adjuster for only one adjusting firm location.

**Please return this form to:
Florida Department of Insurance
Bureau of Agent & Agency Investigation
200 East Gaines Street
Tallahassee, Florida 32399-0320**



DISCIPLINARY ACTIONS

January - August 1998

Many of the following disciplinary actions have been resolved through consent orders based upon settlement stipulations in which there was no finding or admission of guilt by the licensee. The Department believes that notification of these actions is in the public interest and, although every effort is made to provide correct information, our readers are cautioned to check with the Department before making a decision based upon this listing.

This listing does not reflect pending appeals or requests for hearings. Inquiries should be directed to: Florida Department of Insurance, Bureau of Agent and Agency Licensing, 200 East Gaines Street, Tallahassee, Florida 32399-0319; telephone (850) 922-3137.

Warning: No part of this listing may be used by a licensee to gain a competitive advantage over any person named herein. Any licensee who does so may be in violation of Section 626.9541(1)(c), F.S.



SUSPENSIONS

Last Name	First, MI	City	St.
Alexander	Sandra V	Orlando	FL
Boykins	Ivan D	Dunedin	FL
Cacho	Joseph R	Winter Park	FL
Cantera	Amada R	Coral Gables	FL
Crudele	Michael J	Valrico	FL
Darwish	Abraham	Carol City	FL
Fernandez	Miriam P	Key West	FL
Gladden	Jamie M	Tampa	FL
Hartnett*	William J	Miami	FL
*License reinstated 8/11/98			
Hewitt	Thomas J	Los Angeles	CA
Joseph*	Rene	N. Miami Beach	FL
*License reinstated 8/25/98			
Lentz	Lisa S	Pompano Beach	FL
Lenz, Jr.*	Seymour S	Naples	FL
*License reinstated 10/1/98			
Marchitello	Drew A	Canonsburg	PA
Marques	Carmen J	Miami	FL
Marrero	Ruben A	Miami	FL
Marriott	Robert	Miami	FL
Merrill	David J	Bradenton	FL
Morrison	Headley	Miami	FL
Nascarella*	Arthur B	Sunrise	FL
*License reinstated 5/29/98			
Pitman*	Donna A	Jacksonville	FL
*License reinstated 9/28/98			
Pittman	William A	Stuart	FL
Santilli	Eugene J	South Bend	IN
Springfield	Todd B	Plant City	FL
Symons	Michael S	Boca Raton	FL
Watkins	Craig L	St. Petersburg	FL

REVOCATIONS

Last Name	First, MI	City	St.
Abbott	Curtis L	Sarasota	FL
Arcia	Paul M	Miami	FL
Ashton III	John W	Winter Garden	FL
Bacallao	Arnaldo	N. Lauderdale	FL
Baird	James R	Sanford	FL
Bass	Barbara A	Ocala	FL
Bolding Jr.	Edward L	Tampa	FL
Boser	Thomas E	Sarasota	FL
Brown	Shannon D	Tallahassee	FL
Broxson	Wayne C	Milton	FL
Burford	Gary L	Mount Dora	FL
Burger	Paul D	Dade City	FL
Burrell	Roger L	Lake City	FL
Cain	Tara M	Port Orange	FL
Caldwell	Edward T	Lutz	FL
Caltrider Sr.	William C	Orlando	FL
Chastain	Johnny W	Lake Park	GA
Chocola	Jean M	Naperville	IL
Choquette Jr.	Henry O	Safety Harbor	FL
Corbin	Leslie C	Gainesville	FL
Crowe	Danny F	Clewiston	FL
Davis	James E	Coral Springs	FL
Delaviesca	Joseph M	Miami	FL
Depratter	Randy G	Ponte Vedra Bch	FL
Dixon	Kevin B	West Palm Bch	FL
Edwards	Steven H	Pembroke Pines	FL
Fernandez	Justina M	West Palm Bch	FL
Ferrara	Anthony J	West Palm Bch	FL
Ficarrotta	Paul J	Tampa	FL
Flores	Luisa M	Miami Springs	FL
Forte	Edward M	Port Orange	FL
Foster	John T	Palm City	FL
Freeman	Tina M	Tampa	FL
Gatwood	Robert E	Lake Worth	FL
Gilcrist	Cheryl L	Randolph AFB	TX
Grant	Robert S	Palm Harbor	FL
Hagemann	Tammra J	Lidderdale	IA
Heidemann	Travis W	Ft. Walton Bch	FL
Heintz	Robert L	Gainesville	FL
Herrera	Iliana	Miami	FL
Herting	Anthony T	Ames	IA
Hillberry	Horace R	Clearwater	FL
Holm	Michael H	Monticello	FL
Ingersoll	Jason L	Bedford	IA
Inoa	Carlos C	Miami	FL
Jadotte	Antoine	Miami	FL
Jarrell	Kenneth W	Winter Haven	FL
Johnson	Cynthia D	Pembroke Pines	FL
Jones	Cynthia S	Ft. Lauderdale	FL
Jones	William C	Clearwater	FL
Joseph	Isny B	Miami	FL
Karlavage	Russell F	Boca Raton	FL
Kiser	Sherri L	Lake Wales	FL
Koolen	Thomas P	Swansea	MA
Lanasa	Thomas A	Pensacola	FL
Lanham	Cindie M	Moscow	OH
Lawrence	Edward B	Philadelphia	PA
Light	Gregory T	Jacksonville	FL
Lucero	Paul M	San Antonio	TX
Lurie	Richard B	Hialeah	FL
Marti	Gregory W	Sarasota	FL
Maszak	Jonathan W	Ponte Vedra Bch	FL
Mazzella	John A	Lantana	FL
McCormick	Thomas A	Hudson	FL
McNair	Robert D	Pembroke Park	FL
Melendez	Joseph B	Altamonte Spgs	FL
Miller	William J	Jacksonville	FL
Montgomery III	John C	Tampa	FL
Moore	Kelly J	Jupiter	FL
Mota	Raynel M	Hialeah	FL
Oliva	Michael J	Spring Hill	FL
Onley	Jerome B	Miami	FL
Palermo Jr.	Frank V	Davie	FL
Paz	Regla R	Miami	FL
Phelan	Lawrence W	Dania	FL



REVOCATIONS (Cont.)

Last Name	First, MI	City	St.
Polk	Michael E	Davie	FL
Ramirez	Hector F	Miami	FL
Ramos	Alfredo J	Miami	FL
Ramos	Jose L	Tampa	FL
Register	Joseph G	Winter Haven	FL
Reis	Harold J	Clearwater	FL
Reynolds	Michael W	Winter Haven	FL
Richardson	Eric	Altamonte Spgs	FL
Richardson	Walcott E	Orlando	FL
Roberts	Jesse J	Orlando	FL
Robinson Jr.	Willie	Sarasota	FL
Rodriguez	Zulema R	Hialeah	FL
Schiller	Harvey A	Ft. Lauderdale	FL
Seriani	Charles C	Altamonte Spgs	FL
Shasteen	Darleen Y	Chattanooga	TN
Shipley	David L	Titusville	FL
Shorthouse	Richard V	Miami	FL
Sims	Robert A	Coral Springs	FL
Singh	Latchmie N	North Palm Bch	FL
Slater	Thomas E	Jacksonville	FL
Slayton	Eric J	Satellite Beach	FL
Smalley	Scott D	Orlando	FL
Smith	Charles B	Palmetto	FL
Solomon	Samuel O	Miami	FL
Sousa	Joaquin	Miami	FL
Southworth	Kenneth S	Deland	FL
Stewart	Bruce C	Key West	FL
Tan	Kheng-Siang	Naples	FL
Thomas	Kevin A	Ft. Lauderdale	FL
Thompson	Waldith G	Lauderhill	FL
Toledo	Joyce M	Valrico	FL
Torrisi	Sandra L	Boynton Beach	FL
Travis Jr.	Leonard	Pensacola	FL
Warner Jr.	Patsy	Orlando	FL
Wentworth	Michael P	West Palm Bch	FL
Wilson	Kenneth H	Coral Springs	FL
Zadar	Darrell A	Pinellas Park	FL
Zayas	Ramon	Orlando	FL

Hurricane Response

Continued from page 1

vides speedy assistance to storm victims and reacts to any problems in the system when and where they might develop. For the most part, companies had teams of adjusters ready to move into the impacted areas immediately after the storm moved through. We pressed the Florida Windstorm Underwriting Association to speed up the response of its adjusters when we learned of problems encountered by some FWUA claimants in the Keys.

As this issue of *The Intercom* goes to press, the 1998 Atlantic hurricane season is coming to an end. We can be thankful we did not experience a more serious storm this year. If we're less fortunate next year, I'm confident that our Department of Insurance will be prepared to give Florida citizens and businesses the timely help they'll need to weather the storm.



INFORMATIONAL MEMORANDUM 98-107M

July 23, 1998

Florida Department of Insurance

Bill Nelson

Treasurer, Insurance Commissioner and Fire Marshal

TO: All Property and Casualty Companies Authorized to do Business in Florida

Re: Year 2000 And Other Computer Date Recognition Failures Coverages And Endorsements

The Florida Department of Insurance (Department) recognizes the concerns of the insurance industry relative to the potential exposure associated with computer problems due, at least in part, to the year 2000 (Y2K). Generally, for those insureds who take clear and sufficient steps to avoid the possibility of Y2K problems, and still experience fortuitous failure or vicarious liability, protection should exist against the insurable hazard in the liability coverage forms (premises/operations, products, or professional).

Accordingly, the Department has resolved to take the following position on the filing and implementation of endorsements which limit or deny coverage for computer date recognition.

Personal Lines

No exclusionary endorsements may be attached to new or renewal policies for any personal lines policy.

Homeowners or dwelling liability policies which have been written to cover incidental business exposures and Farmowners policies with unique or unusual exposures may have such an endorsement attached if the particular need is specifically demonstrated. This will require that the underlying risk be individually (re)underwritten.

Commercial Lines

Approved endorsements excluding coverage for Year 2000 or computer date recognition failures may be attached to Commercial Property policies. Endorsements may also be approved for use on Commercial Liability policies. An insurer offering to renew a policy, while attaching an attendant Y2K exclusionary endorsement, must mail to the insured a written notice of renewal at least 45 days prior to the renewal date. Such notice must clearly explain what Y2K coverage is to be excluded or modified on renewal. A copy of the notice with the attached endorsement must be sent to the insured's agent of record. The insurer must retain proof of the mailing. If this notice is not given as required by statute, the renewal policy and endorsement will not become effective until 45 days after the notice is given (Section 627.4133(1)(c), F.S.). The notice should be submitted to the Department for informational purposes.

Approved advisory organization filings will be used as guidelines in reviewing independent filings. Company filings must specify the lines of business on which they will use the exclusion and the circumstances under which the exclusions will be used. All-lines filings or liability filings which indicate that all insureds will have an exclusion attached, will not be approved. For Professional Liability policies, independent exclusions and modifications will be considered on a case-by-case basis. The form and rate/rule filings should be made simultaneously, and in strict compliance with Rule 4-170.013, Florida Administrative Code.

Monitoring and Enforcement

The Department does not wish to encourage the business community to passively shift Y2K responsibility onto insurers. However, those insureds who demonstrate a good faith effort to mitigate their exposure to Y2K-related problems should not be subjected to inappropriate Y2K-related actions. Inappropriate insurer actions include, but are not limited to: mid-term cancellations to shed Y2K exposure; attaching an approved liability exclusionary endorsement on so many policies that they result in a de facto regular business practice or market disruption; attaching an exclusionary endorsement without understanding and evaluating the actions of the insured to mitigate exposure; and actions which engender an inordinate level of legitimate consumer complaints.

If inappropriate actions take place, the Department will enforce all statutes and rules to provide relief to consumers.

Any questions regarding this memorandum may be directed to Howard Eagelfeld at (850) 413-5319.

THE INTERCOM

The Intercom is published by the Department of Insurance, Division of Agents and Agencies Services, 200 East Gaines Street, Tallahassee, FL 32399-0318.

Kathryn Criscola
Editor/Publisher
(850) 413-5418



Contributors: Jim Bracher, Joan Cabbage, Wanda Crawford, J'amie D'Aguiar, Kerry Edgil, Kimberly Hodges, Ila Jones, Victoria Kliner, Noelle Mahone, Bill Pace, Gary Pullen, Bob Stewart, Angelita Streeter, Marti Tatum, Rosa Tucker

We welcome suggestions and inquiries concerning *The Intercom*. Written suggestions should be mailed to Kathryn Criscola, Florida Department of Insurance, 200 East Gaines Street, Tallahassee, Florida 32399-0318.
©Copyright all rights reserved. Reproduction in whole or in part without permission is prohibited.



If your name, residence address, principal business street address, or mailing address changes, you must notify the Department within 30 days of the change. Licensees who fail to comply are in violation of Chapter 626.551, F.S., and are subject to investigation and possible disciplinary action.


Please mail your notice of change to:
Bureau of Agent and Agency Licensing
Department of Insurance
200 East Gaines Street
Tallahassee, FL 32399-0319

A name change necessitates the re-issuance of your insurance license. Please remember to enclose the \$5 fee and a copy of your marriage certificate, divorce decree, or other documentation at the time you request re-issuance.

Department of Insurance
Division of Agents and Agencies Services
200 East Gaines Street
Tallahassee, FL 32399-0318.

Bill Nelson
Treasurer/Insurance Commissioner/Fire Marshal
DIVISION OF AGENTS AND AGENCIES SERVICES

John E. Hale, Division Director
Mary Alice Palmer, Assistant Division Director
Phil Fountain, Chief, Bureau of Investigation
Shirley Kerns, Chief, Bureau of Licensing



Bureau of Investigation (850) 922-3136
Bureau of Licensing (850) 922-3137
Education Section (850) 922-3134 Ext. 1108
Qualifications Section (850) 922-3137 Ext. 1101

Adjuster's Qualifications • Fingerprint Information
 Nonresident Agents • Bail Bonds
 Managing General Agents • Terminations
 Customer Representatives • Mediator Approval

License Control Section (850) 922-3137 Ext. 1100
 Certification and Clearance Letters • Forms • Mailing Lists
 Appointment Renewals • Company and Agency Name Changes

For all other Divisions, call the Department of Insurance
 Switchboard (850) 922-3100

BULK RATE
U.S. Postage
PAID
Permit No. 996
So. Fla Facility