

THE INTERCOM

VOL. 12, NO. 1
OCTOBER 2001 - JULY 2002

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

Tom Gallagher
Treasurer/Insurance Commissioner/Fire Marshal

New laws, recent trends and improved services for agents

The Department of Insurance is committed to strong relationships with Florida's insurance agents, who are often the closest point of contact we have with consumers. Agents have a good sense of what's going on in their communities. They alert us to trends and problems. It's vital to department regulators to provide agents with the information, services and support they need to do their best for consumers — and for us.



With that relationship in mind, I want to alert agents as to how new laws and recent market trends are affecting their roles in Florida. First and foremost, the increasing cost of health insurance continues to attract scam artists selling phony health coverage.

Since February 2001, the department has shut down six unauthorized entities. These illegal "insurers" left more than 30,000 Floridians with at least \$6 million in unpaid claims. We've seen this trend before, and until the health insurance market stabilizes, agents must be keenly on the alert. The vast majority of Florida agents do not sell these unlicensed products, but for their own protection and that of their customers, they must know their rights and responsibilities. Under Section 626.901(2), Florida Statutes: If an unauthorized insurer fails to pay in full or in part any claim . . . any person who . . . solicited, negotiated, took application for, or effectuated such insurance contract is liable to the insured for the full amount of the claim or loss not paid.

The department has committed its

resources to alert consumers and agents to the danger posed by unlicensed entities. In April and May, we issued a public service announcement that ran on cable stations throughout Florida, warning consumers to "Verify Before You Buy." We encourage agents to check with us to be certain they're dealing with a legitimate entity. We've worked with the media to warn Floridians about the unlicensed entities department investigators have exposed.

Agents should know that unauthorized entities often claim to be exempt from state licensing requirements under the federal Employers Retirement Income Security Act (ERISA). A legitimate ERISA plan allows an individual employer, union or association to establish and self-insure a health plan for its own employees or members. However, any plan that provides coverage to more than one unrelated employer or group does not meet the federal exemption requirement and must be licensed by the state.

Agents should also know that the 2002 Legislature passed a law, effective Oct. 1,

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increasing the penalty for a licensed agent selling unauthorized insurance from a second-degree misdemeanor to a third-degree felony, punishable by up to five years in jail. The department will pursue criminal charges against any agent caught knowingly selling unlicensed insurance, and will also seek revocation of his or her license. The Bureau of Agent and Agency Investigation in the Division of Agents and Agencies Services is now investigating more than 200 consumer complaints against agents for allegedly enrolling consumers in unauthorized health insurance plans and has already referred 100 of these cases to the department's Division of Legal Services for disciplinary action.

The 2002 Legislature also passed HB 1841, which helps move Florida toward full implementation of the provisions of the federal Gramm-Leach-Bliley Act. This law, effective Oct. 1, and consistent with our other efforts, requires that the curriculum for agent pre-licensing and continuing education courses include a discussion of unlicensed entities. The law also permits the department to enter into reciprocal agreements with other states regarding nonresident applicants for licensure.

In addition, the Legislature allocated funds for the Bureau of Agent and Agency Licensing to design, develop and implement a new licensing system, which will make application for licensure faster and more efficient. The bureau is also developing and implementing

an automated continuing education system, which will permit licensees to review their continuing education records and view approved course offerings online. This system is scheduled to be operational in the fall.

Meanwhile, the bureau has increased staff and improved training for operators to provide better service to agents. This telephone unit receives approximately 3,500 calls each week, and the average wait time for callers is now less than one minute.

And, of course, agents were influential in backing the 2002 Cabinet reorganization, which they believe — as do I — will provide strong regulation without unnecessary obstacles to a competitive market. Under the reorganization, signed into law by the governor on June 12, the chief financial officer (CFO) will have direct oversight of agents — as the insurance commissioner does now. An appointed director of the Division of Insurance will be responsible for approving forms and rates; the director will be appointed by the governor, in consultation with the CFO and confirmed unanimously by all three members of the reorganized Cabinet. Numerous checks and balances in the legislation will, I am confident, ensure that the CFO is truly accountable to the people of Florida.

Tom Gallagher is Florida's treasurer, insurance commissioner and state fire marshal.

Case Notes

The following are instances in which licensees or other persons violated the Florida Statutes or administrative rules governing insurance activities. Below are the administrative actions the department has taken against them.

CASE: The department filed a three-count administrative complaint against a life and health and general lines insurance agent alleging that he aided and abetted unlicensed persons to transact insurance, sold ancillary coverages without the insureds' knowledge or consent, and failed to appoint a primary agent for his branch office.

DISPOSITION: The agent entered into a Settlement Stipulation for Consent Order that called for a \$5,000 fine and two years probation. In addition, the agent is required to make his books and records available to the department without receiving advance notification, and agrees that the appropriate future penalty for aiding and abetting unlicensed persons shall be the revocation of all of his insurance licenses.

CASE: A general lines agent was countersigning "Travel Accident Protection Plan" policies for another agent. An investigation by the department revealed that the writing agent's licenses were suspended at the time these policies were issued and that the countersigning agent knew or should have known of this suspension. The department also charged that the countersigning agent completed the diligent search portion of

the application, not the writing agent.

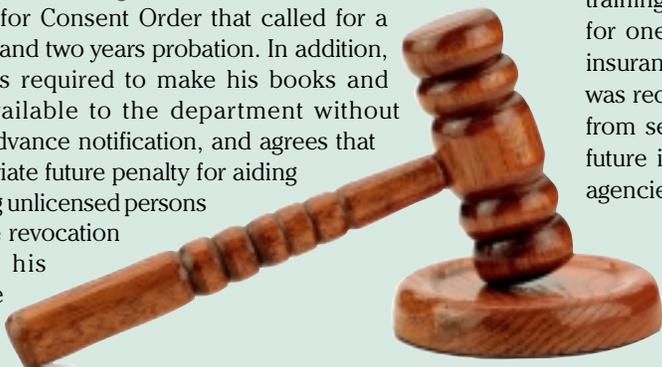
DISPOSITION: The agent agreed to a \$2,000 fine in lieu of taking the case to formal hearing.

CASE: An investigation into complaints by Florida insureds revealed that a statewide insurance agency utilized training in high-pressure sales techniques to motivate its agents to sell annuity and life policies to elderly consumers.

DISPOSITION: In lieu of taking this matter to a hearing, the agency entered into a Settlement Stipulation for Consent Order providing for a \$100,000 fine, elimination of the previous sales training program, independent monitoring of all future activities for one year at its own expense, and the licensing of all its insurance agencies for three years. The president of the agency was required to surrender his insurance licenses and is barred from seeking further licensure from the department and any future involvement with any of the firm's affiliated insurance agencies.

CASE: A travel agency also held a license as a personal accident and a baggage and motor vehicle excess liability agent. In a criminal court case involving grand theft, fraudulent use of credit cards and worthless checks by the principal of the travel agency, a judgment was rendered with language requiring the principal to relinquish any business licenses held.

DISPOSITION: The department offered a Settlement Stipulation for Consent Order that called for a surrender of all insurance licenses held. The principal agreed and the licenses were surrendered with the same force and effect of a revocation.



Agents can expect improved services

Florida's insurance agents can look forward to better and faster state services in 2002, as the Department of Insurance upgrades its staffing, technology and quality-control measures.

An online application process is already in place, and plans to enhance it are under way. A centralized call center, designed to keep waiting time to two minutes or less, became operational on March 1. Digital fingerprinting of all applicants will be up and running by August 5. And the education tracking system for agents, which provides the department's pre-licensing and continuing education services, will be fully operational by November.

Our goal is to offer the best possible service to agents.

For instance, under the previous method of applying for licensure, the department was forced to return fully 50 percent of applications due to errors and omissions. But the new online process won't let applicants omit key data or submit an incomplete application. If the department gets all necessary documentation, we expect no more than a three-day turnaround. There is also a new way to check online to determine if the complete application has been received and the applicant authorized to take the exam. (Located at www.doi.state.fl.us. Click on "Agent and Agency Services.") In addition, agents can go online to change their addresses, as required by law, thus avoiding the possibility of a \$250 fine.

These changes not only eliminate delay and inconvenience for aspiring agents, they will also save taxpayers considerable postage on returned applications.

By the same token, the department's upgraded technology will save time, money and aggravation via digital fingerprint cards, thus eliminating a major obstacle to licensure. Currently, applicants' fingerprints are sent to the Florida Department of Law Enforcement and the Federal Bureau of Investigation for processing, which takes

four to six weeks. This delay is the single biggest cause of revoked licenses — and another unnecessary expense for taxpayers. Prompt service also suffers when applicants fail to provide legible fingerprint cards; however, under the digital fingerprinting



process, we won't have either delay. Every Florida county now has digital fingerprinting capability.

These technological improvements will, in turn, cut the number of calls to the department by giving applicants an online alternative. Fully 25 percent of the agent calls we receive are inquiries about the status of an application no more than three or four days old. Unfortunately, many of these calls are from applicants who have failed to provide all of the materials. Cutting the number of inquiries will help us meet another goal — eliminating excessive waiting times for agents calling the Bureau of Licensing.

Effective Feb. 1, the new centralized call center began applying the same quality control measures used for the Consumer Helpline, which receives 1,500 calls a day. Thus, agents' calls are also monitored for courtesy as well as for accuracy of information. Staffing is limited to those whose only function is to deal with the public. Under the new centralized system, our goal is a hold time of no more than two

minutes — the same standard we maintain for consumer calls.

Continuing education will also receive a major boost. As of January 2002, the education tracking system returned to the

Bureau of Licensing after being administered for five years by a private provider. By November, we will develop a technology-driven service and manage it ourselves. Agents will be able to access course offerings online. Until

then, the Bureau of Licensing will work with industry associations to establish business rules and up-to-date enhancements for the education system.

Since March 1, a three-hour combined examination for Life, Variable Annuity, and Health is being administered. This eliminates the need for an applicant to take two separate examinations for one license, although each will be available separately for those not interested in the combined license.

In addition, we are discussing with the National Association of Insurance Commissioners the best method of automating the appointment process. Automation through the NAIC will speed up the appointment process in Florida and provide for appointments in other participating states.

Agents have a right to expect good service from us. Since the department requires them to offer a high standard of service to consumers, we will strive to maintain an even higher standard ourselves.

Next generation of scams: phony health plans

By Luke S. Brown

In earlier editions of *The Intercom*, I have addressed some of the common characteristics of unauthorized health plans, the dangers that they present to the public and to you, and some general guidelines to assist in evaluating the schemes that are being promoted to you as “the answer to the health insurance crisis.”

The most recent generation of health insurance scams was recently hatched. Billed as a VEBA (Voluntary Employees' Beneficiary Association), their promoters and the agents who sell them again twist reality to suit their needs — all to the detriment of the consumers who depend upon agents.

A VEBA is a creature of the Internal Revenue Code (Sections 419 and 419a). It is *not* an insurance concept. Instead, it is merely a vehicle by which certain employee benefits, including health-care benefits, can be funded. It is a tax-exempt (not regulatory-exempt) vehicle that allows an employer to deduct payments made to the VEBA to fund the payment of employee benefits. It may afford certain tax benefits including allowing the use of pre-tax dollars to fund benefits. Although promoters often use the word “trust” in conjunction with a VEBA, it does not change the basic nature of a VEBA.

So explained, the next question is obvious: Who or what is the risk-bearing entity to which the consumer and provider looks for the payment of claims? A third-party administrator? An agent, broker or MGA? One whose name you recognize? One that at present has a Florida license? Regardless of how advanced the administration may be, a TPA is not authorized to bear risk. Regardless of whether the broker or MGA claims to be your “life partner” in the deal, they don't bear risk. Don't be fooled just because the promoter of the plan now has a license.

As has been said over and over again: Unless the plan is single-employer based *and* fully self-insured, the risk-bearing entity must have a Certificate of Authority from the Florida Department of Insurance as an insurer or as a multiple employer welfare arrangement (MEWA). It is that simple. If the scheme does not meet the fully self-insured *and* single-employer based criteria, it is subject to both licensure and regulation by the Department — regardless of what the promoters say. Under current law, a MEWA is *never* eligible for ERISA pre-emption from state insurance regulation.

Because a VEBA is merely a funding mechanism (and a very complex one at that), the need for either a fully self-insured, or a fully licensed risk-bearing entity

persists. The fact that the VEBA (the funding mechanism) is a creature of federal law does not change that reality at all — again, regardless of what the promoters say. ERISA is a creation of federal statutory law, and the VEBA concept is not part of that body of law.

The fast-talkers will argue that they have filed, or will file, Form 5500, which validates ERISA status, and thereby, pre-emption from state insurance regulation. *Bull.* The reality is that anyone can file a Form 5500 for anything, and doing so, in and of itself, is meaningless. It's akin to saying, “I'm an insurance agent, and I play the piano.” One thing has nothing to do with the other. The only thing that counts is an official written determination or opinion by the U.S. Department of Labor on the *bona fides* of *that* plan in its *then-current* form. You cannot rely upon anything short of that as proof of pre-emption from state insurance regulation, especially from a fast-talker who has led you down this path before.

Don't do it. Your professional and personal reputation, your license, your livelihood, and most importantly, the welfare of the people whom you serve, are at risk if you do.

Luke S. Brown is a senior executive attorney and unauthorized entities supervisor with the Division of Insurer Services.

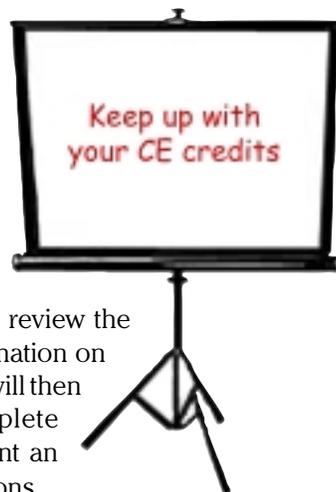
New system in development for continuing education

The contract that the Department of Insurance had with an outside vendor to manage continuing education and precicensing has expired. The department is currently in the process of developing a system that will allow it to manage both the continuing education and precicensing information.

During this development period, the department will record and track all information. However, continuing education compliance notices will not be mailed. While the department will not be issuing noncompliance notices during this transition period, licensees are cautioned that they must maintain their continuing education as required by Florida Statutes.

When the department resumes continuing education enforcement notification, hours will be reviewed for all compliance periods.

When the new system is completed and functional, licensees will be notified to review the continuing education information on the Internet. Each licensee will then be given 60 days to complete additional hours in the event an error was made in calculations.



Forms for CE and other needs

If you are in need of a prelicensing or continuing education form, here are the ways in which you may request them.

Mail

Send a written request to:
Florida Department of Insurance
Agent and Agency Licensing
P.O. Box 5500
Tallahassee, FL 32314-5500

Internet

Download a form from the department's home page:

◆ Access the Internet on your computer

◆ Enter DOI's address:
www.doi.state.fl.us

◆ Click on Agent and Agency Services.

◆ Click on Forms, and select the form that you require.

Phone

(850) 413-3137, ext. 1108

Fax

(850) 488-7831

Transcripts are not yet available via the Internet. You may get one by the mail, phone or fax methods described above.

NOTICE

The Intercom is the sole source of insurance news for many agents. Be advised that we are moving toward having this publication solely available on our web site. Depending on the availability of funds, we may still have future issues printed and mailed to you.

You may always view *The Intercom* on the department's web site, **www.doi.state.fl.us**. From there, click on "Agent & Agency Services," then click on "The Intercom." If you would like e-mail notification each time a new edition goes on the web site, e-mail your name and e-mail address to mendelsonh@doi.state.fl.us.

Company Rehabilitations and Liquidations

The Second Judicial Circuit Court of Leon County, Florida, on July 6, 2001, placed **Fortune Insurance Company** into receivership for the purposes of liquidation. The Florida Department of Insurance, Division of Rehabilitation and Liquidation, is the court-appointed receiver of Fortune Insurance Company. Except for flood insurance policies and those issued by the Auto JUA, all policies still in effect were cancelled as of 11:59 p.m. on August 5, 2001. The deadline to file claims is July 6, 2002.

Aries Insurance Company ("Aries") is a Florida domestic property and casualty insurance company. On May 9, 2002, Aries was placed into receivership for the purpose of rehabilitation by order of the Second Judicial Circuit Court in Leon County, Florida. The Florida Department of Insurance, Division of Rehabilitation and Liquidation, is the court-appointed Receiver.

N.A.P.T., under a variety of names (see below), sold health care-type contracts primarily in Florida, but also in a number of other states. On August 3, 2001, the Second Judicial Circuit Court of Leon County, Florida, placed N.A.P.T. and its related or affiliated entities into receivership for the purposes of liquidation. N.A.P.T. is also known as: National Association of Physical Therapists, National Association of Professionals & Technicians, National Association of Professional Truckers, National Association of Professional Traders, National Association of Chiropractic Professionals, National Association of Dental Professionals, National Tourism & Hospitality Association, National Veterinarian Association, National Real Estate Association, Physician's Choice Limited and Physician's Choice LTD. The deadline for filing claims was February 2, 2002.

The Commonwealth Court of Pennsylvania placed **Reliance Insurance Company** ("Reliance") into liquidation on October 3, 2001. The Pennsylvania Department of Insurance is the court-appointed domiciliary receiver of Reliance. On October 30, 2001, the Second Judicial Circuit Court of Leon County, Florida, entered an order appointing the Florida Department of Insurance as ancillary receiver of Reliance. All policies still in effect were cancelled as of November 4, 2001.

Unisource Insurance Company was a Florida domiciled corporation that transacted primarily medical malpractice insurance business in the Florida. On October 25, 2001, the Second Judicial Circuit Court in Leon County, Florida, placed the company into liquidation. All policies still in effect were cancelled as of November 23, 2001. The deadline for filing claims is October 24, 2002.

Please refer any questions to our consumer hotline at (800) 882-3054 or browse the receiver's Internet site, **www.fldoi-receiver.com**.

Fraud 2001: Tales of deception and greed

Now you see it, now you don't

Two Miami title insurance agents were arrested on charges of conspiracy to commit racketeering and grand theft for diverting nearly \$6 million in escrow funds. The women, both licensed title agents, face revocation of their licenses.

Investigators said the title agency's records showed funds were not being separately maintained in the title agency's escrow bank accounts, were misappropriated, temporarily or permanently diverted into personal bank accounts or business bank accounts that the agents controlled, or were cashed.

Because some escrow funds received by the title agency from mortgage lenders were never disbursed on behalf of the borrowers, warranty deeds that were prepared by the title agency and publicly recorded contained the false claim that properties were free of all encumbrances.

Life-and-health situation

An Aventura insurance agent voluntarily surrendered his state license based on allegations that he was involved in a scheme that misled elderly customers living in Central and South Florida into buying life insurance when they thought they were buying or renewing health insurance policies. The agent agreed to permanently withdraw from Florida's insurance industry.

Investigators suspect the scheme also involved former agents, whose licenses were previously revoked by the Department, who allegedly paid to use the credentials of licensed agents. The group allegedly convinced elderly victims in Bonita Springs, Englewood, Punta Gorda, Fort Myers, North Fort Myers, Plant City, Sebring, Port Charlotte and Naples to purchase or renew health insurance policies when in fact the consumers were unknowingly sold life insurance policies.

Give 'em the slip

An owner of a Miami-Dade auto insurance agency and several of his agents were charged with racketeering and conspiracy to commit racketeering for allegedly sliding undisclosed coverages and hidden costs to thousands of customers. Sliding is an industry term. It occurs when an agent sells an applicant a coverage or product without their knowledge or consent.

Investigators said agency employees were instructed to charge as many hidden costs as they could get away with, ranging from \$40 to \$200, with commissions of up to 90 percent paid on those hidden charges. One former employee told investigators that while she worked with the agency between September 1995 and November 1996, she saw hidden charges added to as many as 5,000 customer bills.

Money for nothing

A South Florida insurance agent was charged with organized fraud for stealing retirement funds that clients intended to invest in annuities. The funds were diverted to a company that had been dissolved since 1994.

Investigators said that instead of purchasing legitimate annuities from life insurance companies, the agent put more than \$100,000 of the investors' funds into a defunct Vero Beach company.

Some customers continued to receive monthly statements as late as May 2000 indicating that their investments were continuing to accrue value at 7 percent interest. Customers notified the Department when the statements stopped.

Down in flames

An Orlando man known to law enforcement as "The Torch" was arrested in a sting operation for accepting a contract to burn a sports utility vehicle so that its owner could collect the insurance settlement money. An accomplice also was arrested.

The man became a suspect in January, after a State Fire Marshal investigator found a Honda partially burned in Volusia County. The car's owner, who had reported it stolen in Orlando, confessed that he had paid to dispose of the vehicle for insurance recovery purposes.

Investigators then recorded "The Torch" agreeing by phone to meet with a vehicle owner who wished to have her vehicle destroyed in order to collect the insurance. The disgruntled vehicle owner was actually an undercover officer.



Sixty-five percent of the 1,782 vehicular fires reported to the State Fire Marshal's office in 2001 were determined to have been deliberately set.

Operation Medical Deception

Seven doctors, three clinic owners and six clinic workers were arrested last spring in a sweep of arrests stemming from investigations into complaints from dozens of auto accident victims that their insurance companies were billed nearly \$1 million for clinic visits they did not make. The ongoing investigation has since led to the arrests of at least five more doctors and other clinic workers.

Since 1999, the Department has made more than 300 arrests relating to personal injury protection insurance fraud. The doctors arrested as part of "Operation M.D." allegedly signed medical reports for patients they did not see or for patients who were seen by unlicensed medical personnel. Unlicensed personnel told investigators that they also fabricated patient reports when the patients did not return for visits. One patient's insurer was billed while he was incarcerated. The clinic owners allegedly directed the billing activities.

The Department offers a reward of up to \$25,000 for information leading to a conviction in complex fraud schemes. To report fraud, call the fraud hotline at (800) 378-0445.

Legislative Update

This is an overview of legislation passed by the Florida Legislature during the 2002 regular session as well as special sessions. Access to all bills, legislative staff analyses, floor amendments, bill history and Florida Statutes citations are available through the Florida Legislature's Online Sunshine web site, www.leg.state.fl.us.

CS/SB 1418, Citizens Property Insurance Corporation:

Under current law, the Florida Windstorm Underwriting Association (FWUA) provides coverage for the perils of windstorm (including hurricanes) and hail in specified coastal areas while the Residential Property and Casualty Joint Underwriting Association (JUA) provides full homeowners' and similar coverages statewide, except that it is prohibited from providing windstorm coverage in areas eligible for the FWUA. These associations comprise what is known as the "residual market" for property insurance in Florida.

The bill changes the structure of the two state-created residual market associations which provide property insurance to persons unable to obtain coverage and combines them into a single entity named the Citizens Property Insurance Corporation (Citizens), effective July 1, 2002. Specifically, the policies, obligations and liabilities of the JUA would become those of Citizens and the policies, obligations, and liabilities of the FWUA would be transferred to Citizens.

Citizens is structured to meet Internal Revenue Service (IRS) requirements so that its income will be exempt from federal income taxation and it will be able to issue tax-free bonds. On February 20, 2002, the IRS issued a private letter ruling stating that Citizens, as structured under this legislation, and if operated consistently with such legislation, would be tax exempt and be able to issue tax-free bonds.

In summary, the bill provides for the following:

- Citizens will operate under a seven-member Board of Governors who are Florida residents and appointed by the state treasurer. All board members serve at the pleasure of the treasurer who appoints the

Citizens executive director and senior managers, as well as a technical advisory group which provides information and advice to the board.

- Citizens will issue personal residential and commercial residential full coverage, all perils policies on a statewide basis (excluding FWUA eligible areas) and offer wind-only coverage for personal residential, commercial residential, and commercial nonresidential risks in current FWUA-eligible areas of the state.

- Citizens will assess authorized insurers and their policyholders and assess surplus lines policyholders to pay regular and emergency assessments. The Florida Surplus Lines Office is responsible for identifying surplus lines premiums subject to assessments and verifying and collecting such assessments.

- Citizens will operate three separate accounts: personal lines, commercial lines, and a high risk (in FWUA areas) account. The high risk account will include "quota share policies." Quota share policies will allow authorized insurers to offer hurricane coverage within FWUA areas. The insurer and Citizens will each be responsible for a specified percentage of hurricane coverage of an eligible risk. Citizens may enter into quota share primary insurance agreements with authorized insurers at coverage levels of 90 and 50 percent, however, neither the insurer nor Citizens will be responsible beyond their specified percentage of coverage of hurricane losses.

- As of July 1, 2002, the commission rate for agents for the FRPCJUA and the FWUA remains unchanged.

- Agents currently appointed for the FRPCJUA or doing business with the FWUA may continue to write business for Citizens. After a transitional period, probably sometime around January 1, 2003, the Board of Governors will establish new agent appointment procedures.

- Agents not currently appointed with the FRPCJUA or the FWUA may qualify to be appointed for Citizens if they are currently appointed for an insurer that is actually writing new or renewal personal lines residential property coverage or commercial nonresidential property coverage in Florida. Agents will be able to

apply for an appointment with Citizens when new appointment procedures are established.

- The license fee that an agent has paid for an FRPCJUA appointment will cover his/her Citizens appointment until it is time for renewal.

- An agent who formerly wrote wind-only business for the FWUA will be able to write wind-only business for Citizens. After a transition period, the Citizens Board may establish different appointment rules.

- The binding procedures established under the FRPCJUA and FWUA have not changed.

- A market equalization surcharge must be levied upon Citizens' policyholders in all three accounts should there be a deficit occurring in any of the three Citizens accounts. Emergency assessments would be for as many years as necessary to cover a deficit and emergency assessments must be held by Citizens solely in the applicable (high risk, personal lines or commercial lines) account. When financing obligations are no longer outstanding, Citizens may use a single account for all revenues, assets, liabilities, losses and expenses.

- The department may remove territory from the area eligible for wind-only and quota share coverage after a public hearing, under specified conditions.

- There will be a cap on Citizens premiums for personal lines residential "wind-only" policies issued or renewed between July 1, 2002, and June 30, 2003, at no more than 10 percent above the June 30, 2002, FWUA premium. Beginning July 1, 2003, the current JUA rate formula will apply to Citizens personal lines residential wind-only rates (i.e., the highest wind rate in the county among the top 20 insurers with the greatest total direct written premium in the state).

- Citizens is prohibited from requiring flood insurance as a condition of coverage subject to the insured executing a specified form.

- Citizens policyholders will have the right to select and maintain an insurance agent and may retain coverage in Citizens, notwithstanding take-out or keep-out offers if their agent is unable or unwilling to be

appointed by the insurer making the offer. Also, commissions to producing agents are protected under such programs. Further, an offer of full property insurance coverage by an insurer currently writing either the ex-wind or wind-only coverage on a policy to which the offer applies is not considered a take-out or keep-out offer.

- Citizens may impose and collect an additional amount equal to the premium tax from policyholders to augment its financial resources. Citizens is exempt from Florida corporate income tax.

HB 3E, Governmental Reorganization (Chief Financial Officer):

This bill is in response to the amendment to the state constitution approved by voters in 1998 that merges two Cabinet positions, the comptroller and the treasurer, into one — chief financial officer (CFO), effective January 7, 2003. As a result of the constitutional amendment, the state Cabinet will consist of the CFO, the attorney general, and the commissioner of agriculture.

The constitutional amendment provides that the CFO serves as the chief fiscal officer of the state, settles and approves accounts against the state, and keeps all state funds and securities. In addition to the constitutional duties of the comptroller, the Legislature had designated the comptroller as head of the Department of Banking and Finance and had designated the treasurer as head of the Department of Insurance, as well as State Fire Marshal. Therefore, the status of these departments must be determined legislatively, which this bill addresses. Two offices are created under the commission: the Office of Insurance Regulation and the Office of Financial Institutions and Securities Regulation.

The Office of Insurance Regulation is responsible for regulation of insurance companies and other risk-bearing entities, including licensing, rates, policy forms, solvency, claims, adjusters, market conduct, viatical settlements, and premium financing, and administrative supervision of insurers, as provided in the Florida Insurance Code or Chapter 636, Florida Statutes. The Office of Financial Institutions and Securities Regulation is responsible for regulation of banks, credit unions, other financial institutions, finance companies, and the securities industry.

Legislative staff is required to prepare a bill to conform the statutes to the policy decisions reflected in the bill. These provisions include legislative intent that the CFO will make appointments to the Citizens Property Insurance Corporation as provided in SB 1418 enacted in 2002, and that until June 1, 2003, the appointment powers of the comptroller, treasurer, insurance commissioner and fire marshal will become powers of the CFO.

The bill also creates a new program for Certified Capital Companies (CAPCOs) by providing insurance premium tax credits to insurers for investments by a CAPCO in qualified businesses, which would be implemented if certain insurance premium tax collection benchmarks are met. The new program (“Program Two”), like the current program, would provide annual tax credits of up to \$15 million and an aggregate amount of \$150 million over the life of the program to insurance companies that invest in CAPCOs.

Additionally, it authorizes insurance agents to sell certain securities without registering as securities dealers.

CS/SB 1916, Bail Bond Agencies and Agents:

This bill revises the laws regulating bail bond agents, based on recommendations of the Bail Bond Blue Ribbon Panel appointed by the insurance commissioner. Some of the major provisions of the bill are:

- Prohibits any person who is not a licensed and appointed bail bond agent from owning a bail bond agency.
- Requires the owner of a bail bond agency to designate a primary bail bond agent who is responsible for the overall operation and management of the agency.
- Authorizes the issuance of a temporary permit, valid for 24 months, if the owner of a bail bond agency dies or becomes mentally incapacitated.
- Increases the standards for education and qualifications for bail bond agents.
- Prohibits certain acts related to solicitation of bail bond business.
- Requires all build-up funds used to indemnify the insurer by the bail bond agent to be held in an individual trust fund account and maintained in an FDIC or FSLIC

approved bank or savings and loan.

- Requires a temporary bail bond agent to be accompanied by a supervising bail bond agent when apprehending defendants.
- Requires bail bond agents to file a sworn affidavit with a new appointing insurer that no funds are owed to another insurer.
- Provides more specific prohibitions against bail bond agencies hiring persons convicted of a felony.
- Increases the maximum fee that a bail bond agent can charge for the actual expenses related to converting collateral to cash, from 10 percent to 20 percent of the face value of the bond, and allows the agent to charge a credit card fee.
- Increases administrative fines that may be imposed by the department for violations from \$500 to \$5,000 for a nonwillful violation, and from \$2,500 to \$20,000 for a willful violation.
- Authorizes the department to impose a “civil assessment” of up to \$5,000 against a licensee who fails to comply with solicitation requirements.

CS/SB 1126, Insurance Policy Holder Protection Act:

This bill creates the “Insurance Policy Holder Protection Act,” which establishes a policyholder’s right to select and maintain an insurance agent, increases agent commission payments by insurers, and revises agent policy servicing procedures under specified insurance risk apportionment plans.

Eligibility for Coverage in the Residual Market

The bill creates an exception to the current requirement that the Florida Windstorm Underwriting Association (FWUA) and the Florida Residential Property and Casualty Joint Underwriting Association (JUA) deny coverage to a policyholder receiving an offer of coverage in the voluntary market. These entities, would not be allowed to refuse coverage if the policyholder’s agent is “unable” or “unwilling” to be appointed by the insurer making the offer of coverage.

Agent Compensation

The bill changes the way in which agents are compensated when a FWUA and JUA risk is removed before policy issuance, during the first 30 days of coverage (termed a keep-out plan), or as part of a take-out plan.

An exception to these provisions is provided when an offer of “full” property insurance coverage is made by the insurer *currently insuring* either the ex-wind or wind-only coverage on the policy to which the offer applies. This type of offer will not be considered a take-out or keep-out offer.

Florida Windstorm Underwriting Association Eligible Area

The bill provides that the area within Port Canaveral in Brevard County will be eligible for windstorm coverage from the FWUA.

The provisions of this bill are also contained in CS/SB 1418. However, under CS/SB 1418, these provisions will apply to the newly created Citizens Property Insurance Corporation.

CS/HB 1841, Insurance Company Representatives:

The provisions of this bill seek to bring Florida into compliance with the uniformity and reciprocity provisions of the federal Gramm-Leach-Bliley Act, while preserving Florida’s consumer protection laws. Under the GLB, certain state regulatory authority over producer (insurance agent) licensing is pre-empted by the National Association of Registered Agents and Brokers, unless a majority of the states and territories (29) achieve uniformity or reciprocity by November 12, 2002.

This bill makes numerous changes to the licensing of insurer representatives in Florida including the following provisions:

- Beginning November 1, 2002, mandates that the Florida Department of Insurance accept the NAIC’s “Uniform Application” as acceptable for use for licensure for nonresident insurance agents. Applicants may submit or transmit the Florida application or a Uniform Application.
- Facilitates the transfer of a license from another state by allowing certain agents who become Florida residents to transfer their licenses from other states. Also exempts specified applicants from having to meet Florida’s prelicensing or examination requirements if the applicant was previously licensed in another state which has substantially equivalent requirements.
- Permits applicants who transfer

their license to be able to exempt the licensure exam, if awarded the designation of CPCU or CLU, whichever is applicable, and have been engaged in the insurance business within the four-year period prior to filing their license application with the department.

- Exempts applicants for a customer representative license from having to sit for the exam if they have received the designation of Professional Customer Service Representative (PCSR) from the Professional Career Institute.
- Exempts applicants for an adjuster license from having to sit for the exam if they have received the designation of Professional Claims Adjuster (PCA) from the Professional Career Institute.
- Requires insurance agents to report to the Department certain final dispositions of administrative actions taken against them.
- Increases the penalties for insurance agents who represent or aid an unauthorized insurer.
- Requires licensees to complete two hours of approved CE courses on the subject of unauthorized entities engaging in the business of insurance, every two years as part of their CE requirement, in order to maintain their license. Additionally, applicants are also required to take prelicensing courses on the same subject.
- Extends the express authority of the department to enter into reciprocal agreements with other states waiving the examination requirement as to nonresident general lines agent licensing.

CS/SB 1994, Insurance/Communication Equipment:

The bill expands an existing limited line license category entitled “communication equipment property or communication equipment inland marine insurance.” Licensees must receive their initial training from a general lines agent and be under his or her oversight.

The insurance is intended to cover the loss, theft, mechanical failure, or malfunction of or damage to communications equipment such as “handsets, pagers, personal digital assistants, portable computers, automatic answering devices, batteries, and other devices.”

CS/SB 2102, Motor Vehicle Service Agreements/Service Warranty:

This bill allows a motor vehicle service agreement company to be licensed by the Department of Insurance to sell certain guarantees associated with “vehicle protection” products, defined as a product or system installed to a motor vehicle or designed to prevent the theft of the vehicle or assist in its recovery.

A motor vehicle service agreement including such a guarantee must cover “vehicle protection expenses” incurred by the service agreement holder for loss or damage to a covered vehicle resulting from the failure of the vehicle protection product to prevent the theft of the vehicle or to assist in its recovery. Such expenses must be clearly stated in the service agreement form. The agreement must either provide reimbursement for a pre-established flat amount or specific expenses incurred by the policyholder.

The bill also amends s. 634.405, F.S., relating to service warranty associations. Currently such an association must either maintain a specified financial reserve or purchase a contractual liability insurance policy to insure 100 percent of its claims exposure under all of its contracts, “wherever written.” The bill provides that if specified conditions are satisfied, the scope of coverage under an association’s contractual liability policy is not required to exceed its claims exposure under contracts delivered in Florida.

HB 46E, Health Flex, Small Group: Health Flex

The bill creates a pilot program to provide health care coverage, referred to as health flex plans, for uninsured persons who have a family income equal to or less than 200 percent of the federal poverty level. The Agency for Health Care Administration (AHCA) and the Department of Insurance may approve health flex plans in the three areas of the state having the highest number of uninsured persons and in Indian River County. Any such plans will be exempt from the requirements of the insurance code, but the department is charged with assuring all health flex plans are operated in a solvent manner, possess benefits reasonable in relationship to the premiums charged, and are not marketed in a deceptive or misleading manner.

Small Group

The bill allows small group carriers to separate the experience of small employer groups with less than two employees (“one-life groups”) from the experience of small employer groups with two to 50 employees for purposes of determining rates for each pool. The rate, however, for one-life groups may not exceed 150 percent of the rate determined for small employer groups with two to 50 employees. For one-life groups that are insured on July 1, 2002, the limit is phased-in by being capped at 125 percent for the first renewal, and 150 percent for subsequent renewals. All health plan policies offered to a small employer are exempt from laws limiting deductibles, coinsurance, co-payments, and maximum lifetime and annual benefits.

CS/SB 42B, Health Insurance/Military Persons:

The Florida Health Insurance Coverage Continuation Act (Act) enables employees of employers with fewer than 20 employees to continue their group health coverage for 18 months after it would otherwise terminate. This law is intended to cover those employees and dependents who are not protected by the federal COBRA law which applies to employers with 20 or more employees.

The bill amends the Act to address various situations that may detrimentally affect employees who are in the military reserve or National Guard and are called to active duty. The bill provides that if an employee is called to active duty and is terminated from his job during or after the period of active duty, the employee would be allowed to continue coverage under the employer’s group plan for 18 months, beginning on the later of the date of termination of employment or the end of the active duty period.

The bill further provides that if an employee who is called to active duty dies during the period of active duty, or if there is a divorce or legal separation, or if a dependent child reaches the limiting age under the group policy, the spouse and dependent children would be entitled to elect continuation of coverage under the employer’s group plan at the time of such event, whether or not the employee is covered under the employer’s group coverage at that time.

The bill also addresses the situation of an employee or other qualified beneficiary who has already elected to continue his or her group coverage and is thereafter called to active duty as a member of the military reserve or National Guard. The bill provides that if the group coverage is terminated due to the qualified beneficiary becoming eligible for coverage under the federal TRICARE program, the 18-month period is tolled during the time that the individual is covered under the TRICARE program. Within 30 days after the federal TRICARE coverage terminates, the individual may elect to continue coverage under the group health plan for the remainder of the 18-month period.

The bill affects only insured employer plans with fewer than 20 employees. It does not affect employers with 20 or more employees, self-insured plans, or state and local government health plans, all of which are covered under the federal COBRA law.

CS/HB 385, Large Group Health Insurance Deregulation:

Exempts insurers issuing large group (i.e., groups of more than 50 persons) health insurance policies in Florida from the requirement to file rating manuals or rating schedules, or premium rates or rate changes, with the Department of Insurance. The exemption would not apply to certain health coverages, including Medicare supplement insurance and long-term care insurance.

CS/CS/SB 1412, Prescription Drug Claim Identification Cards:

The bill requires any health insurer or health maintenance organization and all state and local government entities that provide outpatient prescription drug coverage to issue a prescription drug benefits identification card containing certain specified information, including the name of the claims processor, the insured’s name, identification number and prescription group number, the help desk telephone number, and the claims submission name and address. Certain information is not required if the card provides instructions on how such information may be readily accessed by electronic means.

CS/CS/SB 1247, Premium Financing:

The bill revises the method of calculating and billing interest charges imposed by an

insurance company, agency or agent in connection with premium financing plans. Under current law interest not to exceed 18 percent simple interest per year can only be charged on the unpaid balance. The new law allows the option to charge interest on the *average* unpaid balance as billed over the term of the policy. This interest may be billed in equal installments.

The bill also allows an insurance company to charge, in addition to the fees or interest currently allowed, certain other charges, or a portion thereof, that premium finance companies currently are allowed to charge.

CS/CS/HB 319, Self-Insurers:

The bill transfers regulatory authority over individual employers that self-insure for purposes of workers’ compensation coverage from the Division of Workers’ Compensation to the Department of Insurance and to the Florida Self-Insurers Guaranty Association (Association), a not-for-profit corporation. Currently, the Association is under the general supervision of the Department of Labor and Employment Security. The bill transfers powers, functions, duties, rules, records, and property relating to the regulation of self-insured employers from the Department of Labor and Employment Security to the Department of Insurance.

The department will exercise oversight authority over the Association, including approval of the plan of operation and appointment of the board members. Authority to assess association members is transferred to the Association, subject to approval by the department. The department is required to act in accordance with recommendations of the Association regarding the qualifications of an applicant to be approved as a self-insured employer, and determining whether the financial strength of a current or former member, unless the department finds by clear and convincing evidence that the recommendations are erroneous.

The authority to commence delinquency proceedings and be appointed receiver is transferred from the Division of Workers’ Compensation to the department and the Association. The Association is given a number of additional responsibilities. The department will be required to contract with the Association for services that could

include processing applications from self-insurers, collecting and reviewing financial statements, processing compliance documentation, and inspecting and auditing payroll records of individual self-insurers. The department is required to contract with attorneys recommended by the Association, in certain instances. The prohibition against the use of state funds of any kind by or for the Association is removed. State funds may not be used for claims payments; however, state funds may be paid to the Association under a contract for performing services required by law.

The following bills may also be of interest. To see the complete text of these bills, go to www.leg.state.fl.us. First, search by bill number, then change the default date from 2003 to 2002. Once you have the right year, then search by bill number.

CS/HB 1673	Public Records/Social Security Numbers
HB 1675	Public Records/Bank Account Numbers/Credit Card Numbers
SB 1020	Payment-Card Transactions
HB 46E	Prompt Pay (portion of bill)
SB 2192	Solvency of Insurers and Health Maintenance Organizations
CS/CS/SB 432	Insurer Rehabilitation and Liquidation/Withdrawal of Insurers from Florida
CS/SB 1307	Building Code Development
CS/CS/SB 108	Workers' Compensation
CS/HB 1767	Public Records/Personal Identification Information
CS/HB 1355	Public Records/Department of Insurance Workpapers



BULLETIN 02-001

April 16, 2002

Florida Department of Insurance

Tom Gallagher

Treasurer, Insurance Commissioner and Fire Marshal

All Insurance Companies and Agents Transacting Surplus Lines Insurance in the State of Florida

Violation of the Prohibition Against Charging Fees in Addition to Premium

The purpose of this Bulletin is to remind surplus lines insurers and agents that it is unlawful for agents to charge fees to the insured upon the sale of a surplus lines insurance policy unless specifically authorized by law. "Broker fees," "consulting fees" and similarly named fees that produce additional income for agents are not authorized by law.

The "Unfair Insurance Trade Practices Act" forbids any person to knowingly collect as a premium or charge for insurance any sum in excess of the premium specified in the policy and as determined by the insurer.

"Premium" is defined in Section 626.9325(6), Florida Statutes, as "the consideration for insurance, by whatever name called." This statute further states that "any "assessment," or any "membership," "policy," "survey," "inspection," "service" or similar fee or charge in consideration for an insurance contract is deemed part of the premium."

There are exceptions to the general prohibition against charging amounts in excess of the premium. Surplus lines agents are specifically permitted to charge up to \$35 as a policy fee in addition to the applicable premium, in accordance with Section 626.916(4), Florida Statutes. In addition, surplus lines agents are responsible for collecting and remitting surplus lines premium tax to the Florida Department of Insurance in the amount of 5% of total gross premium in accordance with Section 626.932, Florida Statutes. Also, each surplus lines agent is required by Section 626.9325, Florida Statutes, to collect and remit a service fee of 0.3 percent of the total gross premium of each surplus lines policy for the cost of operation of the Florida Surplus Lines Service Office.

However, none of these provisions or any other provision of the Florida Insurance Code permits a surplus lines agent to charge and retain broker fees or additional commission, by whatever name called, on the sale of a surplus lines insurance policy.

The Department intends to take administrative action against any surplus lines agent found to be charging a "broker fee" or any other fees not specifically authorized by law.

If you have questions or need additional information, contact Kerry Edgil, Senior Management Analyst, Bureau of Agent & Agency Investigations, (850) 413-5616.

One-life group enrollment during August

By Kenney Shipley

With the open enrollment period for one-life group health coverage fast approaching, the Department of Insurance is relying on Florida's insurers and their agents to help us get the word out.

The 2000 Legislature mandated: "Every small-employer carrier must, as a condition of transacting business in this state . . . offer and issue basic and standard small-employer health benefit plans on a guaranteed-issue basis, during a 31-day open enrollment period from August 1 through August 31 of each year."

This legislation will extend coverage to many uninsured Floridians, and the department intends to be most vigilant in assessing the industry's compliance with both the spirit and the letter of the law. That means we rely on you to help us inform your eligible clients who might choose to enroll in one-life group health coverage.

Small employers are eligible if they have just one employee who qualifies for coverage, and if they did not go into business primarily

for the purpose of buying health insurance. A sole proprietor, independent contractor or self-employed individual is considered a small employer only if all of the conditions and criteria established in the law are met.

Small employer carriers may request or consider certain information, records or documents in determining whether an individual meets the definition of a small employer. If the employer was required by applicable law to maintain any of the following, carriers can request any of the following documents:

1. IRS form 1040, Schedule C or F
2. IRS 941 (quarterly wage and tax form)
3. IRS 1065 (for partnership income)
4. IRS 1120 (corporate income)
5. IRS 1099 (which may include payments to independent contractors)
6. IRS 2106 (employee business expenses)
7. IRS 990 (for non-profits with annual receipts over \$25,000)
8. Occupational licenses
9. State licenses
10. Florida UT 6 (unemployment compensation tax form)
11. Articles of incorporation
12. Partnership agreements

13. Affidavits from the customers or suppliers of the small employer
14. Auditable personal records of receipts, expenditures, invoices
15. Leases and other contracts

Carriers and their agents should know that any practice resulting in the decline of an application received during the open enrollment period from a small employer constitutes a failure to comply with the guaranteed-issue requirements of Section 627.6699(5), Florida Statutes. This includes imposing standards for eligibility that are not required by law, such as a) requiring the small employer be a domestic entity; b) requiring the group to have prior group coverage; and c) requiring payment of premiums with business checks instead of personal checks.

The department may conduct on-site investigations of small group carriers during the open enrollment period to ensure compliance with Florida law. If you have any questions, please contact Joe Finnegan, chief, Bureau of Market Conduct at (850) 413-3155.

Kenney Shipley is deputy insurance commissioner.

Bail Bond Blue Ribbon Panel

As a result of recommendations made by the Bail Bond Blue Ribbon Panel appointed by Insurance Commissioner Tom Gallagher in 2001, the Bureau of Agent and Agency Investigation has placed more emphasis on conducting examinations of bail bond agencies around the state. The bureau's Bail Bond Section has conducted examinations of numerous agencies during the past year and has found consistent violations in many agencies. Below is a list of types of violations the department is finding during agency examinations.

Failure to:

- keep separate funds between collateral bank accounts and other bank accounts;
- properly maintain a daily bond register;
- list agent's names (including temporary agents) on a sign outside the agency;
- file proper agency addresses with the Department of Insurance;
- fully complete required documents;
- include name of insurance company on receipts;
- show that a promissory note and indemnity agreement were accepted as collateral on collateral receipts;
- remit collateral over \$5,000 to the MGA or

insurer (effective July 1, 2002, this collateral should be forwarded only to the insurer)

- charge correct transfer fees;
- send premium and build-up fund money to MGAs when reports are made on executed bonds;
- collect full premiums;
- maintain collateral bank accounts.

Also, failure to file or produce required documents such as:

- original bond application;
- collateral receipt, including type of collateral or security received;
- document describing where collateral is located;
- receipts for return of collateral;
- copies of bond discharge;
- Indemnity Agreement;
- promissory note, if applicable;
- mortgages shown on collateral receipts but no mortgage agreements are in the file and cannot be produced.

Employees of the Bail Bond Section will be happy to discuss any questions or concerns regarding the agency examinations with bail bond agents in Florida. Call (850) 413-5660.

VIATICAL NOTICE

On May 17, 2002, the viatical settlement provider license issued to Future First Financial Group, Inc., (FFFG), was revoked due to fraudulent business practices.

Pursuant to Section 626.9915, Florida Statutes, FFFG is no longer authorized to conduct new viatical business in or from Florida. All agent and broker licensees are advised to govern themselves accordingly.

New Companies

(January 1, 2001 to June 19, 2002)

Addison Insurance Company was approved as a property and casualty insurer on Nov. 8, 2001. Lines of business: Fire, Allied Lines, Homeowners Multi Peril, Commercial Multi Peril, Inland Marine, Other Liability, Private Passenger Auto Liability, Commercial Auto Liability, Private Passenger Auto Physical Damage, Commercial Auto Physical Damage, Burglary and Theft. Address: P.O. Box 73909, Cedar Rapids, IA 52407-3909.

Alamance Insurance Company was approved as a property and casualty company on May 9, 2002. Line of business: Other Liability. Address: 238 International Road, Burlington, NC 27215-5129.

The Bar Plan Mutual Insurance Company was approved on July 6, 2001, as a property and casualty insurer. Line of business: Surety. Address: 1717 Hidden Creek Court, St. Louis, MO 63131-1826.

California Casualty Indemnity Exchange was approved on Aug. 10, 2001, as a reciprocal to insure and reinsure. Lines of business: Fire, Allied Lines, Homeowners Multi Peril, Inland Marine, Private Passenger Auto Liability, Private Passenger Auto Physical Damage. Address: P.O. Box M, San Mateo, CA 94402-0080.

Camico Mutual Insurance Company was approved for as a property and casualty insurer on Aug. 24, 2001. Line of business: Other liability. Address: 1235 Radio Road, Redwood City, CA 94065-1217.

Citicorp International Insurance Company, Ltd. was approved as a life and health insurer on Oct. 29, 2001. Line of business: Individual Annuities. Address: 11 Victoria Street, Hamilton, HM 11, Bermuda.

Commonwealth Insurance Company of America was approved as a property and casualty insurer on March 28, 2002. Lines of business: Commercial Multi Peril, Inland Marine. Address: 601 Union Street, Suite 3201, Seattle, WA 98101-1373.

Cooperativa de Seguros Multiples de Puerto Rico was approved as a property and casualty insurer on Aug. 1, 2001. Lines of business: Homeowners Multi Peril, Private Passenger Auto Liability, Private Passenger Auto Physical Damage. Address: GPO Box 363846, San Juan, Puerto Rico 00936-3846.

Eagle Pacific Insurance Company was on April 15, 2002, as a property and casualty insurer. Line of business: Workers' Compensation. Address: 2101 Fourth Avenue, Suite 1700, Seattle, WA 98121-2377.

Fidelity National Title Insurance Company was approved on June 19, 2002, as a property and casualty company. Line of business: Title. Address: 4050 Calle Real, Santa Barbara, CA 93110-3413.

Fortress Insurance Company was approved on July 19, 2001, as a property and casualty insurer. Line of business: Medical Malpractice. Address: 6133 North River Road, Suite 650, Rosemont, IL 60018-5173.

Homesite Insurance Company of Florida was approved as a property and casualty insurer on Aug. 23, 2001. Lines of business: Fire, Allied Lines, Homeowners Multi Peril, Inland Marine, Earthquake, Other Liability, Mobile Home Multi Peril, Mobile Home Physical Damage. Address: 99 Bedford Street, Boston, MA 02111-2217.

Interlex Insurance Company was approved on July 19, 2001, as a property and casualty insurer. Lines of business: Other Liability and

Medical Malpractice Reinsurance. Address: 1903 East Battlefield, Springfield, MO 65804-3801.

Life Equity, LLC, was approved as a Viatical Settlement Provider effective Dec. 21, 2001. Address: 85 Executive Parkway, Suite 100, Hudson, OH 44236-1691.

Living Benefits Financial Services, LLC, was approved on May 6, 2002, as a viatical settlement provider. Line of business: Viatical Settlement Provider. Address: 601 Carlson Parkway, Suite 900, Minnetonka, MN 55305-5218.

Mercury Insurance Company of Florida was approved as a property and casualty insurer on Dec. 28, 2001. Lines of business: Private Passenger Auto Liability, Private Passenger Auto Physical Damage. Address: 13577 Feathersound Drive, Suite 690, Clearwater, FL 33762-5532.

Mid-Continent Casualty Company was approved as a property and casualty insurer on Dec. 28, 2001. Lines of business: Fire, Allied Lines, Farmowners Multi Peril, Commercial Multi Peril, Inland Marine, Other Liability, Commercial Auto Liability, Commercial Auto Physical Damage, Reinsurance. Address: P.O. Box 1409, Tulsa, OK 74101-1409.

Peachtree Casualty Company was approved for redomestication to Florida from Georgia on Dec. 28, 2001. Peachtree was already licensed in Florida as a property and casualty insurer and will continue to write the same lines of business. Those lines of business are: Private Passenger, Auto Liability, Private Passenger Auto Physical Damage. Address: 2889 Elmwood Drive, Smyrna, GA 30080-3709.

Safety First Insurance Company was approved on Dec. 21, 2001, as a property and casualty insurer. Line of business: Workers' Compensation. Address: 2043 Woodland Parkway, Suite 200, St. Louis, MO 63146-4235.

Sears Life Insurance Company was approved on June 6, 2002, as a life and health insurer. Lines of business: Life, Group Life and Annuities, Credit Life/Health, Credit Disability, Accident and Health. Address: 10255 West Higgins Road, Suite 700, Rosemont, IL 60018-5617.

StarNet Insurance Company was approved as a property and casualty insurer on Dec. 28, 2001. Lines of business: Fire, Allied Lines, Commercial Multi Peril, Inland Marine, Workers Compensation, Other Liability, Private Passenger Auto Liability, Commercial Auto Liability, Private Passenger Auto Physical Damage, Commercial Auto Physical Damage. Address: 100 Campus Drive, P.O. Box 853, Florham Park, NJ 07932-0853.

Unified Life Insurance Company was approved as a life and health insurer on Feb. 28, 2002. Lines of business: Life and Accident and Health. Address: P.O. Box 25326, Overland Park, KS 66225-5326.

United HealthCare Insurance Company of Illinois was approved on Nov. 8, 2001, as a life and health insurer. Line of business: Accident and Health. Address: 450 Columbus Boulevard, Hartford, CT 06103-1809.

Westcor Land Title Insurance Company was approved as a property and casualty insurer on Aug. 24, 2001. Line of business: Title Insurance. Address: 3500 West Sahara Avenue, Las Vegas, NV 89102-5867.

Disciplinary Actions

July 1, 2001 – May 31, 2002

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. License reinstatements that were effective as of July 3, 2002, are reflected herein.

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, FL 32399-0319; telephone (850) 413-3137, ext. 1101.

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), Florida Statutes.

REVOCATIONS

LAST NAME	FIRST and MIDDLE	CITY	STATE
ACUNA	Maria Brito	Miami	FL
ANDERSON	Jocelyn D.	Oklahoma City	OK
ANTHONY	Nathaniel Todd	Daytona Beach	FL
ATTONITO	Carmine	Royal Palm Beach	FL
AUSTIN	Charme	Parkland	FL
AYALA	Victor Daniel	Miami	FL
BAKER	Anna M.	Green Bay	WI
BARNES	Henry L.	Jacksonville	FL
BLANC	Yanick	Pembroke Pines	FL
BLUEBERG	Chris W.	Ocklawaha	FL
BOLAND	Gregory Paul	Jacksonville	FL
BRADLEY	David Allen	Golden	CO
BRESKI	Deborah R.	Sebastian	FL
BROWN, Jr.	Charles Ervin	Opa Locka	FL
BROWN	Mabel Carol	Lantana	FL
BROWN	Paul Allen	Fort Lauderdale	FL
BROWN	Samuel David	Palm Bch. Gardens	FL
CABAN	Debra G.	Kissimmee	FL
CARTER	Dennie R.	Jacksonville	FL
CARTY	Charles Edward	Miami	FL
CASTELL	Bertram T.	Orlando	FL
CHRISTIE	Chad Duane	Lake City	FL
CLAGG	Daniel John	Pensacola	FL
CLAYPOOL	John E.	Cape Canaveral	FL
COBB	Peggy Jo	Pensacola	FL
COLEMAN	Ashley F.	Sanford	FL
COLON	Carmen S.	Orlando	FL
COOK	Jose A.	Gastonia	NC
COX	Alice M.	Miami	FL
CUMINOTTO	Leonard	Saint Augustine	FL
CUNDIFF	Woodrow M.	Lakeland	FL
DANIEL	Damon D.	Tallahassee	FL
DAVIS	Eddie Roy	Miami	FL
DEMORROW	William Charles	Hudson	FL
DENTON	Steven Gene	Orlando	FL
DERAMO	Cathy L.	Port Charlotte	FL
DEVINE	Joseph C.	Saint Petersburg	FL
DEXTER	Stephanie Denise	Lake Wales	FL
DIAZ	Guadalupe	Orlando	FL
DOANE	Beth A.	Centreville	VA
DOVE	John Michael	Dunedin	FL
DUMOND	Eartha	Miami	FL
FALSETTI	Albert	Palm City	FL
FERNANDEZ	Fernando	Davenport	FL

FLEETWOOD TITLE COMPANY		Lehigh Acres	FL
FLORIDA INDUSTRIES CREDIT UNION		Miami	FL
FORBES	John Robert	Jacksonville	FL
FORRER	Frits Theodoor	Gulf Breeze	FL
GARCIA	Steven Mario	Jacksonville	FL
GARDNER	Idalia Emily	Altamonte Springs	FL
GEOGHEGAN	Michael J.	Tallahassee	FL
GIAMBROME	Louis K.	Pompano Beach	FL
GILLIS	Pamela J.	Mulberry	FL
GILVARY	Julie A.	Cape Coral	FL
GOLUB	Cynthia D.	Miami	FL
GORGOL	Louise J.	Deltona	FL
GUERRIER	Dorothy Mae	Weston	FL
HENDRICK	Kimberly O.	Martinsburg	WV
HOGAN	Ervin	West Palm Beach	FL
HOLIDAY RV CENTER		Holiday	FL
HOLT	Jimmy D.	Milton	FL
HOOLEY, II	Donald Dean	Oldsmar	FL
HUBER	Carol L.	Gainesville	FL
IANNIELLO	Daniel Charles	Clearwater	FL
JACKSON	Betty J.	St. Petersburg	FL
JACKSON	Stephen N.	Tampa	FL
JANOWIAK	James R.	Panama City	FL
JOHNSON	James Joseph	Saint Cloud	FL
JOHNSON	Kerryron	Tallahassee	FL
KABOLOWSKY	Robert	Pompano Beach	FL
KHANER	Neil Matthew	San Diego	CA
KING	Watt H.	Port Saint Lucie	FL
LAMARCHE	Linda L.	Spokane	WA
LAMPKIN	Jeffrey	Lauderdale Lakes	FL
LOUIS	Stanley	Orlando	FL
LYNN	Laura	San Diego	CA
MACHA	Patrick J.	Waterloo	IA
MAGUIRE	Mark D.	Saint Petersburg	FL
MALTAGLIATI	Claudia Alejandra	Hialeah	FL
MALTESE	Sal Anthony	West Palm Beach	FL
MANOFF	Daniel Dwight	Poolesville	MD
MAPHIS	Christopher R.	Grand Ridge	FL
MARTINEZ	Michael Richard	Bonita Springs	FL
MATHIS	Levander Darnell	Miami	FL
MCFARLAND	James Gary	Orlando	FL
MCKINNON	David C.	Tampa	FL
MCRAE	Stella W.	Deltona	FL
MERGAMAN	James S.	West Palm Beach	FL
MIEARS	Christoper R.	Winter Park	FL
MILES	Joelle Boutwell	Panama City	FL
MILLER, Jr.	Isaac	Tallahassee	FL
MILLER	Willie Ervan	Miami	FL
MITCHELL	John R.	Hialeah	FL
MOORE	Michael John	Altamonte Springs	FL
MORTON	Don M.	Sebring	FL
MOSKOWITZ	Joel	Longwood	FL
MOSKOWITZ	Mark Jay	Longwood	FL
NECHREBECKI	Angela M.	Deltona	FL
NEIL	Maurice	Miami	FL
NELMES	Kevin P.	Naples	FL
NOBLES	Allegra T.	Gainesville	FL
OGDEN	Gerald M.	Freeland	MI
OHAN	Yaudat Antonio	Hialeah	FL
PARKER	Duane Leroy	Miami	FL
PARRISH	Terena Lyn	Milton	FL
PASH	Gary Lee	Pembroke Pines	FL
PAYUK	Michele Beth	Port Saint Lucie	FL
PELAEZ	Manuel S.	Tampa	FL
PEREZ	Ileana	Miami	FL
PUESCHEL	Mandy A.	Lake City	FL
PUGH	Richard E.	Jacksonville	FL
PUTTI	Gary Ronald	Miami	FL

RAINEY	Paul R.	Pompano Beach	FL	DAVIS	Wayne L.	Saint Petersburg	FL
RAYBORN	Richard Lee	Brandon	FL	DONALDSON	Ron E.	Saint Petersburg	FL
REBOZO, Jr.	Thomas Peter	Ocoee	FL	EASTWOOD*	Joseph	Fort Lauderdale	FL
REYES	Karla L.	Miami	FL	*License reinstated on 6/4/02			
RHOADES	Deborah Susan	Loveland	OH	EHRENTHAL	Jeremy David	Boca Raton	FL
RHODEN	Debra Eugenia	Lake City	FL	FAISCA	Luis A.	Lake City	FL
ROBERTSON	David Ian	Loves Park	IL	FERNANDEZ*	Ines Joanna	Miami	FL
ROBINSON	Adrienne A.	Norfolk	VA	*License reinstated on 5/29/02			
ROBINSON	Robert H.	Islamorada	FL	GOLDWIRE*	Laverne B.	Lauderhill	FL
ROEBUCK	Melvin Louis	Aventura	FL	*License reinstated on 9/27/01			
ROWEN	Theodore Richard	Colorado Springs	CO	GOMEZ	Aurora Caridad	Miami	FL
ROY, Jr.	Philip A.	N. Miami Beach	FL	GREEN	Randolyn P.	Fort Lauderdale	FL
RUPP	Matthew R.	Tallahassee	FL	GUEITS*	Maria Antonia	Miami	FL
SABO, Jr.	Donald William	Jacksonville	FL	*License reinstated on 11/02/01			
SALEM	Jason Hanna	Miami Beach	FL	GUTIERREZ*	Carlos J.	Hialeah	FL
	(aka SALEM, Jason Salim)			*License reinstated on 12/12/01			
SALEM	Sam	Plantation	FL	HALL	Tammy Denise	Saint Petersburg	FL
SALES	Kathryn A.	Chicago	IL	HERNANDEZ*	Rollando	Miami	FL
SAMMARCO	Karen	Ocala	FL	*License reinstated on 2/26/02			
SAPP	Brenda Gayle	Jacksonville	FL	HOLLOWAY-COREY*	Jennifer Nicole	Destin	FL
SCHAEFER	Steven Richard	Ormond Beach	FL	*License reinstated on 2/6/02			
SCHUBERT	Amicia A.	Bristol	CT	HOWELL*	Robert Devere	Palm Bay	FL
SENER	Frances M.	McAlpin	FL	*License reinstated on 2/18/02			
SHARRETT	Frank Wallace	Hallandale	FL	JOHNSON*	Sam	Jacksonville	FL
SHIMAN	David Ian	Cooper City	FL	*License reinstated on 11/20/01			
SHUDA	Michael Dwight	Wellington	FL	JONES*	Dewitt	Orlando	FL
SIMPSON	Denise B.	Venice	FL	*License reinstated on 2/21/02			
SMITH	Tamarian Claretha	Lighthouse Point	FL	JONES, Jr.	Gus	Pompano Beach	FL
STANLEY	Shayla A.	Warner Robins	GA	KONIZ	Gary L.	Jacksonville	FL
STEELE	Stephanie S.	Panama City	FL	KYDES	Christopher Scott	Coral Springs	FL
STERLING	James Scott	Chicago	IL	LEIGH*	Timothy Gene	Saint Petersburg	FL
STROMAN	Benjamin F.	Fort Lauderdale	FL	*License reinstated on 2/15/02			
TANNER	Craig Richard	Clearwater	FL	LIVINGSTON	Oweedia	Lehigh Acres	FL
TAYLOR	Shounda C.	Tallahassee	FL	LOCKE	Davey B.	West Palm Beach	FL
THOMPSON	Tyrone D.	Lehigh Acres	FL	MALONE	Kirk W.	Winter Haven	FL
THORNSBURY	Shawn M.	Saint Cloud	FL	MAYS	Donald C.	Bradenton	FL
TROTTER	David Eugene	Orlando	FL	NICOLAS	Marc Arthur	Miami	FL
VALDEZ	Taria D.	Woodland Hills	CA	PARADINE	Mary Jane	Tarpon Springs	FL
VANWART	Dean Edward	West Palm Beach	FL	RAINS	Rebecca E.	Pinellas Park	FL
WALDEN	Veta H.	Melbourne	FL	REED	Daniel N.	Delmar	NY
WEINZIERL	Robert Frank	New Port Richey	FL	RODRIGUEZ*	Fernando Ernesto	Miami	FL
WELLS	Peacenlyn M.	Cleveland	OH	*License reinstated on 4/2/02			
WICHTERMAN	Sarah J.	Orange City	FL	ROSENAL	Elie Melech	Margate	FL
WILEY-EVANS	Nicole Leah	Punta Gorda	FL	(aka ROSENTHAL, Melvin)			
WILKINSON	Tina G.	Jacksonville	FL	(aka ROSENTHAL, Robert)			
WYNN	Nancy E.	Chesapeake	VA	RUSSELL*	Ronald Oscar	Ocala	FL
ZWICKER	Steven Paul	Ocoee	FL	*License reinstated on 6/24/02			

SUSPENSIONS

LAST NAME	FIRST and MIDDLE	CITY	STATE				
ADAIR*	Randy S.	Quitman	TX	SMITH*	Dora Leonora	Ridgemanor	FL
*License reinstated on 7/1/02				*License reinstated on 2/11/02			
AGULLA*	Marc Charles	Orlando	FL	SOUTH FLORIDA TITLE CORP.		Fort Lauderdale	FL
*License reinstated on 12/26/01				STEVENS	William Frank	Port Charlotte	FL
ALONSO	Reinaldo Marcelino	Hialeah	FL	STEWART	Lawrence Alvin	Jacksonville	FL
ANDING	Jimmy Albert	Fort Lauderdale	FL	STILLWELL*	Scott Randolph	Saint Petersburg	FL
ARIAS*	Adalgiza Immaculada	Orlando	FL	*License reinstated on 5/21/02			
License reinstated on 3/5/02				SUMMERVILLE	Adam C.	Fort Myers	FL
ARMENTEROS	Maria	Hialeah	FL	*License reinstated on 11/20/01			
BERKE	Devon Matthew	Margate	FL	THORNTON	Willie C.	Deerfield Beach	FL
BOND	Jack Harding	Delray Beach	FL	UBER	Richard J.	Zephyrhills	FL
BRADDOCK	Edgar H.	Ocala	FL	VATH	Matilda Mary Grace	Apollo Beach	FL
BROOKS*	Harold F.	Hollywood	FL	WERTHER	Bernard	Coral Springs	FL
*License reinstated on 10/24/01				WILLIAMS	Regina A	Perry	FL
CALLAN	Deirdre Mary	Bradenton	FL	WORKS*	Laura A.	Largo	FL
CHASON	Grady N.	Houston	TX	*License reinstated on 12/11/01			
				WRIGHT	Othell	Saint Petersburg	FL

THE INTERCOM

The Intercom is published by the Department of Insurance, Division of Agents and Agencies Services.

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We welcome suggestions and inquiries concerning *The Intercom*. Written suggestions should be mailed to Heather Mendelson, Florida Department of Insurance, 200 E. Gaines St., Room 416.4, Tallahassee, FL 32399-0318. ©Copyright all rights reserved. Reproduction in whole or in part without permission is prohibited.

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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.

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You may also change your address on our Web site. Go to www.doi.state.fl.us. Click on "Agent & Agency Services." From there, click on the green box on the right-hand side of the screen that reads, "Name and Address Changes." At the bottom of the next screen, click on the green oval that reads, "NAME/ADDRESS CHANGE."



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