

1 "Report of Target Market Conduct Examination of American Bankers Insurance
2 Company of Florida" dated December 31, 2010.

3 3. The examiners reviewed 55 of 263 mobile/specialty home, 48 of 48
4 comprehensive manufactured home, and 13 of 13 renter's insurance policies non-
5 renewed for underwriting reasons during the time frame of the examination and found
6 that ABIC failed to provide a compliant Summary of Rights for 55 mobile/specialty
7 home and 8 comprehensive manufactured home non-renewals.

8 4. The examiners reviewed 2 of 2 private passenger antique automobile
9 policies non-renewed for underwriting reasons during the time frame of the examination
10 and found that ABIC non-renewed both policies for reasons not allowed by statute.

11 5. The examiners reviewed 32 of 32 private passenger antique automobile
12 and 14 of 14 non-standard private passenger automobile policies cancelled during the
13 time frame of the examination and found that ABIC failed to include the unearned
14 premium refund with the policy cancellation notice to 32 antique automobile and 14
15 non-standard private passenger automobile policyholders.

16 6. The examiners found 6 claim forms used by the Company during the time
17 frame of the examination that failed to contain a compliant fraud warning notice. (see
18 Exhibit A)

19 7. The examiners found two claim authorization disclosure forms used
20 during the time frame of the examination that failed to: specify the purposes for which
21 the information is collected, specify the authorization remains valid for no longer than
22 the duration of the claim and advise the individual or a person authorized to act on
23 behalf of the individual that they are entitled to receive a copy of the authorization form.
24 (see Exhibit B)

25 8. The examiners reviewed 50 of 366 comprehensive manufactured home

1 and mobile/specialty home claims settled during the time frame of the examination and
2 found that ABIC failed to correctly calculate and pay the Transaction Privilege Tax on
3 32 property loss settlements.

4 9. The examiners reviewed 50 of 366 comprehensive manufactured home
5 and mobile/specialty home claims settled during the time frame of the examination and
6 found that ABIC failed to return recoverable depreciation to 20 property loss claimants
7 after the completion of replacement cost repairs on their property.

8 **CONCLUSIONS OF LAW**

9 1. American Bankers Insurance Company of Florida violated A.R.S. §20-
10 2110 by failing to send policyholders a compliant Summary of Rights in the event of an
11 adverse underwriting decision.

12 2. ABIC violated A.R.S. §20-1631(D) by non-renewing private passenger
13 automobile policies for reasons not allowed by statute.

14 3. ABIC violated A.R.S. §20-1632(A)(3) by failing to include the unearned
15 premium refund with the policy cancellation notice.

16 4. ABIC violated A.R.S. §20-466.03 by using claim forms that failed to
17 contain a compliant fraud warning notice.

18 5. ABIC violated A.R.S. §20-2106(6), (8)(b) and (9) by using claim
19 authorization forms that failed to contain a compliant *Authorization for the Release of*
20 *Information*.

21 6. ABIC violated A.R.S. §§20-461(A)(6) and 20-462(A) by failing to correctly
22 calculate and pay the Transaction Privilege Tax on comprehensive manufactured home
23 and mobile/specialty home claim settlements.

24 7. ABIC violated A.R.S. §§20-461(A)(6) and 20-462(A) by failing to return
25 recoverable depreciation after the completion of replacement cost repairs.

1 8. Grounds exist for the entry of the following Order in accordance with
2 A.R.S. §§20-220, 20-456 and 20-2117.

3 **ORDER**

4 **IT IS HEREBY ORDERED THAT:**

- 5 1. American Bankers Insurance Company of Florida shall:
- 6 a. provide insureds with a compliant Summary of Rights in the event of
7 an adverse underwriting decision.
- 8 b. use only reasons allowed by statute to non-renew private passenger
9 automobile policies.
- 10 c. send a refund of the unearned premium with the policy cancellation
11 notice.
- 12 d. use claim forms that contain a compliant fraud warning notice.
- 13 e. use claim authorization disclosure forms that contain a compliant
14 *Authorization for the Release of Information*.
- 15 f. correctly calculate and pay the Transaction Privilege Tax on
16 comprehensive manufactured home and mobile/specialty home claim
17 settlements.
- 18 g. return recoverable depreciation to claimants after completion of
19 replacement cost repairs.

20 2. Within 90 days of filed date of this Order, the Company shall complete a
21 self-audit of the remaining 316 comprehensive manufactured home and
22 mobile/specialty home claims settled during the time frame of the examination and
23 make additional restitution payments, with interest due, on all claims where the
24 Company failed to correctly calculate and fully pay the Transaction Privilege Tax.

25 3. Within 90 days of the filed date of this Order, American Bankers

1 Insurance Company of Florida shall submit to the Arizona Department of Insurance, for
2 approval, evidence that ABIC implemented corrections and communicated these
3 corrections to the appropriate personnel, regarding the issues outlined in Paragraphs 1
4 and 2 of the Order section of this Consent Order. Evidence of corrective action and
5 communication thereof includes, but is not limited to, memos, bulletins, E-mails,
6 correspondence, procedures manuals, print screens, and training materials.

7 4. The Department shall, through authorized representatives, verify that
8 American Bankers Insurance Company of Florida has complied with all provisions of
9 this Order.

10 5. American Bankers Insurance Company of Florida shall pay a civil penalty
11 of \$36,000.00 to the Director for remission to the State Treasurer for deposit in the
12 State General Fund in accordance with A.R.S. §20-220(B). American Bankers
13 Insurance Company of Florida shall submit the civil penalty to the Market Oversight
14 Division of the Department prior to the filing of this Order.

15 6. The Report of Target Market Conduct Examination of American Bankers
16 Insurance Company of Florida of December 31, 2010, including the letter with their
17 objections to the Report of Examination, shall be filed with the Department upon the
18 filing of this Order.

19 DATED at Arizona this 21st day of December, 2011.

20
21 
22 _____
23 Christina Urias
24 Director of Insurance
25

CONSENT TO ORDER

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

4 2. American Bankers Insurance Company of Florida admits the jurisdiction
5 of the Director of Insurance, State of Arizona, admits the foregoing Findings of Fact,
6 neither admits or denies the Conclusions of Law and consents to the entry of the
7 Order.

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

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

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

21
22
23
24
25

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

6. RUSSELL KIRSCH, who holds the office of
SENIOR VICE PRESIDENT of American Bankers Insurance Company of Florida, is
authorized to enter into this Order for them and on their behalf.

AMERICAN BANKERS INSURANCE COMPANY OF FLORIDA

12/12/11
Date

By 

1 COPY of the foregoing mailed/delivered
2 this 21st day of December, 2011, to:

- 3 Gerrie Marks
4 Deputy Director
- 5 Mary Butterfield
6 Assistant Director
7 Consumer Affairs Division
- 8 Helene I. Tomme
9 Market Examinations Supervisor
10 Market Oversight Division
- 11 Dean Ehler
12 Assistant Director
13 Property and Casualty Division
- 14 Steve Ferguson
15 Assistant Director
16 Financial Affairs Division
- 17 David Lee
18 Chief Financial Examiner
- 19 Alexandra Shafer
20 Assistant Director
21 Life and Health Division
- 22 Chuck Gregory
23 Special Agent Supervisor
24 Investigations Division

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

Russell G. Kirsch, Sr. Vice President
American Bankers Insurance Company of Florida
11222 Quail Roost Drive
Miami, FL 33157-6596

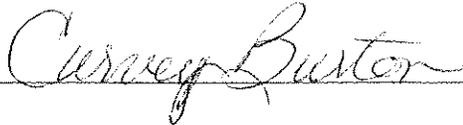
23
24 
25

EXHIBIT A

Fraud Warning Statement – The Company failed to include the fraud warning statement on six (6) claim forms in violation of A.R.S. § 20-466.03.

The following table summarizes these fraud warning statement findings:

	Form Description / Title	Form Number
1	Loan Information Authorization	L1000.0110
2	Additional Living Expense Worksheet	ALE0110
3	Personal Property Summary Sheet	BTHIF.DOC 1209
4	Burglary - Robbery - Theft Claim Form	M1050B.DOC-0110
5	Lightening / Power Surge Losses Claim Form	C2090.DOC-0810
6	Sworn Statement In Proof Of Loss	C2076-0310

EXHIBIT B

Authorization Disclosure

These forms fail to comply with A.R.S. § 20-2106(6), (8)(b) and (9).

The following table summarizes the authorization form findings.

	Form Description / Title	Form #	Statute Provision
1	Loan Information Authorization	L1000.0110	6 and 9
2	Authorization to Release Financial Information	None	6, 8(b) and 9