

Market Conduct Final Examination Report

AMELIA FINANCE LLC

Florida Company Code: 89646

December 14, 2023



Table of Contents

Executive Summary 2
Company Operations..... 2
Purpose and Scope of the Examination 3
Complaint Statistics..... 3
Examination Procedures 4
Findings..... 4
Recommendations 5
Conclusion 5
Examination Report Final Submission 5

Executive Summary

A market conduct examination of Amelia Finance LLC (“Amelia Finance” or “Company”) was performed to ascertain the Company’s compliance with the applicable provisions of the Florida Insurance Code as required by Section 627.834(2), Florida Statutes (“F.S.”).

Company Operations

Amelia Finance is a domestic Premium Finance Company licensed to offer premium finance agreements in Florida on March 4, 2008. Amelia Finance generally finances commercial and homeowners policies offering up to 10 monthly payments.

Total Premiums Receivable in Florida during the examination scope period was as follows:

Year	Total Premiums Receivable in Florida (Per Schedule A of the Annual Report)
2022	\$769,742
2021	\$888,060
2020	\$875,020
2019	\$1,246,226

Section 627.828(1), F.S. requires premium finance companies to maintain a net worth of \$35,000 or a net worth of \$10,000 if a surety bond or other acceptable collateral is approved by the Florida Office of Insurance Regulation (“OIR”). The Company met the requirements of Section 627.828(1), F.S. by reporting the following statutory net worth:

Year	Statutory Net Worth as of December 31 st (Per the Balance Sheet of the Annual Report)
2022	\$519,756
2021	\$470,804
2020	\$428,805
2019	\$375,308

Section 627.836(2), F.S. requires premium finance companies to file an annual report with OIR and remit the annual report filing fee to the Florida Department of Financial Services (“DFS”) by March 1 of each year. The Company made the following filings during the examination scope period as follows:

Year	Date Annual Report Filed with OIR	Date Annual Report Filing Fees Remitted to DFS
2022	2/21/2023	2/21/2023
2021	2/24/2022	2/24/2022
2020	3/4/2021	2/15/2021
2019	2/28/2020	2/28/2020

Finding 1: The examiners determined that in one instance, the Company did not file the Annual Report with OIR by March 1, as required by Section 627.836(2), F.S.

Purpose and Scope of the Examination

OIR has primary responsibility for the regulation, compliance and enforcement of statutes related to the business of insurance premium financing and the monitoring of industry markets. OIR is required to examine each premium finance company not less frequently than every three years, pursuant to Section 627.834(2), F.S. Due to this responsibility, OIR conducted a market conduct examination of Amelia Finance. The examination scope period was from January 1, 2019, to December 31, 2022. The examination was performed by members of OIR’s Property and Casualty Market Regulation business unit.

The purpose of a market conduct examination is to review the premium finance company’s operating practices to determine if they comply with the applicable provisions of the Florida Insurance Code, rules related to the business of insurance premium financing, the provisions contained within a premium finance contract issued by the Company, or orders issued by OIR. A common element of all market conduct examinations is to evaluate a premium finance company’s business practices to promote the protection of insurance-buying consumers and to hold entities regulated by OIR accountable when issues or violations are found.

The examination began April 3, 2023, and ended December 14, 2023. The last examination of Amelia Finance was completed as of December 31, 2018. That examination concluded the Company’s records are in good order.

Complaint Statistics

As of December 31, 2022, DFS Division of Consumer Services reported receiving zero complaints related to premium finance agreements issued by Amelia Finance to consumers during the examination scope period.

Complaints Reported to DFS by Consumers	
Year	Number of Complaints
2022	0
2021	0

2020	0
2019	0

Examination Procedures

The conduct of this examination and the procedures, statistical sampling and examination processes used were consistent with and in accordance with those standards and procedures contained in the *Market Regulation Handbook* promulgated by the National Association of Insurance Commissioners (“NAIC”).

In preparation for the examination, the Company was requested to provide the total number, or universe, of premium finance agreements entered into during the examination’s scope period. The Company reported entering into a total of 5,354 premium finance agreements during the examination scope period.

The NAIC’s *Market Regulation Handbook* provides guidance regarding sampling methods utilized during market conduct examinations. A minimum confidence level of 95% is used to make inferences when a universe population is greater than 200 and permits those results to be extrapolated to the population of all premium finance agreements. The examiners reviewed a total of 116 randomly selected premium finance agreements. The number of randomly selected premium finance agreements is consistent with the recommended sample size for non-claims in the NAIC’s *Market Regulation Handbook*’s Acceptance Samples Table. Examination results with a 95% confidence level permit those results to be extrapolated to the population of non-claims. Based on the total universe of Amelia Finance’s premium finance agreements subject to this examination, the total sample size required to achieve a 95% confidence level was determined to be 116.

In reviewing materials for this report, the examiners relied on records and information provided by the Company.

Findings

The examination focused on the Company’s use of approved forms and rates and evaluated specific statutory components required by the Company in the execution of premium finance agreements, including but not limited to finance charges, service fees, late and non-sufficient fund fees, and products financed. To determine the Company’s adherence to these statutory requirements, the examiners reviewed and analyzed each sampled premium finance agreement to determine if the agreement was executed in compliance with the Florida Insurance Code.

Finding 2: The examiners determined that in seven instances out of 116 premium finance agreements reviewed, an error percentage of 6.03%, the Company did not ensure the premium finance agreement was dated, as required by Section 627.839(1), F.S.

Company Response: The Company agreed with this finding.

Finding 3: The examiners determined that in one instance out of 116 premium finance agreements reviewed, an error percentage of 0.86%, the Company did not use an approved premium finance agreement, as required by Section 627.838(1), F.S. The examiners also determined that Amelia

Finance is using outdated forms. While the form used was previously approved by OIR in 2015, the Company registered a fictitious name of Click Financing in 2017, which required new forms to be filed with OIR for approval.

Company Response: The Company agreed with this finding.

Subsequent Event: On September 26, 2023, the Company submitted updated forms to OIR which were approved on October 18, 2023.

Recommendations

The following recommendations were compiled from the Findings contained within this report, and observations noted during the examination. The Company is to provide a written report to OIR of actions taken on each Recommendation within 60 days of the Company's receipt of the Final Examination Report.

It is recommended that the Company:

- Ensure Annual Reports are filed annually with OIR by March 1 of each year;
- Ensure that all premium finance agreements are dated; and
- Ensure that only forms reviewed and approved by OIR are utilized and issued to insureds.

Conclusion

This market conduct examination of Amelia Finance LLC was designed to review and evaluate whether the Company's handling of premium finance agreements was in compliance with the provisions of the Florida Insurance Code. During the examination, OIR identified findings and made recommendations for remediation to be implemented by the Company.

This examination report and the observations contained therein are the result of a factual, data-driven analysis of the Company's premium finance agreements and practices related to the cancellation and refund of premiums to consumers. This report contains a number of recommendations for improvement that should be implemented by the Company. It does not document what regulatory or administrative action may be taken by OIR. Any such action taken as a result of this market conduct examination will be the subject of a separate Order issued by OIR.

Examination Report Final Submission

OIR hereby issues this final report based upon information from the examiner's draft report, additional research conducted by OIR, and additional information provided by the premium finance company.



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