

Market Conduct Amended Final Examination Report

RED RIVER FINANCE, INC.

Florida Company Code: 38485

Date: August 12, 2025



Table of Contents

Executive Summary 2

Company Operations..... 2

Purpose and Scope of the Examination 3

Examination Procedures 3

Findings..... 4

Recommendations..... 5

Conclusion 5

Amended Examination Final Report Submission..... 5

Executive Summary

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

Company Operations

Red River Finance, Inc. is a domestic Premium Finance Company licensed to offer premium finance agreements in Florida on April 18, 2019. Red River generally finances 12-month commercial lines and personal lines insurance policies. Refunds resulting from cancellations and policy endorsements are issued by the Company directly to the agent who then sends it to the consumer.

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”). Red River reported the following statutory net worth:

Year	Statutory Net Worth as of December 31 st (Per the Balance Sheet of the Annual Report)
2023	\$81,701
2022	\$77,946
2021	\$77,055
2020	\$78,684
2019	\$30,520

Finding 1: The examiners determined that in one instance Red River did not maintain a net worth of \$35,000 or a net worth of \$10,000 with a surety bond or other acceptable collateral approved by OIR, as required by Section 627.828(1), F.S.

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 1st of each year. Red River met the requirements of 627.836(2), F.S. by timely filing both the annual report and the annual report filing fees by March 1 for each year during the examination scope period as follows:

Year	Date Annual Report Filed with OIR	Date Annual Report Filing Fees Remitted to DFS
2023	03/01/2024	02/05/2024
2022	03/01/2023	03/01/2023
2021	03/01/2022	02/28/2022
2020	03/01/2021	03/01/2021
2019	02/27/2020	02/27/2020

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. Due to this responsibility, OIR conducted a market conduct examination of Red River pursuant to Section 627.834, F.S. The examination scope period was from January 1, 2019, to December 31, 2023. 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 1, 2024, and ended January 7, 2025. This is the first market conduct examination of Red River.

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, Red River was requested to provide the total number, or universe, of premium finance agreements entered into during the examination's scope period. Red River was also requested to identify premium finance agreements that were cancelled or received a refund from an insurer prior to the end of the premium finance agreement's contract term. Red River reported entering into a total of 104 premium finance agreements during the examination scope period. Of the 104 premium finance agreements six were either cancelled or received a refund from the premium finance company prior to the end of the agreement's term.

To facilitate a thorough review of Red River's premium finance agreements and corresponding documentation, the total universe of premium finance agreements was divided into two categories: Premium Finance Agreements; and Cancellations and Refunds. Each of the two categories were evaluated for compliance with the Florida Insurance Code.

For purposes of this examination, the two categories were defined as follows:

- **Premium Finance Agreements:** The initial premium finance agreement entered into during the examination scope period that completed the full term of the agreement (the premium finance agreement was not cancelled midterm, or the consumer was not eligible for a refund); and
- **Cancellation and Refunds:** The initial premium finance agreements entered into during the examination scope period that were either cancelled prior to the end of the agreement's term or were eligible for a refund from an insurer or the premium finance company.

The 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 104 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 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 in each of the two premium finance agreement categories. Based on the universe of Red River's premium finance agreements subject to this examination, the total sample size required to achieve a 95% confidence level in both categories was determined to be 104.

The 104 randomly selected premium finance agreements consisted of:

- 98 premium finance agreements; and
- Six cancellations and refunds.

Findings

Premium Finance Agreements

This portion of the examination focused on Red River's use of approved forms and rates and evaluated specific statutory components required by Red River in the execution of premium finance agreements, including but not limited to finance charges, service fees, late and nonsufficient fund fees, and products financed. To determine Red River'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 Florida Insurance Code.

Finding 2: The examiners determined that in two instances out of 98 premium finance agreements reviewed, an error percentage of 2.0% the premium finance agreement was not signed by or on behalf of the insured, as required by Section 627.839(1), F.S.

Finding 3: The examiners determined that in 13 instances out of 98 premium finance agreements reviewed, an error percentage of 13.3%, the premium finance agreement was not dated, as required by Section 627.839(1), F.S.

Cancellations and Refunds

This portion of the examination focused on Red River's premium finance agreements entered into during the examination scope period that were either cancelled prior to the end of the agreement's term or were eligible for a refund from an insurer to determine compliance with the Florida Insurance Code. The review evaluated specific statutory components pertaining to cancellations and refunds.

Finding 4: The examiners determined that in five instances out of six premium finance agreements reviewed, an error percentage of 83.3%, Red River did not maintain in its files a certificate of mailing reflecting that a 10-Day Intent to Cancel Notice was mailed to the last known address of the insured, as required by Rule 69O-196.002(2), Florida Administrative Code ("F.A.C")

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 that statutory net worth requirements are maintained for every reporting year;
- Ensure that all premium finance agreements are signed and dated by or on behalf of the insured;
- Ensure a legible record of all premium finance agreements is maintained; and
- Ensure that certificates of mailing reflecting that a 10-Day Intent to Cancel Notice was mailed to the last known address of the insured are maintained in each file.

Conclusion

This market conduct examination of Red River Finance, Inc. 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 Red River.

This examination report and the observations contained therein are the result of a factual, data-driven analysis of the Red River'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 Red River. 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.

Amended Examination Final Report Submission

OIR hereby issues this amended final report based upon information from the examiner's draft report, additional research conducted by OIR, and additional information provided by the Red River Finance, Inc.



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