

Market Conduct Final Examination Report

STANDARD PREMIUM FINANCE

MANAGEMENT CORPORATION

Florida Company Code: 89446

Date: April 22, 2025



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Executive Summary

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

Company Operations

Standard Premium Finance Management Corporation is a domestic Premium Finance Company licensed to offer premium finance agreements in Florida on December 4, 1991. Standard finances 12-month Commercial Property and Casualty Insurance policies. Refunds resulting from cancellations and policy endorsements are sent from the insurance company to Standard who is responsible for issuing refunds 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”). Standard 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)
2023	\$4,862,547.00
2022	\$4,839,618.00
2021	\$3,292,939.00
2020	\$2,477,290.00
2019	\$1,968,084.00

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. Standard 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	2/07/2024	2/05/2024
2022	2/01/2023	2/01/2023
2021	2/16/2022	2/15/2022
2020	1/26/2021	1/25/2021
2019	2/25/2020	2/20/2020

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 Standard 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 April 22, 2025. The last examination of Standard was completed as of December 19, 2019. That examination concluded Standard's records appeared to be in good order.

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, Standard was requested to provide the total number, or universe, of premium finance agreements entered into during the examination's scope period. Standard 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. Standard reported entering into a total of 107,166 premium finance agreements during the examination scope period. Of the 107,166 premium finance agreements, 64,925 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 Standard'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 agreement 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 232 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 Standard'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 232.

The 232 randomly selected premium finance agreements consisted of:

- 116 premium finance agreements; and
- 116 cancellations and refunds.

Findings

Premium Finance Agreements

This portion of the examination focused on Standard's use of approved forms and rates and evaluated specific statutory components required by Standard 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 Standard'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 1: The examiners determined that in 116 instances out of 116 premium finance agreements reviewed, an error percentage of 100%, Standard used an approved Premium Finance Agreement, as required by Section 627.838(1), F.S., but the form did not include a form number, as required by Section 627.413(4), F.S.

Subsequent Event: Standard filed an updated Premium Finance Agreement with OIR, which was approved on September 18, 2024.

Finding 2: The examiners determined that in 116 instances out of 116 premium finance agreements reviewed, an error percentage of 100%, Standard used a Payment Coupon form that was not filed with or approved by OIR, as required by Section 627.838(1), F.S.

Subsequent Event: Standard filed the Payment Coupon form with OIR which was approved on September 17, 2024.

Finding 3: The examiners determined that in 116 instances out of 116 premium finance agreements reviewed, an error rate of 100%, Standard used a Returned Payment Notification form that was not filed with or approved by OIR, as required by Section 627.838(1), F.S.

Subsequent Event: Standard filed a Returned Payment Notification form with OIR which was approved on September 18, 2024.

Cancellations and Refunds

This portion of the examination focused on Standard'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 116 instances out of 116 premium finance agreements reviewed, an error percentage of 100%, Standard used an approved Premium Finance Agreement, as required by Section 627.838(1), F.S., but the form did not include a form number, as required by Section 627.413(4), F.S.

Subsequent Event: Standard filed an updated Premium Finance Agreement with OIR which was approved on September 18, 2024.

Finding 5: The examiners determined that in 116 instances out of 116 premium finance agreements reviewed, an error percentage of 100%, Standard used an approved 10-Day Notice of Intent to Cancel form, as required by Section 627.838(1), F.S., but the form did not include a form number, as required by Section 627.413(4), F.S.

Subsequent Event: Standard filed an updated 10-Day Notice of Intent to Cancel form with OIR which was approved on September 27, 2024.

Finding 6: The examiners determined that in 116 instances out of 116 premium finance agreements reviewed, an error percentage of 100%, Standard used an approved Standard Cancellation Notice form, as required by Section 627.838(1), F.S., but the form did not include a form number, as required by Section 627.413(4), F.S.

Subsequent Event: Standard filed an updated Standard Cancellation Notice form with OIR which was approved on September 18, 2024.

Finding 7: The examiners determined that in 116 instances out of 116 premium finance agreements reviewed, an error percentage of 100%, Standard used a Returned Payment Notification form that was not filed with or approved by OIR, as required by Section 627.838(1), F.S.

Subsequent Event: Standard filed a Returned Payment Notification form with OIR which was approved on September 18, 2024.

Finding 8: The examiners determined that in 116 instances out of 116 premium finance agreements reviewed, an error percentage of 100%, Standard used an approved 30-Day Notification of Unreturned Premium form, as required by Section 627.838(1), F.S., but the form did not include a form number, as required by Section 627.413(4), F.S.

Subsequent Event: Standard filed an updated 30-Day Notification of Unreturned Premium form with OIR which was approved on September 18, 2024.

Finding 9: The examiners determined that in one instance out of 116 premium finance agreements reviewed, an error percentage of 0.9%, Standard did not issue a refund within 15 days after the account was overpaid, as required by Section 627.848(1)(e), F.S.

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 only the most recent forms approved by OIR are utilized and issued to insureds;
- Ensure all refunds are issued timely.

Conclusion

This market conduct examination of Standard Premium Finance Management Corporation 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 Standard.

This examination report and the observations contained therein are the result of a factual, data-driven analysis of Standard'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 Standard. 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 Final Report 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 Standard Premium Finance Management Corporation.



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