

Market Conduct Final Examination Report

THE PREMINS COMPANY, INC.

Florida Company Code: 37504

Date: March 17, 2025



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Executive Summary

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

Company Operations

The Premins Company, Inc. is a foreign Premium Finance Company domiciled in New York and licensed to offer premium finance agreements in Florida on July 30, 2019. Premins generally finances 12-month commercial and personal lines insurance policies. Refunds resulting from cancellations and policy endorsements are generally sent from the insurance company to the managing general agent, who is responsible for refunding the insured. All other refunds are sent directly to the insured.

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”). Premins 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	\$5,072,139.00
2022	\$3,376,196.00
2021	\$3,257,559.00
2020	\$6,174,699.00
2019	\$5,716,311.00

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. Premins made the following filings during the examination scope period:

Year	Date Annual Report Filed with OIR	Date Annual Report Filing Fees Remitted to DFS
2023	02/29/2024	02/29/2024
2022	03/23/2023	02/23/2023
2021	03/24/2022	03/17/2022
2020	03/01/2021	02/22/2021
2019	03/01/2020	02/28/2020

Finding 1: The examiners determined that in three instances, Premins did not file the Annual Report with OIR or remit the Annual Report filings fees to DFS 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. Due to this responsibility, OIR conducted a market conduct examination of Premins 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 March 17, 2025. This is the first market conduct examination of Premins.

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, Premins was requested to provide the total number, or universe, of premium finance agreements entered into during the examination's scope period. Premins 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. Premins reported entering into a total of 1,379 premium finance agreements during the examination scope period. Of the 1,379 premium finance agreements, 120 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 Premins' 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 233 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 Premins' 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 233.

The 233 randomly selected premium finance agreements consisted of:

- 113 premium finance agreements; and
- 120 cancellations and refunds.

Findings

Premium Finance Agreements

This portion of the examination focused on Premins' use of approved forms and rates and evaluated specific statutory components required by Premins 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 Premins' 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 10 instances out of 113 premium finance agreements reviewed, an error percentage of 8.9%, Premins issued a Premium Finance Agreement form that was not filed with or approved by OIR, as required by Section 627.838(1), F.S.

Subsequent Event: Premins filed updated forms with OIR which were approved on December 7, 2021.

Cancellations and Refunds

This portion of the examination focused on Premins' 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 3: The examiners determined that in 11 instances out of 120 premium finance agreements reviewed, an error percentage of 9.2%, Premins issued a Premium Finance Agreement form that was not filed with or approved by OIR, as required by Section 627.838(1), F.S.

Subsequent Event: Premins filed updated forms with OIR which were approved on December 7, 2021.

Finding 4: The examiners determined that in 12 instances out of 120 premium finance agreements reviewed, an error percentage of 10.0%, Premins did not issue a refund to the insured within 15 days after the account was overpaid, as required by Section 627.848(1)(e), F.S.

Finding 5: The examiners determined that in 15 instances out of 120 premium finance agreements reviewed, an error percentage of 12.5%, Premins did not maintain in its files a certificate of mailing reflecting that a 10-Day Notice of Intent to Cancel Notice was mailed to the last known address of the insured, as required by Rule 69O-196.002(2), F.A.C.

Finding 6: The examiners determined that in six instances out of 120 premium finance agreements reviewed, an error percentage of 5.0%, Premins did not issue a refund to the insured within 30 days, as required by Rule 69O-196.010(1), F.A.C.

Subsequent Event: Premins refunded unearned interest to the insureds account balances on September 25, 2024.

Finding 7: The examiners determined that in 13 instances out of 120 premium finance agreements reviewed, an error percentage of 10.8%, Premins did not have a Motor Vehicle Insurance 30-Day Notice of Unreturned Premium from Insurers form filed with or approved by OIR, as required by Rule 69O-196.010(4), F.A.C.

Subsequent Event: Premins filed updated forms with OIR which were approved on May 6, 2024.

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 with OIR and report filing fees are remitted to DFS annually, by March 1st;
- Ensure only approved premium finance agreements are used;
- Ensure all refunds are issued timely;
- Ensure that certificates of mailing reflecting that a 10-Day Intent to Cancel Notice are mailed to the last known address of the insured and are maintained in each file; and,
- Ensure 30-Day Unreturned Premiums from Insurers Notifications are issued to insureds.

Conclusion

This market conduct examination of The Premins Company, 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 Premins.

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



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