

Market Conduct Final Examination Report

HNO Premium Finance Corp.

Florida Company Code: 30866

Date: March 3, 2026



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Executive Summary

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

Company Operations

HNO Premium Finance Corp. is a domestic Premium Finance Company licensed to offer premium finance agreements in Florida on December 21, 2016. HNO generally finances Auto/Truck Commercial and Personal policies for 12-month periods. Refunds resulting from cancellations and overpayments are made via electronic ACH and/or printed check.

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 by March 1 of each year. HNO met the requirements of Section 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
2022	02/23/2023	02/23/2023
2023	02/28/2024	02/28/2024
2024	02/26/2025	02/04/2025

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 HNO pursuant to Section 627.834, F.S. The examination scope period was from January 1, 2022, to December 31, 2024. 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 premium finance company, or orders issued by OIR. A common element of all market conduct examinations is to evaluate a regulated entity’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, 2025, and ended January 26, 2026. The last examination of HNO was completed as of October 5, 2022. That [examination report](#) contained findings that required HNO to submit a corrective action plan. In addition to submitting a corrective action plan, HNO entered into a consent order with OIR, which can be located [here](#).

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, HNO was requested to provide the total number, or universe, of premium finance agreements entered into during the examination’s scope period. HNO 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. HNO reported entering into a total of 248 premium finance agreements during the examination scope period. Of the 248 premium finance agreements, 21 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 HNO’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 100 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 HNO’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 100.

The 100 randomly selected premium finance agreements consisted of:

- 79 premium finance agreements; and
- 21 cancellations and refunds.

Findings

Premium Finance Agreements

This portion of the examination focused on HNO's use of approved forms and rates and evaluated specific statutory components required by HNO 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 HNO'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.

No exceptions were noted.

Cancellations and Refunds

This portion of the examination focused on HNO'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 1: The examiners determined that in four instances out of 21 premium finance agreements reviewed, an error percentage of 19.0%, HNO did not issue a refund within 15 days after the account was overpaid, as required by Section 627.848(1)(e), F.S.

Finding 2: The examiners determined that in ten instances out of 21 premium finance agreements reviewed, an error percentage of 47.6%, HNO 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), F.A.C.

Finding 3: The examiners determined that in two instances out of 21 premium finance agreements reviewed, an error percentage of 9.5%, HNO did not issue a refund to the insured within 30 days, as required by Rule 69O-196.010(1), Florida Administrative Code ("F.A.C").

Recommendations

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

It is recommended that HNO:

- Ensure that all refunds are issued timely; and
- 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.

Conclusion

This market conduct examination of HNO Premium Finance Corp. was designed to review and evaluate whether HNO'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 HNO.

This examination report and the observations contained therein are the result of a factual, data-driven analysis of HNO'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 HNO. It does not document what regulatory or administrative action may be taken by OIR. HNO's successful implementation of the prior corrective action plan is noted and appreciated.

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 HNO Premium Finance Corp.



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