**FLORIDA AUTOMOBILE JOINT UNDERWRITING ASSOCIATION**

**PRODUCER COMPLIANCE MANUAL**

All Producers with contracts with the FLORIDA AUTOMOBILE JOINT UNDERWRITING ASSOCIATION shall comply with the FAJUA Plan of Operation and their Producer’s contract with the FAJUA.

**PRODUCER REGISTRATION**

Individuals who desire to conduct business with the FAJUA must hold a current Florida resident 2-20 license, be appointed to a member company authorized to write Private Passenger Liability and Physical Damage and Commercial Auto for Liability, have a current contract with the FAJUA and be assigned by the FAJUA to a service provider. The contract is between the FAJUA and individual Producer. THIS IS NOT AN AGENCY CONTRACT.

Only contracted producers may service FAJUA business and the producer must be assigned to a service provider of the FAJUA. Anyone, other than the contracted producer, who services the producer’s FAJUA business will not be paid a commission. Any Producer who knowingly permits an individual without an FAJUA contract to service business will be subject to immediate termination and will not be permitted to seek an FAJUA registration for two years.

Requests for Producer Registration may be sent to help@fajua.org.

**PROCESS FOR NEW PRODUCER REGISTRATION**

Upon receipt of the completed Producer’s Contract, Registration, copy of Florida 2-20 license, proof of Errors and Omissions coverage and W-9 the FAJUA will verify with the OIR the applicants:

1. Agency name,
2. Business address,
3. Active 2-20 license,
4. Appointment with a member company,
5. Status, history and Agency’s Primary Agent of record.

NOTE:

1. The FAJUA will determine if the producer is eligible by reviewing its files for information regarding the producer’s past performance with the FAJUA and the producer’s adherence to the Plan of Operation.
2. All new producers are required to take an online course given by the service provider on completion of applications. Within 5 business days of completing the course the PIN will be activated giving them access to the rating system.
3. A producer may verify their current appointment data with the OIR by calling 850/922-3137 or on the Internet at [www.fldfs.com](http://www.fldfs.cm).

**REGISTRATION**

The FAJUA will:

1. Direct a service provider to add new producers,
2. Advise the producer via email of their status.
3. Provide the producer via email instructions for conducting business with the FAJUA. Instructions include an internet link for the Underwriting Manual of Rules and Rates and FAJUA Plan of Operation.

Provide the producer with the Producer’s Compliance Manual. The Service Provider will:

1. Update their records to reflect a new producer.
2. Provide the producer with instructions for online binding.

The Producer will:

1. Download, print or purchase the FAJUA Manual of Underwriting Rules and Rates and Plan of Operation available at [www.aipso.com/fl](http://www.aipso.com/fl).
2. The producer will be activated after completion of the online application/binding course.

**NOTE:** **A registration with the FAJUA does not follow the Producer when the Producer changes agency affiliation. The Producer must contact the FAJUA for a new registration and contract.**

**NEW CONTRACTS FOR PRODUCERS PREVIOUSLY REGISTERED**

Producers may apply for a new contract with the FAJUA via email to HELP@fajua.org:

1. When a Producer changes agencies.
2. When a Producer has been previously terminated.
3. The FAJUA contract is revised.
4. When a new contract is completed, the Producer’s PIN will change.

**CHANGE OF CONTRACT STATUS**

1. Producers must notify the FAJUA in writing, of any change of address, name, etc. prior to the change taking effect. A change of agency affiliation must be immediately reported in writing to the FAJUA.
2. Producers must also notify the OIR, in writing, of changes to name and/or business address before making changes with the FAJUA. If the FAJUA is unable to verify all updated information with OIR, we will be unable to process the changes requested and your contract will terminate.

**FEES**

The FAJUA MAY charge a fee for Registration, Renewal Registration and Continuing Education

**TERMINATION OF PRODUCER’S CONTRACT**

Termination of a producer’s contract with the FAJUA may occur due to:

1. Disciplinary Action by OIR or FAJUA
2. Loss of Producer’s 2-20 License
3. NSF Checks
4. Retirement
5. Death
6. Violations of the FAJUA Plan of Operation and/or Producer’s Compliance Manual –Termination Section
7. Violations of Florida Statutes
8. Conduct that, in the sole discretion of the FAJUA, is either tolerant of or conducive to fraudulent or deceptive activity by applicants, claimants or policyholders.
9. Failure to immediately report to a service provider or the FAJUA any reasonable suspicion of fraudulent activity by any applicant, claimant, or policyholder.

The FAJUA will:

1. Send a notice of termination of contract to the producer/agency and to the service provider.
2. The OIR will be sent a notice when a producer/agency violates the FAJUA Plan of Operation and/or Florida Statutes.
3. The FAJUA may, in its sole discretion, terminate any producer based on claim frequency, loss ratio or other statistical or actuarial indication when such termination is in the best interests of the FAJUA and/or its policyholders.

**NOTE:** **If a contracted producer is terminated, all FAJUA policies will be non-renewed. FAJUA policies may not be transferred to another producer or agency.**

**TRANSFER OF BUSINESS**

The FAJUA does **NOT** transfer policies between producers or agencies.

**DELETING A PRODUCER**

1. When a producer leaves an agency, the FAJUA business produced by the departing producer will remain with the agency until expiration.
2. The service provider will issue notice of non-renewal.
3. The Agency Owner must:
   1. Notify the FAJUA within 21 days from the date of the departure of the producer, providing the producer’s name, DFS License Number and date of departure.
   2. Failure to notify the FAJUA could result in the termination of all producers in the agency.
4. The FAJUA will:
   1. Notify the producer’s Service Provider to non-renew the departing producer’s business.
   2. Update our computer record accordingly.
   3. Withhold all commissions for 12 months from the date of the last cancellation/non-renewal or when all policies have been non-renewed and no return commissions are due from the producer.

**ADDING PRODUCERS**

Refer to Producer Registration for instructions.

The Producer or Agency shall:

1. Notify the FAJUA to obtain registration information to register additional producers.
2. The individual is not authorized to bind coverage or service business of the FAJUA until they have received confirmation of their registration.

**AGENCY MERGERS AND PURCHASES/SALES**

1. When an agency has merged with another agency and/or changes the name of the agency, producers must complete new contracts with the new agency name.
2. Producers who merge into another agency must complete new registrations and contracts.
3. Please contact the FAJUA for instructions.

The FAJUA will request:

1. New W-9 forms from all producers.
2. Agency purchases/sales are handled the same as Transfer of Business for agencies with a new name or when producers merge into another agency.
3. All producers within an agency location or group of agencies under the same ownership will be assigned to the same service provider.
4. When a merger or purchase/sale involves non FAJUA producers the agency owner must provide information regarding the non-contracted producers to the FAJUA who desire to be contracted.

New Producers Must:

1. Follow the Registration and Contract procedures outlined on page 1.

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**CHANGE REQUESTS FOR PRODUCER’S CONTRACTS**

1. Changes that delete producers, change phone or fax number, address, etc., may be done via email to HELP@fajua.org or faxed to 850/681-7802.

1. All changes will be verified with the OIR records.
2. A copy of the Producer’s Contract records is maintained at the FAJUA.
3. Producers should familiarize themselves with their FAJUA Producer’s Contract.

NOTE: **Changes not reflected by OIR data base will warrant termination of producer’s registration and contract.**

**FAJUA CLAIMS REPORTING**

1. Producers will be provided the name, address, phone number and fax number of their claims facility.
2. All losses reported by producers to the Claims Office should be on an ACCORD Loss Notice or other approved Automobile loss form. Complete the necessary information, and include daytime phone numbers for contacting the insured and claimant if the information is available.
3. The completed loss form should be faxed directly to the Claims Office.

**Note**: **Do not report claims to the FAJUA Management Office in Tallahassee or the service provider**.

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**FALSIFYING INFORMATION OMISSION AND MISREPRESENTATION**

The FAJUA Producer’s Contract, Plan of Operation and Florida Statutes outlines violations that warrant discipline procedures:

1. All documents of the FAJUA constitute the Plan of Operation.
2. The FAJUA may discipline or terminate a producer for reasons not listed in the Plan of Operation
3. Any suspension, revocation, expiration or probation of 2-20 license or administrative fine by the OIR.
4. Misappropriation of premium, including: additional charge not included in the FAJUA rate filing approved by the OIR or authorized by statute; receipt of applications that are excessively late, producer/agency checks returned by a financial institution for Non-Sufficient Funds; and producer/agency does not submit all the funds collected.
5. Failure to submit valid funds equal to the amount tendered in cash or check payable to the producer/agency by the insured, or funds paid to the producer/agency on behalf of the insured, for an FAJUA policy.
6. Frequency or combination of different Underwriting/Binding Violations that the FAJUA determines warrants termination.
7. Any action of the producer/agency involving dishonesty, unethical conduct or breach of fiduciary or ethical duty that the FAJUA determines warrants termination.
8. These violations will result in immediate termination of the producer’s contract for two years and will apply to all producers in the agency.
9. FAJUA is empowered to implement immediate termination if the producer is in violation of the non-compliance issues. Failure to correct the issue within the 10 business days will result in Termination of the Contract/Assignment.
10. Assignment - Failure to have all licensed 2-20 producers with an appointment to a member company and contracted with the FAJUA. This includes staff with a 2-20 that are not functioning as a producer.
11. Binder Log -Failure to maintain a Binder Log for all FAJUA policies. Log shall be in compliance with OIR regulations and shall include the FAJUA Binder Numbers.
12. Underwriting Binding - The FAJUA Plan of Operation requires that all applications be received at the service provider within 10 days after binding. Failure to submit applications as required can result in the suspension of the producer’s binding authority and nonpayment of future commissions. The Binding Rules are described in the FAJUA Plan of Operation and Underwriting Rules and Rates Manual. The producer is responsible for complying with the FAJUA Plan of Operation. Non Compliance of these rules includes:
13. Binding risk in excess of binding authority and improper use of policy forms.
14. Issuing Certificates of Insurance, Identification Cards and Binders in the name of the FAJUA. Producers may not issue SR22, MCS-90 or any type of financial responsibility filings.
15. Application Submission Delay - Applications with an insured or premium finance check, or any other means of payment, not received within 10 days from the date of binding or receipt by the producer and/or endorsements not received within 10 days of acceptance by the producer will be considered misappropriation of premium.
16. Hurricane/Tropical Storm - Binding/accepting applications or endorsements for physical damage during the Tropical Storm/Hurricane suspension time.
17. Incomplete Applications - Producer submits applications that are incomplete and the FAJUA is unable to issue a policy. If a producer continues to submit incomplete applications after being notified by to discontinue the practice the producer will be terminated.

**ADDITIONAL VIOLATIONS**

The FAJUA and/or the service provider will take action for underwriting and binding noncompliance:

1. Submitting applications more than 10 days after binding. A producer may be suspended for any late submission of applications after being notified by the service provider and given 10 business days to submit the application and payment.
2. If a producer has been reassigned after an appeal and submits any applications late, his contract will be terminated for a term two (2) years.
3. Frequency or a combination of different Administrative, Underwriting/Binding issues may result in immediate termination of the Producer’s Registration and Contract for all producers in the agency.
4. APPLICATION ALTERED - Using white out, obliterating information of the application or changing the producer’s name on the application is considered an alteration of the application.
5. INCOMPLETE APPLICATION - Any time that the incomplete application requires that the service provider issue a request for missing information and/or required forms/documents, etc.
6. BACKDATING - Any time that the effective date of coverage precedes the electronic binding date.
7. CANCELLATION - Failure to process cancellation request timely. (Must be received within 10 days of receipt from the insured)
8. FORMS - Failure to provide the service provider with proper forms to process/maintain policies related to endorsements, claims, renewals, process cancellations at the insured’s request, etc.
9. PRODUCERS SIGNATURE - FAJUA forms and applications must be signed by the FAJUA contract producer.
   1. The producer cannot authorize someone to sign on his/her behalf (including another producer or CSR).
   2. A stamped signature is not acceptable.
   3. A Power of Attorney signed by a producer is not acceptable for any transaction with the FAJUA.
10. APPLICANT/INSUREDS SIGNATURE - A Power of Attorney signed by an insured and given to a producer is not acceptable for any transaction with the FAJUA.
11. RECORDS/BINDER LOGS - Failure to maintain proper records and binder log.
12. RETURN COMMISSIONS - Failure to pay unearned commissions due the FAJUA.
13. When an evaluation of OTHER Non-Compliance issues is initiated, the Evaluation Process will be predicated on the type of Non Compliance Issues received during the previous 6 months. The FAJUA will query the service provider’s files to identify specific reasons for cancellation of a producer contract and non-renewal of policies.

**PERFORMANCE REVIEWS**

Producer Reviews: By virtue of a registration and contract with the FAJUA a producer may be subject to periodic performance reviews. These reviews are conducted to:

1. Determine the underwriting criteria for new business.
2. Educate/explain FAJUA Underwriting Rules of Practice & Procedures.
3. Gauge compliance with FAJUA underwriting guidelines, Plan of Operation and Procedures.
4. Enhance the lines of communication between the producer, service provider and FAJUA, addressing areas of concern.

**REVIEW**

The following are situations that may prompt a review of the producer by the FAJUA:

1. Complaints from FAJUA Insureds.
2. Complaints received from OIR.
3. Discipline action issued by the service provider.
4. Monthly report on Producer Compliance from the service provider to the FAJUA.
5. Compliance with the FAJUA Underwriting Guidelines.
6. Compliance with the FAJUA Plan of Operation.
7. Compliance with the FAJUA Producer’s Contract.
8. Verification of Producer’s Signatures,
9. Compliance with the Producer’s Compliance and Certification Manual provisions.
10. Confirmation that no coverage was bound during any suspension or termination period.
11. Confirmation that the agency maintains a binder log that includes all FAJUA applications.

**REVIEW FINDINGS**

A letter outlining the results of the review will be mailed to the producer following the review. Copies will be provided to the General Manager. The following reflects the most frequent non-compliance issues found during producer reviews:

1. Producer fails to send the annual premium.
2. Producer does not submit copy of all motor vehicle records nor vehicle registrations.
3. Applications are not complete.
4. Applications are not signed by the contract producer.
5. The contract producer has allowed someone else to sign the application and use his or her PIN.
6. Applications are not signed and dated by the insured.
7. Producer does not comply with FAJUA binding procedures.
8. Producer does not maintain evidence of payments by and to insureds.
9. Producer does not maintain evidence of payments by and to Premium Finance Companies.
10. Producer signature is a facsimile stamp.
11. Producer backdated application or endorsement request.
12. Producer charges unauthorized fees associated with the completing of an application, endorsements or any FAJUA transaction.
13. Producer issues ID cards, Financial Responsibility Filings, Certificates of Insurance and/or Binders in the name of the FAJUA and or its service provider.
14. Producer fails to notify the Claim Department as soon as they are notified of a loss.
15. Producer allows a CSR to bind coverage and/or conduct business on behalf of the FAJUA.

If non-compliance issues are identified the FAJUA may initiate an evaluation of the producer.

1. The FAJUA may require that a producer attend an FAJUA Authorized Continuing Education Class as a prerequisite to regain their contract with the FAJUA.
2. Producers should refer to the FAJUA Plan of Operation for additional instructions.
3. If the producer is terminated as a result of the Review Findings, the producer has certain rights of appeal. The producer may send a written appeal within 30 days of termination to the FAJUA explaining the circumstances and include all pertinent documents. If the producer’s appeal contains all the necessary criteria the FAJUA will endeavor to reply to the producer within 30 business days of receipt.

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**DISCIPLINARY ACTION**

Disciplinary Action is utilized by the FAJUA and its service provider in the event a producer is in non-compliance with the Plan of Operation, the Underwriting Rules or FAJUA contract obligations.

Note:

1. Each producer is responsible with familiarizing himself with FAJUA documents.
2. The Disciplinary Action serves as an educational tool for the producers.
3. Early identification of Non-Compliance Issues assists the producer in avoiding issues that will result in disciplinary suspension and termination of producer’s registration and contract.
4. Actions of a producer that warrants disciplinary action may affect **ALL** producers in the agency.

The following is a partial list of items of concern:

1. Improper Premium Handling
2. Misuse of Binding Authority
3. Suspension or Termination of License with DFS
4. Unethical/Fraudulent Applications
5. Binding Coverage Not Eligible for the FAJUA
6. Binding Coverage in Excess of Binding Authority
7. Late Submission of Applications
8. Exceeding 3 Violations of any kind in a rolling 12 month period. (What is this number? I just put in my idea)

Note:

1. An evaluation of the producer’s actions may be conducted at any time.
2. Non-Compliance issues may be identified by the service provider or from other sources available to the FAJUA.
3. The producer may appeal the decision of the FAJUA to the Board of Governors or its designee.
   1. A written request for a review must be submitted to the FAJUA within 30 days from the date of the disciplinary action notification.
   2. A request for review submitted by the registered producer must provide supporting documents evidencing that the discipline is unwarranted.
   3. Requests submitted without supporting documents will be returned unprocessed.
   4. The producer will be advised the date, time and place of the review of their appeal.
   5. A producer will be immediately terminated for Breach of Contract or Plan of Operation.
   6. All producers in the agency will be terminated due to the Breach of Contract or violation of the Plan of Operation by an individual producer or any other individual in the agency.
4. Add number of violations received by Producer to constitute suspension or termination? (moved this to number 8 above)

**APPEAL OF DISCIPLINARY ACTION**

To appeal any action or decision of the FAJUA or a service provider a producer must:

1. Send a written request to:

FAJUA

1425 Piedmont Drive East, Suite 201A

Tallahassee, Florida 32308

1. Producers must include a written request specifically about the action or the matter you are appealing and explain the basis for your appeal.
   1. Any documentation that you have should be included with the written appeal.

* 1. Appeals will not be accepted except those submitted in writing.
  2. Producer’s appeals to the FAJUA may be appealed to the FAJUA Board after a decision by the FAJUA has been rendered.
  3. The Board may refer the appeals to a designee for a recommendation.
  4. If the producer’s appeal contains the necessary criteria the Board or its designee will endeavor to reply to the producer within 30 business days of receipt.
  5. The producer must provide copies of their written appeal and supporting documents for each Board member and FAJUA staff member (16 copies). The purpose for multi copies is to assure the producer that the appeal and documents were presented in their entirety.
  6. The producer will be advised of the date, time and place of the Board’s review.

09/14 (Make sure we update this to new edition date)