

2000 PROPERTY AND CASUALTY MARKET CONDUCT EXAMINATION

OF

ACE PROPERTY AND CASUALTY INSURANCE COMPANY

Formerly Cigna Property and Casualty Insurance Company

ACE USA

BY

THE FLORIDA DEPARTMENT OF INSURANCE

FILED DATE: 8/22/01

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I. INTRODUCTION

Ace Property and Casualty Insurance Company is a foreign property and casualty insurer licensed to conduct business in the State of Florida during the scope of this examination, January 1996 through December 1998. The last examination of this insurer by the Florida Department of Insurance was completed in 1995

During this examination, records reviewed included policies, cancellations/nonrenewals, agent/MGA licensing, and claims for the period of January 1996 through December 1998 as reflected in the report.

This report contains examination results addressing all areas of noncompliance found during the course of the examination. In all instances, the Company was directed to take corrective action as required, issue appropriate refunds, make all necessary filings with the Department and immediately cease any activity that continues to place the Company in noncompliance with Florida Statutes/Rules.

II. PRE-EXAM REVIEW OF COMPANY'S WRITINGS

A. CERTIFICATE OF AUTHORITY - AUTHORIZED LINES

1. General Comments

The Certificate of Authority/Renewal Invoices were reviewed for all years within the scope of the examination.

2. Error Percentages

The review included verification of the lines of business the Company was authorized to write during the scope of examination versus those lines actually being written. It also included verification that notification requirements were met for any line of business that was discontinued.

No errors were found.

III. REVIEW OF POLICIES

A. COMMERCIAL MULTI PERIL

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings:

Ace Property and Casualty Insurance Company is a service purchaser of Insurance Services Office (ISO) and independently files ISO rules/loss cost in accordance with Section 627.062, Florida Statutes. In addition, the Company does make some independent filings.

b. Form Filings:

Ace Property and Casualty Insurance Company is a service purchaser of Insurance Services Office (ISO) and independently files ISO forms in accordance with Section 627.410, Florida Statutes. In addition, the Company does make some independent filings.

c. Statistical Affiliation

Insurance Services Office acts as the Company's official statistical agent.

2. Premium and Policy Counts

Direct Premiums Written and in-force policy counts for the scope of the examination are as follows:

<u>Year</u>	<u>DWP</u>	<u>Policy Count</u>
1996	\$4,151,474	2,596
1997	\$1,114,279	944
1998	\$1,142,638	541

3. Exam Findings

Fifty (50) policy files were examined.

No errors were found.

IV. AGENTS/MGA REVIEW

Ten (10) applications/policies written during the scope of examination were examined.

No errors were found.

V. CANCELLATIONS/NONRENEWALS REVIEW

Fifty (50) cancelled/nonrenewed policies were examined.

No errors were found.

VI. CLAIMS REVIEW

Fifty (50) claims were examined.

One (1) error was found.

The error did not affect payment.

The Company's internal claims handling procedures and reserving practices are described in Exhibit I

The error is described as follows:

- 1 One (1) error was due to failure to communicate timely. The claim was reported to agent, but insurer did not contact insured and acknowledge receipt of claim until approximately 7 months later when they received first suit notice This constitutes a violation of Rule 4-166.024, Florida Administrative Code.

VII. EXHIBITS

SUBJECT

EXHIBIT NUMBER

CLAIM PROCEDURES

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