

**FLORIDA DEPARTMENT
OF
FINANCIAL SERVICES**

**OFFICE OF INSURANCE REGULATION
BUREAU OF MARKET INVESTIGATIONS**

TARGET MARKET CONDUCT EXAMINATION REPORT

OF

AMCOMP PREFERRED INSURANCE COMPANY

AS OF

JANUARY 9, 2004

NAIC COMPANY CODE: 10346

EXAMINER: NORMAN REITMAN COMPANY, INC.

Filed Date: 04/13/2004

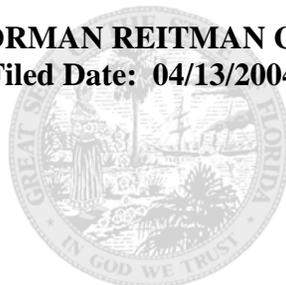


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PURPOSE AND SCOPE OF EXAMINATION

Under authorization of the Florida Department of Financial Services, Office of Insurance Regulation, Bureau of Market Investigations, pursuant to Section 624.3161, Florida Statutes, a property and casualty target market conduct examination of Amcomp Preferred Insurance Company was performed by Norman Reitman Company, Inc. The scope of this examination covered first reports of unit statistical reports issued to the National Council on Compensation Insurance, Inc. (NCCI) in 2003 for policies written between May 1, 2001 and April 30, 2002. The examination began December 22, 2003 and ended January 9, 2004.

The purpose of this examination was to verify the accuracy and timeliness of unit statistical reports reported by Workers' Compensation insurers to the NCCI.

In reviewing materials for this report, the examiners relied on records maintained by the Company. The files examined were selected systematically from data files provided by the Company using Microsoft Excel's "random sample" selection process. The examination report is a report by exception. As a result, files or material reviewed containing no improprieties by the Company have been omitted from the examination report. Procedures and conduct of the examination were in accordance with the Market Conduct Examiner's Handbook produced by the National Association of Insurance Commissioners.

REVIEW OF UNIT STATISTICAL REPORTS

WORKERS' COMPENSATION

The current examination encompassed a review of workers' compensation Unit Statistical Reports including class codes and claims.

REPORT REVIEW

The following data is based on the review of fifty (50) policy files.

A. PREMIUMS:

In premiums, we looked at three hundred seven (307) class codes.

The total written premiums for the policy sample were \$3,633,344.

B. CLAIMS:

In claims, we looked at two hundred twenty-eight (228) claims.

The total claims payments for the policy sample were \$1,206,629.

SAMPLE FINDINGS:

A. PREMIUMS:

Nine (9) inconsistencies were noted in a review of 307 class codes.

Two (2) inconsistencies of the nine involved under reports totaling \$15,072 out of \$3,633,344 reported.

Six (6) inconsistencies of the nine involved over reports totaling \$13,989 out of \$3,633,344 reported.

One (1) inconsistency did not change the dollars reported.

The inconsistencies are as follows:

1. Seven (7) policies' experience modification factors were not shown on the NCCI Unit Statistical Reports, resulting in seven (7) premium inconsistencies.
2. One (1) policy's experience modification factor was shown incorrectly on the NCCI Unit Statistical Report, resulting in one (1) premium inconsistency.
3. One (1) class code was omitted from the NCCI Unit Statistical Report.

Corrective Action: The Company has agreed to issue corrected reports and submit them to the NCCI. The Company is to submit a letter within thirty (30) days of receipt of the examination report, signed by an officer of the Company, confirming that corrective action was completed.

B. CLAIMS:

No inconsistencies were noted.

CONCLUSIONS:

The review indicates that any inconsistencies noted were not substantive, and fell within generally acceptable margins. Therefore, the Company is adhering to Florida Statutes.

EXAMINATION REPORT SUBMISSION

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged.

The undersigned examiners conducted the examination and prepared the draft report.

Respectfully submitted,

NORMAN REITMAN COMPANY, INC.

BY: Ron Greenfield, Vice President
Joycelyn Galletta, Examiner