

# **FINANCIAL SERVICES COMMISSION**

**OFFICE OF INSURANCE REGULATION  
MARKET INVESTIGATIONS**

## **TARGET MARKET CONDUCT FINAL EXAMINATION REPORT**

**OF**

**AMERICAN HOME ASSURANCE COMPANY**

**AS OF**

**October 28, 2005**

**NAIC COMPANY CODE: 19380**



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## PURPOSE AND SCOPE OF EXAMINATION

Under authorization of the Financial Services Commission, Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 624.3161, Florida Statutes, a target market conduct examination of American Home Assurance Company (Company) was performed by Examination Resources, LLC. The scope of this examination was June 1, 2004 through September 29, 2005. The examination began October 25, 2005 and ended October 28, 2005.

The purpose of this examination was to validate the completeness, accuracy and timeliness of reporting Professional Liability claims as required by Section 627.912, Florida Statutes.

In conducting the review, three tests were performed; Completeness, Accuracy and Timeliness. The Completeness test compares the total number of claims closed during the scope period that should have been reported to closed claims that were actually reported. The Accuracy test compares the information required to be reported to the Office to the information contained in the Company's claim file. This test was only conducted on a sample of those claims closed during the scope period and actually reported. The Timeliness test compares the date the claim should have been reported to the Office to the date the claim was actually reported. This test was only conducted on those closed claims actually reported within the scope period. The Timeliness test may include closed claims reported during the scope period but actually closed prior to the scope period. However, because they were not closed during the scope period, such claims would not be included in either the Completeness or Accuracy test.

This Final Report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by the Company. The files examined were selected systematically from data files provided by the Company using Microsoft Excel's "random sample" selection process. Procedures and conduct of the examination were in accordance with the Market Conduct Examiner's Handbook produced by the National Association of Insurance Commissioners.

## COMPANY OPERATIONS

American Home Assurance Company is a foreign property and casualty insurer licensed to conduct business in the State of Florida. The Company provides professional liability insurance in the State of Florida.

The Total Direct Premiums written in Florida for Professional Liability was requested from the Company, however, they failed to provide this information. Section 624.318, Florida Statutes, states that the Company being examined shall make freely available records relating to the subject of the examination.

**Corrective Action:** Subsequent to the examination, the requested premium information was provided. As a result, no further corrective action is required.

The Total Direct Premiums Written in Florida for Professional Liability are broken down as follows:

Year	Total Written Premium (Florida)
2004	\$ 136,232

The Company had 1 Professional Liability claim open as of April 1, 2004, which was subject to Section 627.912, Florida Statutes, and which will need to be reported upon closure as required by the Statute.

One (1) claim was closed during the scope period and should have been reported pursuant to Section 627.912, Florida Statutes.

## CLAIMS REVIEW

### Findings

#### Completeness Test

The Completeness test compares the total number of claims closed during the scope period that should have been reported to closed claims that were actually reported.

One (1) closed claim was reviewed and no errors were found.

#### Accuracy Test

The Accuracy test compares the information required to be reported to the Office to the information contained in the Company's claim file. The Accuracy test can only be conducted on those closed claims reported during the scope period. One (1) closed claim was reported during the scope period but closed prior to the scope period such that it was not included in the Completeness test. That claim was reviewed for accuracy in reporting.

One (1), or 100%, of the claims was in error.

One (1) error was due to failure to accurately report a closed claim. Section 627.912, Florida Statutes, states that closed claims meeting specific reasons for closure must be reported to the Office and contain required information for each claim. The Company failed to accurately report all information required for closed claims as defined in the above statute.

**Corrective Action:** The Company should edit the closed claim report which contains incorrect and/or incomplete information. The Company should establish procedures to ensure that all information required to be reported for closed claims is contained in each report.

Timeliness Test

The Timeliness test compares the date the claim should have been reported to the Office to the date the claim was actually reported. The Timeliness test can only be conducted on those closed claims actually reported within the scope period. One (1) closed claim was reported during the scope period but closed prior to the scope period such that it was not included in the Completeness test. That claim was reviewed for timeliness in reporting.

One (1) closed claim report was reviewed and no errors were found.

**SUMMARY OF FINDINGS**

		Actually Reported	Errors
Total Population	1		
Completeness Test		1	0
Accuracy Test		1	1
Timeliness Test		1	0

**EXAMINATION FINAL REPORT**

The Office hereby issues this report as the Final Report, which is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by the Company.