

**FLORIDA DEPARTMENT  
OF  
FINANCIAL SERVICES**

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

**TARGET MARKET CONDUCT EXAMINATION REPORT**

**OF**

**AMERICAN HOME ASSURANCE COMPANY**

**AS OF**

**APRIL 23, 2004**

**NAIC COMPANY CODE: 19380  
NAIC GROUP: 0012**

**EXAMINER: NORMAN REITMAN COMPANY, INC.**

**Filed Date: 06/18/2004**



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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 target market conduct examination of American Home Assurance 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 April 12, 2004 and ended April 23, 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 one hundred twelve (112) class codes.

The total written premiums for the policy sample were \$655,151.

#### **B. CLAIMS:**

In claims, we looked at forty-six (46) claims.

The total claims payments for the policy sample were \$160,170.

## **SAMPLE FINDINGS:**

### **A. PREMIUMS:**

Two (2) inconsistencies were noted.

Two (2) unit statistical reports were reported to the NCCI after the twenty (20) month deadline from the inception of the policy.

**Corrective Action:** The Company has advised that one report was not made due to an extensive on-site audit, as the risk was very large and there were many claims. The Company waited until the audit was completed to submit the report. The other report was late as the report failed one of the Company's system edits due to an error in the system that needed to be corrected prior to it being filed. The Company has advised the system has been corrected in order to pass the edit process and instances like this should not occur in the future.

### **B. CLAIMS:**

One (1) inconsistency was noted.

One (1) unit statistical report was reported to the NCCI after the twenty (20) month deadline from the inception of the policy.

**Corrective Action:** The Company has advised that this report was late due to an extensive on-site audit, as the risk was very large and there were many claims. The Company waited until the audit was completed to submit the report.

## **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 examiner conducted the examination and prepared the draft report.

Respectfully submitted,

NORMAN REITMAN COMPANY, INC.

BY: Ron Greenfield, Vice President  
Bill Dow, Examiner