

2000 PROPERTY AND CASUALTY MARKET CONDUCT EXAMINATION

OF

FFVA MUTUAL INSURANCE COMPANY

BY

THE FLORIDA DEPARTMENT OF INSURANCE

FILED DATE: 3/16/01

## TABLE OF CONTENTS

<u>PART NUMBER</u>	<u>SUBJECT</u>	<u>PAGE NUMBER</u>
I.	INTRODUCTION	1
II.	PRE-EXAM REVIEW OF COMPANY WRITINGS	2
III.	REVIEW OF POLICIES	
	A.    WORKERS' COMPENSATION	3
IV.	AGENTS/MGA REVIEW	6
V.	CANCELLATIONS/NONRENEWALS REVIEW	7
VI.	COMPLAINTS REVIEW	8
VII.	EXHIBITS	9

## I. INTRODUCTION

FFVA Mutual Insurance Company is a domestic property and casualty insurer licensed to conduct business in the State of Florida during the scope of this examination, January 1997 through December 2000. This examination began May 6, 2000 and ended August 3 2000. This is the first examination of FFVA Mutual Insurance Company.

During this examination, records reviewed included policies, cancellations/nonrenewals, agent/MGA licensing, claims, and consumer complaints for the period of January 1997 through December 1999 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

D. WORKERS' COMPENSATION

1. Application of Rules, Rates and Forms

a. General Comments

FFVA Mutual Insurance Company is a National Council on Compensation Insurance (NCCI) company and as such uses this organization's rules, rates and forms. The NCCI acts as statistical agent for this line of business.

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

<u>Year</u>	<u>DPW</u>	<u>Policy Count</u>
1997	41,248,197	2,424
1998	41,928,296	2,615
1999	45,041,292	2,954

b. Error Percentages

One hundred (100) policies and audits were examined.

One hundred three (103) errors were found.

Errors affecting premium resulted in one (1) undercharge totaling \$49.00 and no overcharges.

The errors are broken down as follows:

1. One hundred (100) errors were due to failure to provide form deductible options in writing to insureds which resulted in a failure to follow a filed rating rule. This constitutes a violation of Section 627.191, Florida Statutes.
2. One (1) error was due to failure to follow filed rating plan in rating a policy. This error resulted in an undercharge totaling \$49.00. This constitutes a violation of Section 627.191, Florida Statutes.
3. Two (2) errors were due to failure to identify the Risk Identification number on the policy information page resulting in a failure to follow a filed rating rule. This constitutes a violation of Section 627.191, Florida Statutes.

2. Unit Statistical Review

a. Audit Comparison

Sixty (60) premium statistical cards were examined.

No errors were found.

b. Claim Comparison

Twenty-five (25) claim statistical cards were examined.

Two (2) errors were found.

The errors are broken down as follow:

4. Two (2) errors were due to failure to report the correct statistical claim information to NCCI resulting in a overreporting totaling \$3,758.00. This constitutes a violation of Section 627.191, Florida Statutes. Exhibit I.

IV. AGENTS/MGA REVIEW

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

No errors were found.

V. CANCELLATIONS/NONRENEWALS REVIEW

Fifty (50) cancellation/nonrenewal policies written during the scope of examination were examined.

No errors were found.

VI. COMPLAINTS REVIEW

There have been no complaints received by the Company since the date of the last examination to be maintained as is required by Section 626.9541(1)(j), Florida Statutes. Procedures for handling these complaints have been established by the Company.

VII. EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
----------------	-----------------------

COMPANY LETTER ON CORRECTED STATS	I
-----------------------------------	---