



# **THE STATE OF FLORIDA**

## **OFFICE OF INSURANCE REGULATION MARKET INVESTIGATIONS**

**TARGET MARKET CONDUCT FINAL EXAMINATION REPORT**

**OF**

**FLORIDA PENINSULA INSURANCE COMPANY**

**AS OF**

**SEPTEMBER 29, 2011**

**NAIC COMPANY CODE: 10132**

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**EXAMINATION RESOURCES, LLC**

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## EXECUTIVE SUMMARY

A sample of 194 policies, 122 claims, 113 Complaints, and 50 Cancellations/Nonrenewals were reviewed. The following represent general findings; however, specific details are found in each section of the report.

### TABLE OF TOTAL VIOLATIONS

Item Number	Statute/Rule	Description	Files Reviewed	Number of Violations
1	627.062, F.S.	Underwriting - Company failed to obtain a fully completed, signed and dated application in accordance with the Company's filed Rates and Guidelines Manual	184	1
2	626.733, F.S.	Underwriting – Company failed to appoint all agents associated with a contracted agency.	61 (New Business)	6
3	627.062, F.S.	Underwriting – Company failed to obtain evidence of protective devices (alarm credits).	184	4
4	627.062, F.S.	Underwriting - Company applied incorrect BCEGS codes	184	2
5	627.062, F.S.	Underwriting – Policies improperly coded as BCEGS non-participating (Code 98) - Data File Analysis.	10	10
6	627.062, F.S.	Underwriting – Improperly applied BCEGS to homes built prior to 1995 – Data File Analysis	1	1
7	20.121(2)(h)2., F.S.	Complaints – Company failed to timely respond to DFS Complaints.	113	6
8	627.4133(2)(a), F.S.	Complaints – Company failed to provide timely notice of renewal premium.	113	1
9	Rule 690-167.001, FAC	Complaints – Company failed to return premium timely.	113	1
10	627.4091, F.S.	Complaints – Company failed to provide a valid reason for denial, cancellation or nonrenewal.	113	1
11	627.4091, F.S.	Cancellations/Nonrenewals – Company failed to provide specific reason for denial, cancellation or nonrenewal.	50	3

## PURPOSE AND SCOPE OF EXAMINATION

Under authorization of the Financial Services Commission, Office of Insurance Regulation (“Office” or “OIR”), Market Investigations, pursuant to Section 624.3161, Florida Statutes, a target market conduct examination of Florida Peninsula Insurance Company (“Company” or “FPI”) was performed by Examination Resources, LLC. The scope period of this examination was July 1, 2009 through June 30, 2011. The onsite examination began August 22, 2011 and ended September 29, 2011.

The purpose of this market conduct examination was to determine the Company’s compliance with Florida Statutes, the Florida Administrative Code, its plan of operation, and its internal operational procedures in writing homeowners insurance. The examination included the following procedures:

- Reviewing Company’s adherence to its filed rates, rules and underwriting guidelines;
- Reviewing Company’s Claims Handling;
- Reviewing Company’s Complaint Handling; and
- Reviewing Company’s Cancellations Practices.

In reviewing materials for this report, the examiner relied on records provided by the Company. The sample sizes and files to be examined were selected using the Audit Command Language software (ACL). Procedures and conduct of the examination were in accordance with the *Market Conduct Examiner's Handbook* (Handbook) produced by the National Association of Insurance Commissioners. For populations of less than 50,000 the Acceptance Samples Table of the Handbook were used; and for populations of over 50,000 samples were determined with ACL, using a Confidence Level of 95%, an Upper Error Limit of 5% and an Expected Error Rate of 2% as shown in the Handbook.

## COMPANY OPERATIONS

Florida Peninsula Insurance Company is a domestic property and casualty insurer licensed to conduct business in the State of Florida on April 22, 2005. The Company provides Homeowners and Inland Marine coverage in the State of Florida.

Total Direct Premiums Written in Florida for Homeowners and Inland Marine:

Year	Total Written Premium In Florida* (Per Schedule T , Annual Statement)
2009	173,259,529
2010	179,271,627
2011	97,015,701

\*Over 99% is Homeowners Premium  
2011 Premiums as of 6/30/11

The Company was established to provide wind-only hurricane insurance to residential customers in the State of Florida. The Company commenced operations by assuming a portfolio of high risk accounts (“HRA”) policies from Citizens Property Insurance Corporation (Citizens) in May 2005.

In 2007, FPI expanded into the multi-peril homeowners market. The Company’s strategy was to leverage its strengths in the wind-only business to build an “optimized” multi-peril business with the best policies, optimal rates and lowest costs. By the end of 2008, the Company had executed its plan and transformed its book of business from one with a wind-only focus to a balanced book with 28,000 wind-only policies and 72,000 homeowners’ policies with \$172 million of in-force premium.

The following table shows the history of policies taken out of Citizens:

Year	Number of Policies
2005	75,222
2006	8,943
2007	42,263
2008	46,022
2009	23,872
Total	196,322

Business is produced through independent agents located throughout the state. As of June 30, 2011, the Company had approximately 1,790 appointed agents. Agents submit their business through Florida Peninsula Managers, LLC (Managers), a wholly owned subsidiary of Florida Peninsula Holding, LLC (Holdings) under an exclusive managing general agency agreement with the Company. Under this agreement, the Company writes all direct business through Managers; Managers provides policy and claims administration services, accounting, marketing and other similar services to the Company. Managers entered into a Master Business Process Outsourcing Services Agreement with Computer Sciences Corporation (CSC) effective January 1, 2008, for a period of six years from the date of live processing. Under this agreement, Managers grants authority to CSC to provide insurance office support, computer software programming and data processing services. This agreement replaced a similar agreement with MacNeill Group, Inc., (MacNeill) that had been in place since July 1, 2005. CSC began to transition renewal business processing and servicing from MacNeill over a 12-month period through the third quarter of 2009. CSC is located in South Carolina.

The Company owns Florida Peninsula Claims Management (FPCM), a claims management company providing claims services covering the entire spectrum of appraisal, adjustment, examination and settlement. FPCM also maintains contractual relationships with three independent adjusting firms, CatManDo, National Catastrophe Adjusters, Inc., (NCA), and Crawford & Co.

In January 2010, the Company purchased Edison Insurance Company (“Edison”), and has taken over all operational functions. Beginning in December 2010, all policies in Edison began to be transitioned to FPI. These policies are transitioning on renewal in order to minimize disruption to policyholders and will be completed by November 2011.

## UNDERWRITING AND RATING REVIEW

### HOMEOWNERS

The review of underwriting and rating consisted of verifying the Company's adherence to its filed rates, rules and underwriting guidelines and the Company's Plan of Operation.

The Company wrote 261,065 policies from July 1, 2009 through June 30, 2011. The following is a breakdown of policies issued by scope period:

Type	Number of Policies Issued*
New Business	82,553
Renewal Business	178,512
Totals	261,065

\* Source: Data File

The Company has three programs: 1) Elite (lowest cost); 2) Preferred; and, 3) Wind Only. Business comes from Citizens Property Insurance Corp. ("Citizens") and from the voluntary market. Policies assumed from Citizens are initially placed in the preferred program; however, at the next renewal they are offered placement in the Elite Program if eligible. All dwellings insured for replacement cost must maintain and be insured at least to 100%, and at the insured's request, up to 125% of the "insurance value". Insurance to value is determined by utilizing the Marshall & Swift/Boeck (MSB) Valuation System. Dwelling limits may be adjusted at renewal for inflation as determined by the MSB Index.

Applications are required for all new business with the original application being maintained at the agent's office. The Company stated that it audits the agents' records periodically to ensure the agents maintain complete records. The Company also sends each policyholder a Renewal Questionnaire to ensure they have the most up to date information on each insured property. Property inspections are performed by Reliable Reports of Texas, Inc., (RRI). The Company stated that their goal is to inspect each insured property at least once every three years.

Application of wind mitigation credits was reviewed and the review showed that proper documentation supporting the credits was maintained in the policy file.

### Findings:

A total of 184 policies were randomly selected for review. A total of 24 violations were found. In view of the errors noted in item 4, an additional sample of 10 policies was reviewed to determine if policies were issued with an improper Building Code Effectiveness Grading Schedule (BCEGS).

The violations are broken down as follows:

1. **In 1 instance the Company failed to follow its filed rating rule. This is a violation of Section 627.062, Florida Statutes.** The Company failed to obtain a fully completed, signed and dated application as required by Rule 104c of the Company's filed Rates and Guidelines Manual.

**Corrective Action:** The Company should establish procedures to ensure signed applications are secured.

**Company Response:** The Company agreed with this finding.

2. **In 6 instances the Company failed to appoint all agents associated with a contracted agency. This is a violation of Section 626.733, Florida Statutes.** The Company stated that its procedures are to appoint the principal of the agency.

**Corrective Action:** The Company should establish procedures to ensure all agents associated in or so connected with such agency are appointed in compliance with Section 626.733, Florida Statutes.

**Company Response:** In some cases, the Company initially appoints the principal agent of an agency and only furnishes materials to that agent. Other agents within the agency are typically appointed later after the Company receives the agents' information. Only appointed agents have the authority to bind coverage on behalf of the company. Going forward, the Company will establish reasonable procedures to ensure all agents in or so connected with a contracted agency are appointed.

**OIR Response:** The statute requires that all agents associated with the agency be appointed.

3. **In 4 instances the Company failed to follow its filed rating plan, rating schedule or rating rule. This is a violation of Section 627.062, Florida Statutes.** The Company failed to obtain evidence of protective devices (alarm credits) when applying such credit to insured.

**Corrective Action:** The Company should establish procedures to ensure that evidence of existence of protective devices is obtained when applying credits for such devices.

**Company Response:** Three of the errors were from policies that were underwritten by Citizens Property Insurance Corporation (Citizens) and Edison Insurance Company (Edison), and the file may not have included documentation upon FPI's assumption of the policies. However, FPI will implement reasonable procedures to obtain evidence that the insured risk has the protective devices when applying a credit to an insured.

**OIR Response:** The Company should have obtained the required evidence at the next renewal after assuming policies from Citizens or Edison.

4. **In 2 instances the Company failed to follow its filed rating plan, rating schedule or rating rule. This is a violation of Section 627.062, Florida Statutes.** The Company applied an incorrect BCEGS code. This resulted in a surcharge being applied to the insureds' premium that was not applicable.

**Corrective Action:** The Company should correct affected policies, including other policy terms, and refund the overcharge amounts. In addition, the Company should establish procedures to ensure proper BCEGS codes are being correctly applied. The Company should also report to OIR Market Investigations a list of affected policyholders and amounts refunded.

**Company Response:** The Company acknowledges the finding and has already set up the policies to renew with the correct BCEGS values. FPI notes in many, if not all cases, the policies in question were submitted by the agent with the incorrect BCEGS value or came from Citizens or Edison with the incorrect BCEGS value. Going forward, FPI has implemented additional controls to prevent agents from submitting BCEGS values on any homes built before 1995 and will run queries on a periodic basis to ensure homes built before 1995 do not have BCEGS values. FPI intends to refund affected policyholders any BCEGS surcharges and will provide a list of refunds to the OIR.

5. **In 10 instances the Company failed to follow its filed rating plan, rating schedule or rating rule. This is a violation of Section 627.062, Florida Statutes.** An analysis of the data files provided by the Company was performed using ACL. An extract of properties that were coded BCEGS non-participating (Code 98) was made resulting in 3,560 policies that have been coded as non-participant. Ten (10) policies were randomly selected and the review showed that they all should have been applied a credit, not a surcharge. Although it is possible that there may be some locations where the surcharge would apply, it is highly probable that a large portion of these 3,560 policies were overcharged. The surcharge amount for the 3,560 policies totaled \$51,794. The amount of refunds is unknown at this time, however the range for credits is 1.4% to 46.5% depending on the type of policy and applicable BCEGS code.

**Corrective Action:** The Company should correct the policies that received credits at the next renewal, if still in force, re-rate the policies that received surcharges and make refunds to insureds. The Company should also report to OIR Market Investigations a list of affected policyholders and amounts refunded.

**Company Response:** The Company acknowledges the finding and has already set up the policies to renew with the correct BCEGS values. FPI notes in many, if not all cases, the policies in question were submitted by the agent with the incorrect BCEGS value or came from Citizens or Edison with the incorrect BCEGS value. Going forward, FPI has implemented additional controls to prevent agents from submitting BCEGS values on any homes built before 1995 and will run queries on a periodic

basis to ensure homes built before 1995 do not have BCEGS values. FPI intends to refund the policyholders any BCEGS surcharges and will provide a list of refunds to the OIR.

6. **In 1 instance the Company failed to follow its filed rating plan, rating schedule or rating rule. This is a violation of Section 627.062, Florida Statutes.** An additional data file analysis was performed using ACL to determine if the Company inappropriately applied a BCEGS credit or debit to properties built prior to 1995. The review showed 1,871 policies receiving credits totaling \$196,000 and 892 policies receiving surcharges totaling \$15,874.

**Corrective Action:** The Company should correct the policies that received credits at the next renewal, if still in force, re-rate the policies that received surcharges and make refunds to insureds as appropriate. The Company should also report to OIR Market Investigations a list of affected policyholders and amounts refunded.

**Company Response:** The Company acknowledges the finding and has already set up the policies to renew with the correct BCEGS values. FPI notes in many, if not all cases, the policies in question were submitted by the agent with the incorrect BCEGS value or came from Citizens or Edison with the incorrect BCEGS value. Going forward, FPI has implemented additional controls to prevent agents from submitting BCEGS values on any homes built before 1995 and will run queries on a periodic basis to ensure homes built before 1995 do not have BCEGS values. FPI intends to refund to any insured for any BCEGS surcharges and will provide a list of refunds to the OIR.

### **CLAIMS HANDLING REVIEW**

The examination testing procedures included:

- Reviewing FPI's claims handling procedures;
- Obtaining a list of the population of all claims reported during the scope period;
- Making random selections from the overall population for each of the groups of claims reviewed;
- Reviewing policy records for each claim selected to confirm that coverage was applicable; and,
- Reviewing the entire claim file for each selected claim to confirm that claims handling met all statutory requirements and complied with FPI's internal procedures

While the claims handling process involves many factors which could be evaluated, the primary focus of the review by the Office was on the Company's effort to promptly handle claims by either paying all that is owed to the claimant (without overpayment of the claim) or by promptly declining payment for a valid reason.

The following tables show claims statistics that were developed from the data files provided by the Company:

**GENERAL CLAIMS REVIEW (EXCLUDING SINKHOLES)**

**Claims Reported:**

<b>7/1/09 - 6/30/10</b>	<b>7/1/10 - 6/30/11</b>	<b>Totals</b>
5,039	4,279	9,318

**Aging of Reported Claims in Open Status:**

<b>Number of Days Open</b>	<b># of Claims</b>	<b>Percentage</b>
0-29	163	17.9%
30-59	67	7.4%
60-89	44	4.8%
90-119	44	4.8%
>120	593	65.1%
Totals	911	100.0%

**Aging of Reported Claims in Closed Status (Paid Claims Only):**

<b>Number of Days Open</b>	<b># of Claims</b>	<b>Percentage</b>
0-29	726	18.8%
30-59	1,063	27.5%
60-89	581	15.0%
90-119	352	9.1%
>120	1,145	29.6%
Totals	3,867	100.0%

In reviewing the aged claims statistics, it is noted that there is a high number of claims that were closed more than 120 days after being opened. In many cases the claim was actually closed at some point during the counting period but it was necessary to reopen it for additional processing. Such additional work might be the result of additional claims made or, in some cases, the result of handling a trailing expense payment. Thus, the period of time counted for aged claim reporting may have included one or more time periods, during which the claim was actually considered closed.

**Claim Payments:**

<b>7/1/09 - 6/30/10</b>	<b>7/1/10 - 6/30/11</b>	<b>TOTALS</b>
2,605	1,553	4,158
\$30,737,461	\$16,317,674	\$47,055,135

**Claims**

**CWP/Denied:**

<b>7/1/09 - 6/30/10</b>	<b>7/1/10 - 6/30/11</b>	<b>TOTALS</b>
2,220	2,320	4,540

**SINKHOLE CLAIMS REVIEW:**

**Sinkhole Claims Reported:**

<b>7/1/09 - 6/30/10</b>	<b>7/1/10 - 6/30/11</b>	<b>Totals</b>
231	272	503

**Aging of Reported Claims in Open Status:**

<b>Number of Days Open</b>	<b># of Claims</b>	<b>Percentage</b>
0-29	13	5.2%
30-59	32	12.7%
60-89	35	13.9%
90-119	17	6.8%
>120	154	61.4%
Totals	251	100.0%

**Aging of Reported Claims in Closed Status (Paid Claims Only):**

<b>Number of Days Open</b>	<b># of Claims</b>	<b>Percentage</b>
0-29	1	1.1%
30-59	0	0.0%
60-89	0	0.0%
90-119	1	1.1%
>120	87	97.8%
Totals	89	100.0%

**Sinkhole Claims Payments:**

7/1/09 - 6/30/10	7/1/10 - 6/30/11	TOTALS
104	32	136
9,679,665	1,278,389	10,958,054

**Sinkhole Claims CWP/Denied:**

7/1/09 - 6/30/10	7/1/10 - 6/30/11	TOTALS
86	77	163

**Top Six (6) Counties with Sinkhole Claims**

County	# of Claims	Percentage
Hillsborough	354	70.4%
Pinellas	89	17.7%
Broward	13	2.6%
Miami-Dade	12	2.4%
Polk	4	0.8%
Volusia	4	0.8%
All Other	27	5.4%
Totals	503	100.0%

The following table shows the top 5 types of all claims filed by year:

Claim Type	7/1/09 to 6/30/10	7/1/10 to 6/30/11	% Change
Water – Plumbing Leak	1,992	1,615	-18.93%
Water – Roof Leak	737	566	-23.20%
Theft - Burglary	644	567	-11.96%
Sinkhole	231	272	17.75%
Fire	173	131	-24.28%

The following table shows the top 5 types of all claims that were denied or closed without payment:

<b>Claim Type</b>	<b>7/1/09 to 6/30/10</b>	<b>7/1/10 to 6/30/11</b>	<b>% Change</b>
Water – Plumbing Leak	664	800	20.48%
Water – Roof Leak	432	390	-9.72%
Theft - Burglary	291	289	-0.06%
Sinkhole	86	77	-10.47%
Fire	19	20	5.26%

**Findings:**

One hundred sixteen (116) randomly selected claims were reviewed. In addition, after the initial sample was made it was noted that only 4 of these claims were sinkhole claims, therefore, 6 additional sinkhole claims were randomly selected for review for a total of 122 claims. There were no errors to report.

**COMPLAINT HANDLING REVIEW**

The Company maintains a log of complaints received from the Division of Financial Services (DFS) and direct complaints from insureds. There are two individuals in the company that are responsible for the handling of the complaints, the Chief Legal Officer and the Customer Service Manager. The Chief Legal Officer handles complaints that relate to claims and the Customer Service Manager handles complaints that relate to all other issues (policy rate increases, policy termination, etc).

The review focused on record keeping, timeliness and appropriate response to the appropriate party.

The following table shows the number of DFS complaints received by the Company during the scope of the examination:

<b>Year</b>	<b>Number of Complaints</b>
7/1/09 to 6/30/10	240
7/1/10 to 6/30/11	300

## **Findings:**

The Company maintained complete record of all complaints it received during the scope of the examination. The Company's complaint register contained 740 complaints that included 12 complaints directly received from consumers. It was also noted that the Company's register contained complaints filed against Edison Insurance Company.

One hundred one (101) randomly selected Department of Financial Services (DFS) complaints and the total population of 12 directly received complaints were reviewed for a total sample of 113. A total of 9 violations were found.

The violations are broken down as follows:

1. **In 6 instances the Company failed to timely respond to DFS Complaint. This is a violation of Section 20.121(2)2., Florida Statutes.** Responses to DFS were not made within the required timeframe.

**Corrective Action:** The Company should establish procedures to ensure complaints are answered in a timely manner.

**Company Response:** The Company has implemented additional controls to ensure complaints are responded to in a timely fashion and has designated a centralized person to review the complaint log to make sure all complaints are responded to within the 21 day statutory guideline.

2. **In 1 instance the Company failed to provide timely notice of renewal premium. This is a violation of Section 627.4133(2)(a), Florida Statutes.** The Company failed to provide a renewal offer 45 days prior to the effective date of the policy. After discovering the issue, the Company appropriately extended the prior policy rate for 45 days to allow the insured time to accept or reject renewal premium offer.

**Corrective Action:** The Company should establish procedures to ensure renewal premium notices are sent timely.

**Company Response:** The Company acknowledges the auditor's finding. The policy was missed in the system conversion process to the new policy administration system due to a system error that occurred in May 2009. Error was identified and policy subsequently issued. The insured was provided 45-days to pay the policy premium before the policy cancelled for non-payment. Once the issue was identified, FPI implemented new procedures in 2009 to identify late entered policies and to ensure renewal premium notices are sent timely.

3. **In 1 instance the Company failed to return premium timely. This is a violation of Rule 690-167.001, Florida Administrative Code.** Insured sold property on 5/11/2010 and requested that the agent cancel the policy on 7/15/2010. The Company states that it received the request on 9/24/2010 and a second request on 12/14/2010. The Company stated it could not honor the request because it received the request four months later. The examiner confirmed that the cancellation was processed on 2/8/2011; however, this is almost two months after the Company's receipt of the proper documentation on 12/14/2010.

**Corrective Action:** The Company should establish procedures to ensure unearned premium refunds are sent timely to the insureds.

**Company Response:** The initial cancellation request received on 9/24/2010 was not honored because it was received more than 60 days from the requested cancellation date and because the policy had already expired on 7/17/2010. FPI also noted the insured did not date the request. The second cancellation request was received on 12/14/2010. The request was not honored for the same reasons as the initial request. While this request was dated by the insured as of 7/15/2010, FPI noted in its response to the DFS that the date appeared questionable. The insured stated in the DFS complaint the request was sent to the agent on 6/10/2010, however the policy release was dated 7/15/2010. The insured complained to DFS, and FPI maintained its position in their response of not allowing backdate of the cancellation. However, through discussions with DFS on 2/8/2011 FPI agreed to make an exception. FPI agreed to backdate the cancellation in the spirit of customer service. The cancellation was processed on 2/8/2011, and the refund was issued on 2/24/2011 in the amount of \$70.63.

4. **In 1 instance the Company failed to provide a valid reason for denial, cancellation or nonrenewal. This is a violation of Section 627.4091, Florida Statutes.** The Company's reason for non-renewal is not valid. The Company non-renewed this policy due to "no pride of ownership", however, this information was based on an incorrect inspection report. The inspection report included in the file was not for the insured's property. The Company stated that the inspection company inadvertently inspected the wrong address. The nonrenewal was issued on 12/14/2010 based on the wrong inspection. The nonrenewal was rescinded 3 days later.

**Corrective Action:** The Company should establish procedures to ensure a valid reason is provided to its insureds for cancellations or nonrenewals.

**Company Response:** The Company acknowledges the nonrenewal notice was in error due to an inspection error. FPI identified the error 3 days after the nonrenewal was issued and promptly rescinded the nonrenewal. FPI will implement new inspection review procedures to make sure the property address agrees to the address inspected.

## CANCELLATIONS/NONRENEWALS REVIEW

The Company cancelled/nonrenewed 67,927 policies during the scope of the examination.

The examination testing procedure included:

- Reviewing randomly selected files to determine timely delivery of cancellations/nonrenewal notices, if specific reasons for termination were provided, issuance of timely refunds, compliance with FPI's rule and rate filings, Florida Statutes, and its Plan of Operation.

The following table shows a breakdown of the lists that were provided by the Company:

<b>Termination Type</b>	<b>7/1/09 - 6/30/10</b>	<b>7/1/10 - 6/30/11</b>
Cancelled by Company	7,459	3,913
Cancelled by Insured	6,610	7,219
Non-Renewed by Company	12,769	7,753
Non-Renewed by Insured	10,230	11,974
Totals	37,068	30,859

### Findings:

There were a total of 50 cancelled/nonrenewed policies randomly selected for review. There were 3 violations found.

The violations are broken down as follows:

1. **In 3 instances the Company failed to provide a specific reason for denial, cancellation or nonrenewal. This is a violation of Section 627.4091, Florida Statutes.** The reasons given were not specific enough to comply with the statute and OIR Informational Bulletin 95-1. The bulletin requires that Companies shall state the "specific" underwriting concern and/or dates and kind of losses leading to the denial, cancellation or nonrenewal of an insurance contract.

**Corrective Action:** The Company should establish procedures to ensure specific reasons are provided to the insured as required.

**Company Response:** The Company's system is equipped to permit employees to select several different reasons for nonrenewal covering many types of situations for cancellation/nonrenewal. Only enumerated items can be selected and the Company's system does not allow a reason to be drafted by employees. Allowing only the enumerated items to be selected ensures consistency and confirms that the specific reason for cancellation/nonrenewal is provided. Two policies were cancelled for the following reason: "The home/dwelling includes hazardous features which are unacceptable to

Florida Peninsula Insurance." In both these cases, the homes had numerous hazardous features, such as boarded up or broken windows and dangerous debris in the yard. In all cases, the agents are provided with copies of the inspection for further documentation of the hazardous features. Accordingly, the reasons provided to the insureds were specific enough to put them on notice that their policies were cancelled because their homes contained hazardous features. In addition, the insured can always contact the Company or the agent for more information.

The third policy was non-renewed for the following reason: "Failure to comply with underwriting requirements." This reason is selected when FPI is unable to inspect a risk. Prior to non-renewing the policy, the inspection company and the Company contacted the insured and agent regarding their attempt to inspect the risk. Therefore the insured was notified of the Company's attempt to inspect the property in order to complete underwriting the renewal policy. In addition, the insured can always contact the Company or the agent for more information.

**OIR Response:** The Company did not provide the specific underwriting concern. On the first two cases, the Company should have included the specific hazardous features in the notice. On the third case the Company should have stated that the insured did not cooperate for an inspection.

### **EXAMINATION FINAL REPORT SUBMISSION**

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