

2000 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION

OF

GREAT AMERICAN ASSURANCE COMPANY  
(f/k/a AGRICULTURAL INSURANCE COMPANY )  
(AMERICAN FINANCIAL CORPORATION)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

FILED DATE: 7/5/01

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## I. INTRODUCTION

Agricultural Insurance Company is a foreign property and casualty insurer licensed to conduct business in the State of Florida during the scope of this examination, January 1998 through June 2000. The examination began September 6, 2000 and ended September 23, 2000. The last examination of this insurer by the Florida Department of Insurance was completed in 1998.

The purpose of this target examination was to determine whether the Company utilizes adjusters which are licensed and appointed in accordance with Florida Statutes and Rules.

During this examination, records reviewed included claims for the period of January 1998 through June 2000, 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, 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. CLAIMS REVIEW

One hundred (100) claims were examined.

Twenty-nine (29) errors were found.

None of the errors affected payments.

The Company's internal claims handling procedures and reserving practices are described in Exhibit I.

The errors are broken down as follows:

- 1 Sixteen (16) errors were due to use of unlicensed nonresident adjusters. This error occurred in the 1991 Examination, Page 60 (Exhibit II). This constitutes a violation of Section 626.873, Florida Statutes.
2. Twelve (12) errors were due to use of unappointed adjusters. All of these individuals were licensed but not appointed with Agricultural Insurance Company. Eight (8) of the errors were for adjusters who had appointments with Great American Insurance Company, one (1) error was for an adjuster who had an appointment with American National Insurance Company and three (3) errors were for an adjuster who had not been appointed with any company. This error occurred in the 1991 Examination, Page 60 (Exhibit II). The Company has recently implemented new procedures and centralized the adjuster licensing process in an effort to comply with the Florida Insurance Code. (Exhibit III). This constitutes a violation of Section 626.112, Florida Statutes.

3. One (1) error was due to failure to properly forward the automobile title to the Department of Highway Safety and Motor Vehicles following payment of a total loss of a vehicle. This constitutes a violation of Section 319.30, Florida Statutes.

X. EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
CLAIMS HANDLING PROCEDURES	I
1998 PROPERTY AND CASUALTY MARKET CONDUCT EXAMINATION REPORT, PAGE 19	II
LETTER DATED SEPTEMBER 23, 2000 REGARDING ADJUSTER LICENSING	III