

2000 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION

OF

MIC GENERAL INSURANCE CORPORATION
(GMAC INSURANCE GROUP)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

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I. INTRODUCTION

MIC General Insurance Corporation is a foreign property and casualty insurer licensed to conduct business in the State of Florida during the scope of this examination, January 1996 through December 1998. The examination began on July 17, 2000 and ended on August 26, 2000. The last examination of this insurer by the Florida Department of Insurance was completed in 1995.

The purpose of this examination was to verify compliance with Florida Statutes and Rules specifically addressing exceptions noted in the 1995 examination.

The examination conducted in 1995 uncovered the following violations: Private passenger automobile, the Company failed to show form numbers and edition dates on the declarations page of the policy; Homeowners, policies were incorrectly rated; Cancellations, the Company cancelled policies improperly; Claims, the Company used non-resident adjusters which were not licensed, failed to attach the fraud statement to forms, and incorrectly applied a deductible when one should not have been applied.

During this examination, records reviewed included policies, cancellations/nonrenewals, agent/MGA licensing, claims and consumer complaints for the period of January 1996 through December 1998, 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. Exam Findings

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. COMPANY OPERATIONS/MANAGEMENT

A. PROFILE

MIC General Insurance Corporation is a member of the GMAC Insurance Holdings, Inc. group of insurance companies. The Company was formed in 1980 to offer vehicle and home insurance to employees of General Motors and its affiliated companies. That remains the Company's principal business. Other companies within the GMAC Insurance Group are:

Motors Insurance Corporation.
CIM Insurance Corporation
Integon Casualty Insurance Company
Integon General Insurance Corporation
Integon Indemnity Corporation
Integon National Insurance Company
Integon Preferred Insurance Company
Integon Specialty Insurance Company
MIC Property and Casualty Insurance Company
National General Assurance Company
National General Insurance Company
New South Insurance Company

The Company markets its insurance products and provides service directly to customers using the direct response distribution channel. The Company provides claim service to its customers through a countrywide network of regional and local claims offices staffed by company employees licensed as claims adjusters. The Company's Florida claims are adjusted principally from its Florida offices in Altamonte Springs, Clearwater, Fort Lauderdale, Pensacola, Sarasota, Tampa, and West Palm Beach, which are managed by the Company's regional claims

office in Jacksonville, Florida . The Company's home office is in St. Louis, Missouri.

B. MANAGEMENT

The Company has a disaster recovery plan in place with three employees on the disaster recovery team. The Company has filed an anti-fraud plan with the Florida Department of Insurance. The Company is subjected to a comprehensive internal audit of its operations annually by the GMAC internal audit staff and to an annual independent audit by Deloitte & Touche.

C. OPERATIONS

The Company insures General Motors employees, retirees and their families throughout the State of Florida for private passenger automobile and homeowners insurance.

IV. REVIEW OF POLICIES

A. PRIVATE PASSENGER AUTOMOBILE

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings

MIC General Insurance Corporation is a member of Insurance Services Office (ISO) and as such ISO is authorized to file rules/rates on the Company's behalf in accordance with Section 627.0651, Florida Statutes. In addition, the Company does make some independent filings

b. Form Filings

MIC General Insurance Corporation is a member of Insurance Services Office (ISO) and as such ISO is authorized to file forms on the Company's behalf in accordance with Section 627.410, Florida Statutes.

c. Statistical Affiliation

Insurance Services Office acts as the Company's official statistical agent.

2. Premium and Policy Counts

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>
1996	\$6,993,875	8,546
1997	\$7,553,737	8,446
1998	\$7,924,726	8,336

3. Exam Findings

Thirty (30) policy files were examined.

No errors were found.

B. HOMEOWNERS

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings

MIC General Insurance Corporation is a member of Insurance Services Office (ISO) and as such ISO is authorized to file rules/rates on the Company's behalf in accordance with Section 627.062, Florida Statutes. In addition, the Company does make some independent filings.

b. Form Filings

MIC General Insurance Corporation is a member of Insurance Services Office (ISO) and as such ISO is authorized to file forms on the Company's behalf in accordance with Section 627.410, Florida Statutes.

c. Statistical Affiliation

Insurance Services Office acts as the Company's official statistical agent.

2. Premium and Policy Counts

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>
1996	\$1,340,438	2,924
1997	\$1,335,898	2,773
1998	\$1,354,520	2,663

3. Exam Findings

Fifty (50) policy files were examined.

No errors were found.

V. AGENTS/MGA REVIEW

Twenty (20) applications/policies written during the scope of examination were examined.

Three (3) errors were found.

None of the errors affected policy fees.

The errors are broken down as follows:

1. Three (3) errors were due to use of unlicensed agents. This constitutes a violation of Section 626.112, Florida Statutes.

VI. CANCELLATIONS/NONRENEWALS REVIEW

Thirty (30) cancelled/nonrenewed policies were examined.

No errors were found.

VII. CLAIMS REVIEW

Fifty (50) claims were examined.

Two (2) errors were found.

One (1) error resulted in an overpayment totaling \$236.00.

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

The errors are broken down as follows:

1. One (1) error was due to failure to properly adjust the claim. This error resulted in an overpayment totaling \$236.00. This constitutes a violation of Section 626.877, Florida Statutes.
2. One (1) error was due to failure to maintain records. Information used to determine the amount of claim payment was missing. This included verification that prior damage to the vehicle existed and documentation of the payment for a rental vehicle. This constitutes a violation of Section 627.318, Florida Statutes.

VIII. COMPLAINTS REVIEW

A complete record of all the complaints received by the Company since the date of the last examination has been maintained as is required by Section 626.9541(1)(j), Florida Statutes. Procedures for handling these complaints have been established by the Company. Complaint handling procedures are described in Exhibit II.

Consumer complaints received during the scope of examination were reviewed, and findings are as follows:

	<u>CONSUMER</u>	<u>COMPLAINT</u>	<u>VIOLATION</u>
1.	Holt	Unknown	627.318
2.	Houghtaling	Salvage	626.877
3.	Uroda	Claim denial	None
4.	Crawford	Claim not paid	None
5.	Rood	Rate increase	None
6.	Lacy	Request for info	None
7.	Luke	Rate increase	None

IX. EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
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CLAIMS PROCEDURES	I
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COMPLAINTS PROCEDURES	II
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