

2000 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION

OF

NEW AMERICA INSURANCE COMPANY

BY

THE FLORIDA DEPARTMENT OF INSURANCE

FILED DATE: 6/21/01

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I. INTRODUCTION

New America Insurance Company is a domestic property and casualty insurer licensed to conduct business in the State of Florida during the scope of this examination, February 1999 to August 2000. The examination began August 7, 2000 and ended August 18, 2000. This is the first P&C Market Conduct examination of this insurer by the Florida Department of Insurance.

The purpose of this target examination was to review Company operations for determining the effectiveness of processing FRPCJUA takeout policies and policies issued through independent agents.

During this examination, records reviewed included policies and claims for the period of February 1, 1999 through July 31, 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, 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. REVIEW OF POLICIES

A. HOMEOWNERS

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings

New America Insurance Company 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

New America Insurance Company 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. In addition, the Company does make some independent filings.

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>
2000	\$4,477,218	5,622*

*as of April 30, 2000

3. Exam Findings

Twenty (20) policy files were examined.

Two (2) errors were found.

None of the errors affected premium.

The errors are broken down as follows:

1. Two (2) errors were due to failure to follow requirements of Lawful Order (consent order) Case No. 27271-98-C. This constitutes a violation of Section 624.418, Florida Statutes. The policy jacket and declaration page show policy forms NAIC 1-99 and NAIC-1(1/99) in violation of the consent order which states, "Applicant shall at no time abbreviate its name to, "N.A.I.C." EXHIBITS I, and II and III.

IV. CLAIMS REVIEW

Ten (10) claims were examined.

One (1) error was found.

The errors are broken down as follows:

- 1 One (1) error was due to failure to deny the claim in writing. This constitutes a violation of Rule 4-166.026, Florida Administrative Code.

V. EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
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DOCUMENTATION regarding violation of Section 624.418	I, II and III
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