

2000 PROPERTY AND CASUALTY MARKET CONDUCT EXAMINATION

OF

NATIONWIDE GENERAL INSURANCE COMPANY  
(NATIONWIDE INSURANCE ENTERPRISE)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

FILED DATE: 8/14/01

## 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.    PRIVATE PASSENGER AUTOMOBILE	3
IV.	AGENTS/MGA REVIEW	5
V.	CANCELLATIONS/NONRENEWALS REVIEW	6
VI.	CLAIMS REVIEW	7
VII.	COMPLAINTS REVIEW	8
VIII.	EXHIBITS	9

## I. INTRODUCTION

Nationwide General Insurance Company is a property and casualty insurer licensed to conduct business in the State of Florida during the scope of this examination, January 1996 through December 1998. This examination began November 7, 1999 and ended July 9, 2000. The last examination of this insurer by the Florida Department of Insurance was completed in 1995.

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.

As a result of the findings of this examination, \$64.00 was returned to Florida consumers due to overcharges of premium, underpayments of claims and/or inappropriately charged fees.

## II. PRE-EXAM REVIEW OF COMPANY 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

#### A. PRIVATE PASSENGER AUTOMOBILE

##### 1. Application of Rules, Rates and Forms

###### a. Rate/Rule Filings

Nationwide General Insurance Company independently files rules/rates in accordance with Section 627.0651, Florida Statutes. It should be noted that this program is filed for employees/members only. The filing states these are preferred rates.

###### b. Form Filings

Nationwide General 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>
1996	\$4,693,055	4,568
1997	\$5,478,370	4,875
1998	\$6,835,000	5,126

3. Exam Findings

Fifty (50) policy files were examined.

Five (5) errors were found.

The errors affecting premium resulted in three (3) overcharges totaling \$64.00.

The errors are broken down as follows:

1. Three (3) errors were due to failure to allow safety device credits. These errors resulted in overcharges totaling \$64.00, which have been refunded by the Company. This constitutes a violation of Section 627.0653, Florida Statutes.
2. Two (2) errors were due to failure to obtain signed Uninsured Motorist rejection forms. This constitutes a violation of Section 627.727, Florida Statutes.

IV. AGENTS/MGA REVIEW

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

No errors were found.

V. CANCELLATIONS/NONRENEWALS REVIEW

Fifty (50) cancelled/nonrenewed policies were examined.

Eighty (80) errors were found.

The errors are broken down as follows:

1. Fifty (50) errors were due to failure to obtain proof of mailing. This constitutes a violation of Rule 4-167.010, Florida Administrative Code.
2. Thirty (30) errors were due to failure to maintain notice of cancellation or nonrenewal. This constitutes a violation of Section 627.318, Florida Statutes.

VI. CLAIMS REVIEW

Twenty-five (25) claims were examined.

No errors were found.

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

VII. 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.

VIII. EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
CLAIMS HANDLING PROCEDURES	I
COMPLAINT HANDLING PROCEDURES	II