

2000 PROPERTY AND CASUALTY MARKET CONDUCT EXAMINATION

OF

NATIONWIDE PROPERTY AND CASUALTY INSURANCE COMPANY
(NATIONWIDE INSURANCE ENTERPRISE)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

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TABLE OF CONTENTS

<u>PART NUMBER</u>	<u>SUBJECT</u>	<u>PAGE NUMBER</u>
I.	INTRODUCTION	1
II.	PRE-EXAM REVIEW OF COMPANY WRITINGS	
III.	REVIEW OF POLICIES	
A.	PRIVATE PASSENGER AUTOMOBILE	3
B.	COMMERCIAL AUTOMOBILE	5
C.	COMMERCIAL PACKAGES	8
IV.	AGENTS / MGA REVIEW	10
V.	CANCELLATIONS / NONRENEWALS REVIEW	11
VI.	CLAIMS REVIEW	12
VII.	COMPLAINTS REVIEW	13
VIII.	EXHIBITS	14

I. INTRODUCTION

Nationwide Property and Casualty Insurance Company is an insurer licensed to conduct business in the State of Florida during the scope of this examination, January 1996 through December 1998. This examination began May 21, 2000 and ended July 8, 2000. The last examination of this insurer by the Florida Department of Insurance was 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, \$39.40 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 Property and Casualty Insurance Company independently files rules/rates in accordance with Section 627.0651, Florida Statutes.

b. Form Filings

Nationwide Property and Casualty Insurance Company independently files forms 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	\$5,106,668	12,126
1997	\$5,361,888	15,741
1998	\$6,358,416	16,958

3. Exam Findings

Fifty (50) policy files were examined.

Four (4) errors were found.

Errors affecting premium resulted in three (3) overcharges totaling \$39.40.

The errors are broken down as follows:

1. One (1) error was due to Uninsured Motorist limits being provided that were different than what the insured requested. This constitutes a violation of Section 627.727, Florida Statutes.
2. Three (3) errors were due to failure to allow the safety device credit as required. Three (3) errors resulted in overcharges totaling \$39.40, which have been refunded by the Company. This constitutes a violation of Section 627.0653, Florida Statutes.

B. COMMERCIAL AUTOMOBILE

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings

Nationwide Property and Casualty Insurance Company is a member of Insurance Service Offices (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

Nationwide Property and Casualty Insurance Company is a member of Insurance Services Offices (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	\$6,105,951	17,148
1997	\$4,645,387	11,706
1998	\$3,726,704	8,661

3. Exam Findings

Thirty (30) policy files were examined.

Eleven (11) errors were found.

Errors affecting premium resulted in two (2) undercharges totaling \$474.00.

The errors are broken down as follows:

1. One (1) error was due to failure to maintain documentation (application) as required. This constitutes a violation of Section 627.318, Florida Statutes.
2. Five (5) errors were due to failure to provide signed Uninsured Motorist election/rejection forms. This constitutes a violation of Section 627.727, Florida Statutes.
3. Two (2) errors were due to use of incorrect territory. These errors resulted in undercharges of \$474.00. This constitutes a violation of Section 627.062, Florida Statutes.

4. Two (2) errors were due to incorrect classifications for private passenger type vehicles. This constitutes a violation of Section 627.062, Florida Statutes.
5. One (1) error was due to the policy being rated with the non-fleet classification when it should have been rated as fleet. This constitutes a violation of Section 627.062, Florida Statutes.

C. COMMERCIAL PACKAGES

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings

Nationwide Property and Casualty 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

Nationwide Property and Casualty 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	\$17,667,623	3,777
1997	\$13,790,291	2,744
1998	\$12,141,212	2,402

3. Exam Findings

Fifty (50) policy files were examined.

One (1) error was found.

The error did not affect premium.

The error is described as follows:

1. One (1) error was due to failure to follow the filed underwriting guidelines. The risk was not eligible to be written in this line. This constitutes a violation of Section 627.062, Florida Statutes.

IV. AGENTS/MGA REVIEW

Thirty (30) 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.

Three (3) errors were found.

None of the errors affected premium calculations.

The errors are broken down as follows:

1. Two (2) errors were due to failure to give timely notice of cancellation. This constitutes a violation of Section 627.7281, Florida Statutes.
2. One (1) error was due to failure to advise the insured of notification to the Department of Highway Safety and Motor Vehicles of cancellation or nonrenewal. This constitutes a violation of Section 627.736, Florida Statutes.

VI. CLAIMS REVIEW

Forty (40) claims were examined.

No errors were found.

The Company's internal claims 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>
CLAIM HANDLING PROCEDURES	I
COMPLAINT PROCEDURES	II