

**FLORIDA DEPARTMENT
OF
FINANCIAL SERVICES**

**OFFICE OF INSURANCE REGULATION
BUREAU OF MARKET INVESTIGATIONS**

TARGET MARKET CONDUCT EXAMINATION REPORT

OF

NEW HAMPSHIRE INDEMNITY COMPANY, INC.

AS OF

JUNE 15, 2004

**NAIC COMPANY CODE: 23833
NAIC GROUP: 0012**

EXAMINER:

**WILLIAM A. DOW, III, AIE, FLMI
File Date: 07/08/2004**

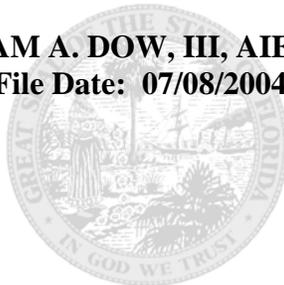


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PURPOSE AND SCOPE OF EXAMINATION

Under authorization of the Florida Department of Financial Services, Office of Insurance Regulation, Bureau of Market Investigations, pursuant to Section 624.3161, Florida Statutes, a target market conduct examination of New Hampshire Indemnity Company, Inc., (Company) was performed by William A. Dow, III, AIE, FLMI, an independent contractor. The scope of this examination was November 19, 2003 through June 15, 2004. The examination began May 17, 2004 and ended June 15, 2004. The last market conduct examination of this insurer by the Florida Office of Insurance Regulation (OIR) was concluded in 1997.

The purpose of this examination was to verify proper application, by the Company, of anti-theft discounts and credit scores to policies as dictated in its private passenger automobile rate filing effective November 19, 2003.

In reviewing materials for this report, the examiner relied primarily on records maintained by the Company. The examination included a review of private passenger automobile policy files. The policy files examined were selected systematically from data files provided by the Company using Microsoft Excel's "random sample" selection process. The examination report is a report by exception. As a result, policy files or material reviewed containing no improprieties by the Company have been omitted from the examination report. Procedures and conduct of the examination were in accordance with the Market Conduct Examiner's Handbook produced by the National Association of Insurance Commissioners.

Error tolerance levels applied are as follows: monetary returns under \$5.00 were waived; zero tolerance levels were applied to all improprieties by the Company which were in violation of Florida Statutes and Rules.

REVIEW OF POLICIES

PRIVATE PASSENGER AUTOMOBILE

The current examination encompassed the rating of randomly selected private passenger automobile policies.

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>In-Force Policy Count</u>
2003	\$16,472	13
2004	\$ 2,083,279	2,135

The premiums and in-force policy counts for 2003 reflect only the policies written from November 19, 2003 through December 31, 2003. The premiums and in-force policy counts for 2004 reflect only the policies written from January 1, 2004 through April 30, 2004.

PART A – POLICY REVIEW (ANTI-THEFT DISCOUNTS)

Sample Review Findings

Thirty-five (35) policies containing vehicles with anti-theft devices were rated to determine that discounts were properly applied by the Company.

No errors were found.

Fifteen (15) policies providing comprehensive coverage were reviewed to determine if any of the vehicles had anti-theft devices. Six (6) of the fifteen (15) policies reviewed did cover vehicles with anti-theft devices, and these policies were rated to determine if the correct discounts had been applied.

No errors were found.

PART B – POLICY REVIEW (CREDIT SCORES)

Seventy (70) policies indicating no hit/no score credit scores were rated to determine if the Company had rated the risk in accordance with its rate filing.

No errors were found.

Thirty (30) policies with rating tiers “M” or “R” were rated to verify that the Company had applied the correct tier in accordance with its rate filing.

No errors were found.

EXAMINATION REPORT SUBMISSION

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged.

The undersigned examiner conducted the examination and prepared the draft report.

Respectfully submitted,

William A. Dow, III, AIE, FLMI
Independent Market Conduct Examiner