

**2002 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION**

**OF**

**PEAK PROPERTY AND CASUALTY INSURANCE CORPORATION  
(ROYAL & SUNALLIANCE USA, INC)**

**BY**

**THE FLORIDA OFFICE OF INSURANCE REGULATION**

**FILED DATE: 11/14/03**



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## **EXECUTIVE SUMMARY**

Peak Property and Casualty Insurance Corporation (Company) is a foreign property and casualty insurer licensed to conduct business in the State of Florida during the scope of this property and casualty market conduct examination. The scope of this examination was January 2001 through July 2002. The examination began September 8, 2002 and ended December 21, 2002. The last property and casualty market conduct examination of this insurer by the Office of Insurance Regulation of the Financial Services Commission within the Department of Financial Services, formerly known as Florida Department of Insurance, concluded in January 1995.

The purpose of this examination was to review the issues behind the volume of consumer complaints received by the Department of Financial Services, Consumer Services Division. From a review of the consumer complaints filed against the Company, the Office of Insurance Regulation (Office) focused on rating issues and claim delays.

A total of three hundred eighty (380) files were examined for this Company with seventy-one (71) errors. The following represents general findings; however, specific details are found in each section of the report.

### **Files Reviewed -- 380**

- One hundred (100) private passenger automobile files
- One hundred (100) cancellations and nonrenewals
- One hundred twelve (112) claim files
- Sixty-eight (68) complaint files

### **Findings**

- Company Processes / Statistical Affiliations – one (1) error
  - failure to file anti-fraud plan with DFS
- Private Passenger Automobile – thirty-three (33) errors
  - failure to appoint MGA
  - failure to file underwriting guidelines
  - failure to comply with PIP requirements
  - failure to maintain complete records (applications and/or dec pages)
- Cancellations/Nonrenewals – thirty-two (32) errors
  - failure to give timely notices of renewal premium
  - failure to provide notice of dishonored checks and allow payment prior to Ab Initio cancellation
  - failure to provide timely notice of cancellation
  - failure to comply with additional premium requirements
- Complaints – three (3) errors
  - failure to properly adjust claim
  - failure to pay loss wages timely/interest
- Claims – two (2) errors
- failure to maintain records

### **Corrective Actions**

- Appoint MGA and pay appointment fee
- File underwriting guidelines
- File Anti-Fraud Plan with DFS

The Company was requested to complete all corrective actions within 90 days of receipt of the examination report, with written documentation to the Office that the corrective action has been taken.

## **CERTIFICATE OF AUTHORITY – AUTHORIZED LINES**

### **GENERAL COMMENTS**

The Certificate of Authority and Renewal Invoices were reviewed for all years within the scope of the examination.

### **EXAM FINDINGS**

The review included verification of the lines of business the Company was authorized to write during the scope of the examination versus those lines actually being written. It also included verification that notification requirements were met for any lines of business that were discontinued.

No errors were found.

## COMPANY OPERATIONS/MANAGEMENT

### HISTORY/MANAGEMENT

Peak Property and Casualty Insurance Corporation (Peak) was incorporated on August 16, 1985, under the laws of North Carolina as General Electric Residential Mortgage Reinsurance Corporation and began business on August 29, 1985. On July 10, 1991, the name was changed to Peak Property & Casualty Insurance Corporation. Concurrent with the change in ownership, the Company was redomesticated to Colorado on November 10, 1991.

The Company had been wholly-owned, since its inception, by General Electric Capital Mortgage Corporation (GECMC), an insurance holding company which was ultimately owned by General Electric Company. On November 16, 1993, Guaranty National Insurance Company acquired all the issued and outstanding common stock of Peak from GECMC. Guaranty National Insurance Company was directly owned by Guaranty National Corporation, a holding company that primarily operates in the specialty property and casualty insurance business. Guaranty National Corporation, on August 22, 1984, sold 5.25 million shares of its convertible preferred stock to Orion Capital Corporation, a New York based holding company, giving it approximately 55% voting control of Guaranty National Corporation and its subsidiaries. On November 1, 1988, Orion Capital Corporation purchased all remaining shares, resulting in 100% ownership. On November 16, 1999, Peak Property & Casualty Insurance Corporation was purchased by Royal & SunAlliance USA, Inc., as part of the Orion Capital Corporation acquisition.

At the time of this acquisition, Marty Becker was CEO and president of Orion Capital Corporation. Mr. Becker took on varying management roles after the acquisition and Terry Broderick, who was CEO and President of Royal & SunAlliance USA, continued in this role for the entire corporation. As of July 1, 2002, Steve Mulready assumed the position of CEO and President after Terry Broderick's retirement. The Royal & SunAlliance USA corporate offices are located at 9300 Arrowpoint Boulevard, Charlotte, NC, 28273.

Corporate Officers of the Company are Stephen M. Mulready, Chairman; Joseph F. Fisher, Director; Ernest C. Frohboese, Director; Vincent N. Pugliese, Director; Daniel A. Reppert, Director; John Tighe, Director; Joyce W. Wheeler, Director; Stephen M. Mulready, President and Chief Executive Officer; Joseph F. Fisher, Senior Vice President and Chief Financial Officer; Ernest C. Frohboese, Senior Vice President and Chief Investment Officer; Vincent N. Pugliese, Senior Vice President; Daniel A. Reppert, Senior Vice President; John Tighe, Senior Vice President; Joyce W. Wheeler, Senior Vice President, Chief Corporate Officer and General Counsel; James G. Williams III, Senior Vice President and Chief Information Officer; John W. Bartlett, Vice President; Sean A. Beatty, Vice President and Finance Officer; Peter J. Brown III, Vice President; Dennis W. Cahill, Vice President; Douglas M. Campbell, Vice President; James A. Dixon, Vice President; John T. Dummer, Vice President; Donn Eaton, Vice President; Gary R. Garcia, Vice President; John R. Glancy, Vice President; David K. Graham, Vice President and Chief Reinsurance Officer; Richard D. Harris, Vice President and Administration Officer; Andrew F. Jacobson, Vice President; Dan Keddie, Vice

President; Susan C. Kesselman, Vice President; Jeffrey M. Klein, Vice President; Kathryn L. Lappin, Vice President and Financial Information Systems Executive; E. G. Lassiter III, Vice President; Laura S. Lawrence, Vice President; John J. Limpert, Vice President and Chief Actuary; Gregory G. Locher, Vice President; Gregory J. Madson, Vice President; Elizabeth J. McLaughlin, Vice President; Thomas McMahon, Vice President; William T. Meisen, Vice President; Joseph J. Mistretta, Vice President; Joseph J. Monteleone, Vice President; Rick J. Morgan, Vice President; Ronald E. Murtlow, Vice President; James Nestheide, Vice President; David North, Vice President; Michael S. Oliver, Vice President; Marvin L. Quinn, Vice President; Jack Reddy, Vice President; Donald L. Rinkert, Vice President; Robert D. Schultz, Vice President; Dan C. Schuster, Vice President; Charles K. Schuver, Vice President; David D. Shumway, Vice President; Roy Vega, Vice President; Gregory M. Vezzosi, Vice President and Chief Underwriting Officer; Peter M. Vinci, Vice President and Controller; Stephen H. Ward, Vice President; Judy S. Spitzer, Corporate Secretary; Shelly J. Hengsteler, Assistant Treasurer; Linda Y. Pettigrew, Assistant Corporate Secretary; Gwyn Fuller, Treasurer; Susan Pachapa, Tax Officer.

Companies in the Royal & SunAlliance USA, Inc., are American and Foreign Insurance Company, Atlantic Indemnity Company, Atlantic Security Insurance Company, Carolina American Insurance Company, Connecticut Specialty Insurance Company, Design Professionals Insurance Company, EBI Indemnity Company, Employee Benefits Insurance Company, Financial Structures Insurance Company, Globe Indemnity Company, Grocers Insurance Company, Guaranty National Insurance Company, Guaranty National Insurance Company of Connecticut, Landmark American Insurance Company, Marine Indemnity Insurance Company of America, Orion Insurance Company, *Peak Property and Casualty Insurance Corporation*, Phoenix Assurance Company of New York, Royal Indemnity Company, Royal Insurance Company of America, Royal Lloyd's of Texas, Royal Surplus Lines Insurance Company, Royal & SunAlliance Personal Insurance Company, Safeguard Insurance Company, Security Insurance Company of Hartford, The Connecticut Indemnity Company, The Fire and Casualty Insurance Company of Connecticut, The Sea Insurance Company of America, Unisun Insurance Company, Viking County Mutual Insurance Company, and Viking Insurance Company of Wisconsin.

## **COMPANY PROCESSES/STATISTICAL AFFILIATIONS**

### **Computer System**

The computer environment is VSAM based and resides on the IBM OS390. The hardware, software and network is currently supported by Corporate Technology Services (CTS) and Affiliated Computer Services (ACS), data center outsourcer. ACS provides Data Center Operations, Technical Service Support and Disaster Recovery Services for the platform and network environments.

### **Anti-Fraud Plan**

The Company has developed an Anti-Fraud Plan but has not filed the Plan with the Florida Department of Financial Services, Division of Fraud, as required by Section 626.9891, Florida Statutes.

The Plan does meet the requirements by establishing a Special Investigation Unit.

The Company has been requested to file its Plan with the Florida Department of Financial Services, Fraud Division, and provide documentation to the Bureau of Market Conduct within 90 days of the receipt of the examination report.

### **Disaster Recovery Plan**

The Company has developed a Disaster Recovery Plan for use with Florida business. In the event of a countywide electronic data processing function outage, reliance is on Corporate Technology and its CTS Disaster Recovery Plan and Royal & SunAlliance Disaster Recovery Activation Procedures with Affiliated Computer Services.

In April 2002, it was confirmed there was a need for uniformed and unified Royal & SunAlliance worldwide business continuity planning. Management started to move forward with Strohl Systems' Living Disaster Recovery Planning System (LDRPS) for a single worldwide Royal & SunAlliance database. Completion of this database is expected in May 2003.

### **Internal Audit Procedures**

The Company has developed Internal Audit Procedures for use in reviewing Florida business.

The Corporate Audit Department is authorized by the Board of Directors through the Audit Committee to conduct a comprehensive program of internal auditing throughout the Company. In this effort, corporate auditors have full and unrestricted access to all company functions, records, property and personnel necessary for the performance of its work.

### **Privacy Plan**

The Company has developed a Plan to meet the requirements of Rule 4-128, Florida Administrative Code. The Company does not share information with affiliates or other entities and attaches a notice to each new and renewal policy.

### **Statistical Affiliations**

The Company independently files rules, rates and forms for the writing of private passenger automobile insurance.

### **Credit Reports**

The Company does not use Credit Reports or Credit Scores as an underwriting tool.

## **OPERATIONS/MARKETING**

### **Marketing**

Peak Property and Casualty Insurance Corporation writes six and twelve months non-standard private passenger automobile insurance policies and offers personal injury protection, property damage, comprehensive and collision coverages. The Company markets the program in all areas of Florida as the "Orion*Auto*" PIP/PD Program using independent agents.

### **Agents/Agencies/MGA/Exchange of Business/Direct Response/Internet/Adjusters and Claims Handling**

The Orion*Auto* General Agency is located at 9300 Arrowpoint Boulevard, Charlotte, NC. A Managing General Agent, 0-60 license was issued to Orion*Auto* July 12, 1999, however, Peak Property and Casualty Insurance Corporation has not appointed the agency as its managing general agent. Orion*Auto* has been acting as the Company's managing general agent since December 1999.

### **Lines of Business**

The Company writes only private passenger non-standard automobile insurance in the State of Florida.

## REVIEW OF POLICIES

### PRIVATE PASSENGER AUTOMOBILE

#### Description of Product/Lines of Business

The Peak Property and Casualty Insurance Corporation offers a non-standard private passenger automobile insurance program in the State of Florida. Coverages include personal injury protection, property damage, comprehensive and collision. The first policy was issued in December 1999. Rates and rules are independently filed and rating is based on age, gender and marital status. The initial rate filing was effective August 30, 1999. Territory definitions are defined by zip codes. The initial underwriting rules were filed to be effective August 30, 1999, and have been revised four times but not filed. Forms are independently filed with the initial filing effective July 26, 1999.

#### 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>
2001	\$5,780,045	12,222
2002	\$6,064,143	15,338

Note: 2002 figures are 1/1/02 – 7/31/02

#### Examination Findings

One hundred (100) policy files were examined.

Thirty-three (33) errors were found.

The errors are broken down as follows:

1. One (1) error was due to failure to appoint the managing general agent. This constitutes a violation of Section 626.7451, Florida Statutes. The Department of Financial Services website shows Orion Auto General Agency was issued a managing general agent license July 12, 1999, License Number A256407. The website also states that, "License held with no active appointment". The Company has been requested to appoint Orion Auto General Agency as its managing general agent, pay \$60.00 appointment fee and provide documentation to the Office, Bureau of Market Conduct, within 90 days after receipt of this examination. See Pending Issues Section.

2. Four (4) errors were due to failure to file underwriting guidelines. This constitutes a violation of Section 627.0651, Florida Statutes. These errors were due to the guidelines being revised four times without being filed. The Company has been requested to file its underwriting guidelines to comply with Florida Statutes, and specifically Section 627.7282, Florida Statutes.
3. Twenty-one (21) errors were due to failure to maintain complete underwriting files. This constitutes a violation of Section 627.318, Florida Statutes. These errors were due to the Company being unable to produce declaration pages or applications.
4. Seven (7) errors were due to failure to comply with personal injury protection (PIP) requirements. This constitutes a violation of Section 627.739, Florida Statutes.

## **CANCELLATIONS/NONRENEWALS REVIEW**

### **DESCRIPTION OF CANCELLATION/NONRENEWAL PROCEDURES**

From a review of the file sample, it appears that the Company uses an equity billing process. This process allows the Company to bill the insured thirty days in advance for their next installment. The insured is given ten days to pay or be cancelled for non-payment of premium at the end of thirty (30) days or however many days of paid premium remain. This process works for installment billing, but does not work for notices of renewal premium. This process prevents the insureds from receiving the required 30 days notice of renewal premium. The Company has agreed to change the wording/date in the notice to ensure compliance with the 30 days notice of renewal premium.

Also, from a review of the sample, it appears that the Company uses a self-cancelling notice for cancellations and nonrenewals. The normal mailing time is three days plus required notice of ten or forty-five days. The notices are dated with a print date rather than the date mailed. In most instances, the notices are mailed the next business day; however, in some instances, the notice is delayed in getting mailed. This prevents the insured from getting the advanced notice required by statutes. The only time return premium is generated is when the insured requests cancellation, the policy is cancelled flat or there is an ab initio cancellation. Both the insured and the agent receive a copy of the notice.

### **CANCELLATION REVIEW**

Eighty (80) cancelled policies were examined.

Twelve (12) errors were found.

The errors are broken down as follows:

1. Ten (10) errors were due to failure to provide notice of dishonored checks. This constitutes a violation of Section 627.728, Florida Statutes. These errors were due to failure of the Company to give the applicants a chance to provide payment on any dishonored checks prior to Ab Initio cancellation.
2. One (1) error was due to failure to provide timely notice of cancellation. This constitutes a violation of Section 627.728, Florida Statutes. This error was due to the Company only giving two days mailing time for the insured to receive the cancellation notice.
3. One (1) error was due to failure to comply with additional premium requirements. This constitutes a violation of Section 627.7282, Florida Statutes. This error was

due to the Company failing to cancel the policy and return any unearned premium.

### **NONRENEWAL REVIEW**

Twenty (20) nonrenewed policies were examined.

Twenty (20) errors were found.

The errors are broken down as follows:

1. Twenty (20) errors were due to failure to provide timely notices of renewal premium. This constitutes a violation of Section 627.7277, Florida Statutes. These errors were due to failure to provide thirty days advanced notice of renewal premium.

## COMPLAINTS/INVESTIGATION 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.

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

### COMPLAINTS/INVESTIGATIONS REFERRED BY MARKET CONDUCT

Consumer's Last Name	Alleged Violation	Violation Found	Comments
Referral from Market Conduct	Refund to Premium Finance Company	None	Policies were cancelled timely but return premium was sent to an incorrect address for PFC

### COMPLAINTS RECEIVED FROM DOI (Sample From Complaint Log)

Consumer Services Ref. No.	Alleged Violation	Violation Found	Comments
S-0102-0029134	Delay - poor service	626.877	Co. advised DFS loss wages paid, but adjuster never issued the check. DOL was 1/8/01 insured paid 2/26/02 over a year after loss. Pay Interest of \$72.98 on late payment of Loss of Wages
S-0102-0033183	Denial of claim	None	
S-0102-0028953	Denial of claim	None	
S-0102-0018010	Delay - poor service	None	Log notes indicate PIP Pkg mailed 5/30/01. DOL was 5/27/01. 9/19/01 inquiry from insured as to if she needed to fill out PIP forms. Does not speak English
S-0102-0010481	Denial of claim	None	Insured denies involvement in accident, and states no one drives his vehicle except him. Claimant changed date of loss 3-days earlier than first reported. Estimates show date of loss as first report. Police were not called. No way to document insured vehicle was involved. Company does not have any liability under this loss
S-0102-0005844	Delay - poor service	None	Certified copy provided twice according to log notes
N/A	Delay - poor service	None	Policy canx prior to accident
S-0102-0028995	Unsatisfactory offer	None	Company has no records in FL. Say this is a fire Policy written out of Texas.
S-0102-0054779	Delay - poor service	None	Delay due to attorney not getting paperwork back to co. Also lienholder was late sending title.
N/A	Denial of claim	None	Policy canx prior to accident
S-0102-37347	Denial of claim	None	Complaint should have been sent to Casualty Reciprocal

			Exchange not Peak P&C.
S-0001-0038228	Denial of claim	None	No BI coverage for out of state passenger
S-0203-0009964	Delay - poor service	None	Claim still open 9/9/02. Company offered 50% settlement based on comparative neg. Atty. will recommend claimant file with their company and then subrogate against co.
S-0203-0006402	Denial of claim	None	Damage & storage fee under \$500 ded
S-0102-0067764	Unsatisfactory offer	None	
S-0102-0063098	Delay - poor service	626.877	Claim Delay – DOL was 4/12/02; Assigned 4/19/02; Adjuster setup 4/23/02; PD estimate dated 4/24/02 for \$927.69; log notes indicates receipt 4/23/02. NO ACTIVITY ON LOG NOTES FROM 4/23/02 to 6/7/02 when check for PD damage was issued \$927.69 following DFS Complaint
S-0102-0055362	Delay - poor service	None	
S-0102-0065294	Delay - poor service	626.736	PIP bills received Sept. & Oct. not paid until 6/13/02 after DFS inquiry.
S-0102-0062778	Delay - poor service	None	Consumer (claimant) had no license and no insurance. Co. did not pay anything to her. Fixed insured vehicle only.
S-0102-0061079	Delay - poor service	None	
S-0102-0052117	Unsatisfactory offer	None	
S-0102-0050892	Delay - poor service	None	
S-0102-0051662	Delay - poor service	None	PIP pd within 30 days of receipt. Other bills received were not paid as PIP was exhausted as of 2/14/02 payment
S-0102-0050905	Delay - poor service	None	Original file notes indicate claimant was going through his insurer.
S-0102-0033183	Unsatisfactory offer	None	
S-0102-0030446	Delay - poor service	None	DFS could not provide claim number or policy number. Company can't get claimant to return their calls
S-0102-0037786	Delay - poor service	None	
S-0102-0043794	Delay - poor service	None	
S-0102-0040619	Delay - poor service	None	Claimant failed to furnish estimate as requested by adjuster. Paid total loss
S-0102-00379973	Inadequate Explanation	None	
S-0102-0036174	Delay - poor service	None	
S-0102-0066713	cancellation	None	Insured thought he would get full refund. But policy was surcharged for accident and driver still lived in household.
S-0102-0071364	policy issue	None	American Ambassador received \$200 premium but did not issue policy - returned premium to ETI Premium Finance when it was a direct bill
S-0102-0031915	cancellation	None	
S-0102-0043869	agent handling	None	
S-0102-0044963	cancellation	None	
S-0102-0050624	can/nonrenew	None	Agent error
S-0102-0056965	information requested	None	No evidence that request from

			atty. received by Company
S-0102-0059594	coverage question	None	Installments not received timely
S-0102-0071072	Premium Refund	None	
S-0102-0061165	Underwriting issue	None	Premium increase was due to a use & file rate increase. Still insured with co.
S-0102-0038153	coverage question	None	Premium increase was due to a use & file rate increase. Still insured with co.
S-0102-0036184	premium issue	None	Agent error--agent did not fax documentation of prior insurance timely. Policy reinstated w/o lapse.
S-0102-0027420	agent handling	None	Company offered to continue policy if premium \$50.54 paid. Insured declined
S-0102-0025427	agent handling	None	Company offered to continue policy if premium \$381. paid. Insured declined
S-0102-0044097	agent handling	None	No policy in the name of David E. Warren. I could not locate in Company database
S-0102-0006075	agent handling	None	Agent error. Failed to upload premium payment timely.
S-0102-0022760	premium issue	None	Insured did not accept renewal offer due to \$11 increase in premium
CS3924/CA5560	agent investigation	None	Investigation of agent
CS4217/CA6047 CS4217/CA6597 CS4217/CA6691	agents investigation	None	Investigation of agent
S-0102-0017496	coverage question	None	Agent/insured did not provide proof of prior coverage.
S-0102-007433	cancellation nonrenewal other	None	Agent error. Incorrect address for insured.
S-0102-006910	cancellation nonrenewal nonpayment	None	Payment due 6/25/01 not received until 7/9/01. A new policy was issued which fell within dates of rate increase
S-0102-005877	coverage question	None	Cancelled for nonpayment of premium. Accident was covered
S-0102-0051540	cancellation nonrenewal other	None	Insured was atty. represented
S-0102-0044343	agent handling	None	Premium was not received on time, policy cancelled for nonpayment of premium.
S-0102-0040162	agent handling	None	Agent received premium payment, but it was not received by company
S-0102-0037922	coverage question	None	
S-0102-0039133	cancellation nonrenew nonpayment	None	Installments not paid. Policy canx.
S-0102-0032968	cancellation nonrenewal other	N one	Payment not received in time for reinstatement
S-0102-0036377	agent handling	None	Payment not received in time for reinstatement
S-0102-0035436	cancellation nonrenewal other	None	Policy was reinstated with receipt of payment
S-0102-0044662	premium issue	None	Insured was NOT originally billed \$25 MGA fee. Paid policy in full. When later billed he refused to pay and was cancelled for nonpayment.
CS487/CA7012	agent investigation	None	Investigation of agent
S-0102-0029694	agent handling	None	Policy cancelled for nonpayment of installment

**COMPLAINTS COMPANY RECEIVED FROM CONSUMERS (Sample From Complaint Log)**

<b>Consumer's Last Name</b>	<b>Alleged Violation</b>	<b>Violation Found</b>	<b>Comments</b>
Company Received	Cancellation	None	Cancelled for nonpayment of installment premium

**Examination Findings**

Sixty-eight (68) policy files were examined.

Three (3) errors were found.

Errors affecting premium resulted in one (1) underpayment totaling \$72.98.

The errors are broken down as follows:

- 1 One (1) error was due to failure to properly adjust the claim. This constitutes a violation of Section 626.877, Florida Statutes. This error was due to not paying loss wages timely and not including interest when paid. This error resulted in one (1) underpayment of \$72.98, which has been refunded by the Company.
- 2 One (1) error was due to failure to properly adjust the claim. This constitutes a violation of Section 626.9541, Florida Statutes. This error was due to delay in paying a property damage claim. There was no activity according to log notes from 4/23/02 to 6/7/03.
- 3 One (1) error was due to failure to comply with PIP benefit requirements. This constitutes a violation of Section 627.736, Florida Statutes. This error was due to failure to pay the PIP bill within 30 days of receipt without reason for the delay.

## **CLAIMS REVIEW**

### **DESCRIPTION OF CLAIMS REVIEWED – NON-PPA/MEDICAL REVIEWS**

Non-standard private passenger automobile insurance claims were reviewed. The review covered personal injury protection, property damage, comprehensive and collision claims.

#### **Examination Findings**

One hundred (100) claims were examined. The claims consisted of personal injury protection, property damage, comprehensive and collision.

Two (2) errors were found.

The errors are broken down as follows:

1. Two (2) errors were due to failure to maintain records. This constitutes a violation of Section 627.318, Florida Statutes. These errors were due to the Company being unable to locate and provide claim files. The Company was in the process of reorganizing and establishing new claims centers based on coverages. Files were being shipped to different claims centers in other states and could not be located for review.

### **DESCRIPTION OF CLAIMS REVIEWED – PPA/MEDICAL REVIEWS**

Twelve (12) personal injury protection claims were reviewed. The Company does not write bodily injury or uninsured motorist.

#### **Examination Findings**

No errors were found.

## **PENDING ISSUES**

The following issues were pending at the conclusion of the examination field work:

### **MONETARY ISSUES**

1. Private Passenger Automobile – The Company should appoint its MGA
2. Private Passenger Automobile - The Company should pay \$60 MGA appointment fee.

Corrective action to be taken within 90 days of receipt of the examination report.

### **CORRECTIVE ACTIONS**

1. Private Passenger Automobile –The Company should file underwriting guidelines and provide documentation to the Bureau of Market Conduct within 90 days of receipt of the examination report.
2. Pre-Exam – The Company should file its Anti-Fraud Plan with the Division of Fraud, Florida Department of Financial Services, within 90 days of receipt of the examination report, and provide documentation to the Bureau of Market Conduct.
3. Cancellations / Nonrenewals – Company should revise their wording/dates to ensure that all insureds get 30 days notice of renewal premium. The Company should notify the Bureau of Market Conduct that corrective action has been taken within 90 days of receipt of examination report.

**EXHIBITS**

**SUBJECT**

**EXHIBIT NUMBER**

PRELIMINARY ADVISORY - UNAPPOINTED MGA

I