

2000 PROPERTY AND CASUALTY MARKET CONDUCT TARGET EXAMINATION

OF

RELIANCE INSURANCE COMPANY

(RELIANCE GROUP)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

FILED DATE: 4/20/01

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I. INTRODUCTION

Reliance Insurance Company is a foreign property and casualty insurer licensed to conduct business in the State of Florida during the scope of this examination, January 1999 through July 2000. This examination began September 18, 2000 and ended September 29, 2000. The last examination of this insurer by the Florida Department of Insurance was completed in 1995.

This target examination was conducted to determine if the Company's Gap Insurance policies and forms were filed in accordance with Florida Statutes.

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. REVIEW OF POLICIES

### A. GAP INSURANCE

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

##### a. Rate/Rule Filings

Reliance 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

Reliance Insurance Company is a member of Insurance Services Office (ISO) and as such 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	\$ 708,636	126
1999	\$2,837,830	249

3. Exam Findings

Policy number N2B1550988, effective July 1, 1999, was requested from the Company and reviewed.

Five (5) errors were found.

Since rates were not filed for coverage provided, no premium error was involved.

The errors are broken down as follows:

1. One (1) error was due to failure to file rates, and/or use of unfiled rates in the Gap Insurance policy issued. This constitutes a violation of Section 627.062, Florida Statutes.
2. One (1) error was due to failure to file Countersignature Endorsement Form number GU 7966 (5-59). This constitutes a violation of Section 627.410, Florida Statutes.

3. One (1) error was due to failure to file Commercial Lines Common Policy Declarations Form number RN00 1004 10 0496. This constitutes a violation of Section 627.410, Florida Statutes.
4. One (1) error was due to failure to file Form Number GU 207(6/78). This constitutes a violation of Section 627.410, Florida Statutes.
5. One (1) error was due to failure to file the Gap Program Policy. This constitutes a violation of Section 627.410, Florida Statutes.
6. Ten (10) errors were due to failure to include the Form number and edition date. This constitutes a violation of Section 627.413, Florida Statutes.