

2000 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION

OF

TIG INSURANCE COMPANY
(TIG INSURANCE GROUP)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

DATE FILED: 4/19/02

TABLE OF CONTENTS

<u>PART</u>	<u>SUBJECT</u>	<u>PAGE NUMBER</u>
I.	INTRODUCTION	1
II.	MUNICIPAL CODING	2
III.	EXAMINATION FINDINGS	3
IV.	COMMENTS AND CORRECTIVE ACTIONS	6

I. INTRODUCTION

In accordance with the provisions of Section 624.3161, Florida Statutes, representatives of the Florida Department of Insurance conducted a target market conduct examination of TIG Insurance Company for the purpose of ascertaining compliance with the reporting requirements contained in Chapters 175 and 185, Florida Statutes.

Insurance companies are required to file reports with the Florida Department of Revenue which accurately identify the geographic location of policies written on specific lines of business, and the amount of premiums written in each fire district or municipality. Various fire districts and municipalities throughout the state have established pension funds that qualify for distributions of a portion of the premium tax collections. On an annual basis the Florida Department of Revenue provides funds to participating fire districts and municipalities based on the reports received from insurers doing business in this state.

This examination represents the Department's target examination of the Company's reports filed with the Florida Department of Revenue, and covers policies written in calendar year 1998.

II. MUNICIPAL CODING

During 1998, TIG Insurance Company wrote policies in Florida, which are subject to the reporting requirements of Chapters 175 and 185, Florida Statutes. The Company reported total premiums subject to Chapters 175 and 185 of \$6,463,307 which resulted in \$52,074.41 and \$31,012.02 of premium tax being allocated to the Firefighters' and Police Officers' Pension Trust Funds, respectively.

The Company reported premium taxes for fire districts and municipalities to the Florida Department of Revenue as follows:

MSC049 FEI 941517098 Insurance Premium Taxes & Fees (R.01/99) 03/22/00 16:39:05			
F20:Back Page (MA)		Post 1992 Returns - Detail Pg	As Filed As Computed
1.	Total Premium Tax Due.....(Sch 1)	1.	1,250,921.00 1,250,920.92
2.	Credits Against Tax.....(Ln 11 Sch 3)	2.	949,030.00 943,410.77
3.	Net Premium Tax Due.....(Or Zero)	3.	301,891.00 307,510.15
4.	State Fire Marshal Reg Assess (Sch 10)	4.	18,749.00 18,749.85
5.	Wet Marine & Transport Tax....(Sch 11)	5.	5,620.00 0.00
6.	Firefighter Relief.....(Sch 12)	6.	52,074.00 52,074.41
7.	Municipal Police Relief.....(Sch 13)	7.	31,012.00 31,012.02
8.	Retaliatory Tax.....(Sch 14)	8.	384,309.00 384,309.00
9.	Annual/Quarterly Filing Fees..(Sch 15)	9.	1,000.00 1,000.00
10.	Commercial/Residential Surchg (Sch 16)	10.	4,940.00 4,940.00
11.	Total Tax Due		799,595.00 799,595.43
	Less Installments Paid in 1st Quarter:		196,860.00 196,860.00
	2nd Quarter:		0.00 0.00
	3 rd Quarter		0.00 0.00
12.	Orig 0.00 0.00	Total:	591,648.00 196,860.00
13.	Net Tax Due or Overpayment	13	207,947.00 .43
14.	Penalty (10% Late Penalty)	14.	0.00 0.00
15.	Interest (12% per Annum)	15.	0.00 0.00
16.	Amount Due With This Return	16.	0.00 0.43
17.	Amount of Overpayment to be Refunded	17.	0.00 0.00
17.	Amount Refunded with Original (If Amended)	17.	0.00 0.00
F19:MSC006 F22:Front Page Inquiry Mode - Updates are NOT allowed.			

III. EXAMINATION FINDINGS

During its examination, the Department requested 1998 policy information from TIG Insurance Company for all policies written in the State of Florida which were subject to Chapters 175 and 185, Florida Statutes. TIG reported that they were unable to provide addresses for approximately 4,738 risks that could be subject to Chapters 175 and 185, Florida Statutes. TIG's submission contained 2,369 records, of that amount, 2,269 could not be reviewed due to an invalid address, policy type or policy code.

The Company indicated that the 1998 report to the Department of Revenue was prepared using a manual process and that risks were assigned fire district and/or municipality codes by its general agents. TIG reports that an edit process was used to verify that the Police Officer or Firefighter Pension Funds had been coded in its internal records for Florida. The Department utilized geo-coding software to determine the correct code for the fire district and municipality for each of these policies. The Department reviewed a total 100 Policies.

The Department's review is summarized as follows:

FIRE DISTRICT RESULTS

Tax Code	Location	Over Allocated	Under Allocated	Net Over (Under) Payment to District
040	Iona McGregor Fire Service District	\$0.00	\$3.57	(3.57)
050	North Naples Fire Control District	\$0.00	\$4.57	(4.57)
064	San Carlos Fire Service District	\$0.00	\$3.12	(3.12)
118	Apopka	\$5.93	\$0.00	5.93
183	Boca Raton	\$64.59	\$0.00	64.59
191	Boynton Beach	\$4.51	\$0.00	4.51
192	Bradenton	\$2.47	\$0.00	2.47
203	Brooksville	\$7.94	\$0.00	7.94
222	Cape Coral	\$16.23	\$0.00	16.23
301	Delray Beach	\$15.85	\$0.00	15.85
374	Fort Myers	\$3.12	\$0.00	3.12
492	Jacksonville Beach	\$0.00	\$10.05	(10.05)
545	Lake Worth	\$13.44	\$0.00	13.44
551	Lauderhill	\$0.00	\$3.38	(3.38)
627	Miami Beach	\$0.00	\$3.82	(3.82)
666	Naples	\$4.57	\$0.00	4.57
675	New Port Richey	\$2.16	\$0.00	2.16
687	North Miami Beach	\$7.82	\$0.00	7.82

695	Ocala	\$3.46	\$0.00	3.46
709	Oldsmar	\$2.05	\$0.00	2.05
745	Palm Beach	\$30.95	\$0.00	30.95
746	Palm Beach Gardens	\$0.00	\$16.63	(16.63)
790	Plant City	\$3.37	\$0.00	3.37
856	St. Pete Beach	\$7.44	\$0.00	7.44
869	Sarasota	\$3.52	\$0.00	3.52
918	Tampa	\$26.08	\$0.00	26.08
919	Tamarac	\$0.00	\$20.85	(20.85)
941	Venice	\$7.91	\$0.00	7.91
966	West Palm Beach	\$5.05	\$0.00	5.05
986	Winter Park	\$1.36	\$0.00	1.36
999	Not In A Tax Territory	\$31.62	\$273.01	(241.39)
1000	Invalid Firefighter Tax Code or no Tax Code Listed	\$67.56	\$0.00	67.56
		\$339.00	\$339.00	0.00
Summary of Invalid Firefighter Tax Code 1000				
	Over Allocated	Number of Entries		
147	10.05	1		
446	3.99	1		
485	1.66	1		
501	49.7	1		
931	2.16	1		
Total	67.56			

IV. COMMENTS AND CORRECTIVE ACTION

Based on its review of the policy information of TIG Insurance Company and the 1998 Report filed by the Company with the Florida Department of Revenue, the Department has determined that the report filed with the Florida Department of Revenue is inaccurate. Errors were found in 99% of the 100 records reviewed representing \$339.00 and \$103.75 in misallocated funds to individual Firefighters' and Police Officers' Pension Trust Funds, respectively.

TIG Insurance Company is directed to take the following corrective actions:

- 1. File a corrected 1998 DR-908 report with the Florida Department of Revenue.**
- 2. Provide a copy of the corrected report to Florida Division of Retirement.**
- 3. Modify procedures for preparing reports to the Florida Department of Revenue to allow for accurate reporting.**
- 4. Provide documentation that these corrective actions have been completed to the Department of Insurance within 90 days of the issuance of this Report.**