

2000 PROPERTY AND CASUALTY MARKET CONDUCT EXAMINATION

OF

TIG INSURANCE COMPANY

(TIG INSURANCE GROUP)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

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I. INTRODUCTION

TIG 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 1998 through December 1998. This examination began May 7, 2000 and ended June 3, 2000. The last examination of this insurer was completed in 1995.

The purpose of the examination was to verify that the Company is conducting business according to Florida Statutes.

During this examination, records reviewed included policies, agent/MGA licensing and consumer complaints for the period of January 1998 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, \$5,002.06 was returned to Florida consumers due to overcharges of premium, underpayments of claims and/or inappropriately charged fees.

II. PRE-EXAM REVIEW OF COMPANY'S WRITINGS

A. CERTIFICATE OF AUTHORITY - AUTHORIZED LINES

1. General Comments

The Certificate of Authority/Renewal Invoice was reviewed for the year 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. WORKERS' COMPENSATION

1. Application of Rules, Rates and Forms

a. General Comments

TIG Insurance Company is a National Council on Compensation Insurance (NCCI) company and as such uses this organization's rules, rates and forms. The NCCI acts as statistical agent for this line of business.

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>
1998	\$30,034,621	512

b. Error Percentages

Ninety (90) policies and audits were examined.

Fifteen (15) errors were found.

Errors affecting premium resulted in three (3) overcharges totaling \$2,902 and ten (10) undercharges totaling \$47,609.

The errors are broken down as follows:

1. Seven (7) errors were due to allowing an Employee Safety and/or a Drug Free Workplace credit without the required certification. This constitutes a violation of Section 627.191, Florida Statutes.
2. One (1) error was due to failure to properly handle an anniversary rating date. The policy period changed, however, the Company failed to adjust the anniversary date. This constitutes a violation of Section 627.191, Florida Statutes.
3. Two (2) errors were due to failure to make the proper charge for Employers Liability Increased Limits. These errors resulted in overcharges totaling \$140, which have been refunded by the Company. This constitutes a violation of Section 627.191, Florida Statutes.
4. Two (2) errors were due to failure to rate Classification Code Clerical 8810 and Salesperson Code 8742 under the inclusive governing Code 9012 instead of separately. This constitutes a violation of Section 627.191, Florida Statutes.
5. One (1) error was due to failure to complete the final audit billing in a timely manner. This constitutes a violation of Section 627.191, Florida Statutes.
6. One (1) error was due to failure to use the correct classification code for a specialist contractor under contract to a telephone company. Code 6235 was used instead of code 7600. This error resulted in an overcharge totaling \$2,762, which has been refunded by the Company. This constitutes a violation of Section 627.191, Florida Statutes.

2. Unit Statistical Review

The review of statistical cards is for the purpose of verifying that premium and claim statistics are properly reported to the NCCI. Workers' Compensation statistics are utilized in the rate making process when rate filings are presented to the Department of Insurance for consideration, as well as, in the development of experience modification factors in individual risks.

a. Audit Comparison

Forty (40) premium statistical cards were examined.

No errors were found.

b. Claim Comparison

Ten (10) claim statistical cards were examined.

Nine (9) errors were found.

Errors affecting statistical reporting resulted in one (1) underreport totaling \$2,100.06.

The errors are broken down as follows:

1. Six (6) errors were due to failure to report injury code 3 when impairment benefits were due or paid instead of injury code 5. This constitutes a violation of Section 627.191, Florida Statutes.

2. Two (2) errors were due to failure to report correct classification code for an injured worker's job description. This constitutes a violation of Section 627.191, Florida Statutes.
3. One (1) error was due to failure to pay impairment benefits to an injured worker when due. This error resulted in an underpayment of \$2,100.06, including interest, which has now been paid. This constitutes a violation of Section 626.877, Florida Statutes.

IV. AGENTS/MGA REVIEW

Ten (10) applications/policies written during the scope of examination were examined.

Eighteen (18) errors were found.

None of the errors affected policy fees.

The errors are broken down as follows:

1. Eight (8) errors were due to failure to display agent name/license identification number or insurer name on the application. This constitutes a violation of Section 627.4085, Florida Statutes.
2. Ten (10) errors were due to failure to comply with Exchange of Business requirements. The required legend is not displayed on the applications. This constitutes a violation of Section 626.752, Florida Statutes.

V. 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. No consumer complaints were received during the scope of examination.

