

2000 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION

OF

TRANSPORTATION CASUALTY INSURANCE COMPANY

(TRANSPORATION FINANCIAL GROUP)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

FILED DATE: 8/21/01

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I. INTRODUCTION

Transportation Casualty Insurance Company is a domestic property and casualty insurer licensed to conduct business in the State of Florida during the scope of this examination, January 1996 through December 1999. This examination began January 2, 2000 and ended March 1, 2000. The last examination of this insurer was completed in 1996.

This purpose of this target market conduct examination was to determine compliance with claims handling procedures and Section 627.4137, Florida Statutes.

During this examination, records reviewed included claims for the period of January 1996 through December 1999.

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 and immediately cease any activity that continues to place the Company in noncompliance with Florida Statutes/Rules.

A review of the business association between the Company and its insured, B & L Services, was conducted and found to be improper. The Company was directed to make the appropriate changes to correct all issues and provide the examiner with the new business plan. The Company's plan is attached as Exhibits I and II.

## II. CLAIMS REVIEW

One hundred (100) claims were examined.

Thirty-one (31) errors were found.

None of the errors affected payments.

The Company's internal claims handling procedures and reserving practices are described in Exhibit III.

The errors are broken down as follows:

1. Eleven (11) errors were due to failure to disclose policy limits. This constitutes a violation of Section 627.4137, Florida Statutes.
2. Five (5) errors were due to failure to attach the Florida fraud statement to claims forms. This constitutes a violation of Section 817.234, Florida Statutes.
3. Three (3) errors were due to failure to adopt and implement standards for proper claims investigations. This constitutes a violation of Section 626.9541, Florida Statutes.
4. Two (2) errors were due to failure to forward salvage titles to the Department of Highway Safety and Motor Vehicles. This constitutes a violation of Section 319.30, Florida Statutes.
5. Five (5) errors were due to failure to provide a written explanation of claim denial. This constitutes a violation of Rule 4-166.026, Florida Administrative Code.
6. Four (4) errors were due to failure to maintain claims documentation. This constitutes a violation of Rule 4-166.022, Florida Administrative Code.

7. One (1) error was due to failure to pay claim according to state rules / provisions. The claimant was told to go through their own carrier when the Company clearly was responsible for damages. This constitutes a violation of Rule 4-166.027, Florida Administrative Code.

III. EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
BUSINESS MEMO 2-10-00	I
BUSINESS MEMO 2-29-00	II
CLAIMS HANDLING PROCEDURES	III