

**2002 PROPERTY AND CASUALTY MARKET CONDUCT EXAMINATION**

**OF**

**TRAVELERS INDEMNITY COMPANY OF ILLINOIS  
(TRAVELERS)**

**BY**

**THE FLORIDA DEPARTMENT OF INSURANCE**

**DATE FILED: 01/03/03**



**TABLE OF CONTENTS**

**EXECUTIVE SUMMARY ..... 1**

**CERTIFICATE OF AUTHORITY – AUTHORIZED LINES ..... 3**

**COMPANY OPERATIONS/MANAGEMENT ..... 4**

**REVIEW OF POLICIES ..... 7**

    PRIVATE PASSENGER AUTOMOBILE ..... 7

    COMMERCIAL AUTOMOBILE ..... 9

    WORKERS’ COMPENSATION ..... 11

**CANCELLATIONS/NONRENEWALS REVIEW ..... 13**

**COMPLAINTS/INVESTIGATION REVIEW ..... 14**

**CLAIMS REVIEW ..... 15**

**AGENTS/MGA REVIEW/ADVERTISING/MARKETING ..... 16**

**PENDING ISSUES ..... 17**

**EXHIBITS ..... 19**

## **EXECUTIVE SUMMARY**

Travelers Indemnity Company of Illinois (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 1, 1999 through May 31, 2001. The examination began February 17, 2002 and ended May 24, 2002. The last property and casualty market conduct examination of this insurer by the Florida Department of Insurance was concluded in 1995.

The purpose of this examination was to complete a previously postponed, routinely scheduled examination and to verify that business practices of the Company are in compliance with Florida Statutes and Rules.

A total of four hundred fifty (450) files were examined. Two hundred twelve (212) errors were identified. The following represents general findings; however, specific details are found in each section of the report.

Ten (10) complaint files were examined. No errors were identified.

One hundred (100) private passenger automobile policies were examined. Fifty-seven (57) errors were identified. The errors were due to failure to apply vehicle type factors, failure to apply anti-theft device credits, use of incorrect use class factors, use of incorrect symbols, failure to apply anti-lock brake discounts, failure to obtain/maintain signed UM selection forms, and failure to advise insureds of how to obtain a copy of their credit report.

One hundred (100) commercial automobile policies were examined. Forty (40) errors were identified. The errors were due to the use of incorrect age/cost factors, use of incorrect rating grids, use of incorrect experience modification factors, applied package modification factors to monoline policies, failure to maintain records, failure to provide timely notice of renewal premiums, use of unfiled rates, failure to document/substantiate credits or debits, and failure to apply credits/debits within the 25% range.

One hundred (100) workers' compensation policies were examined. Seventy-seven (77) errors were identified. The errors were due to the use of incorrect increased limit factors, incorrect tax multiplier factors, incorrect experience modification factors, failure to apply experience modification factors, failure to audit and return premiums timely, use of incorrect Expected Loss Premium Factors (ELPF), incorrect premium discounts, failure to anniversary rate, failure to provide timely notice of renewal premiums, and failure to maintain records.

Fifty (50) cancellations and nonrenewals were examined. Six (6) errors were identified. The errors were due to failure to provide proof of mailing, failure to provide timely notice of nonrenewals, failure to provide specific reasons for nonrenewal, and failure to maintain records.

Fifty (50) claim files were examined. Four (4) errors were identified. The errors were due to the failure to properly compute sales tax, and failure to disclose information.

Forty (40) files were examined for the agents/MGA/advertising review. Twenty-eight (28) errors were identified. The errors were due to use of unappointed agents, and failure to properly countersign policies, failure to obtain application form Acord 130-FL, and failure to display agent's name/license number or Company name on the application.

The Company has rereated workers' compensation policies issued after January 1, 2001, due to the use of incorrect increased limit factors. The Company was requested to complete all corrective actions within one hundred twenty (120) days of receipt of this examination report.

As a result of the findings of this examination, \$21,852.00 was returned to Florida consumers due to overcharges of premium and underpayments of claims. Additional refunds totaling \$1,908.00 will be made by the Company due to overcharges of premium that the Company had not completed prior to the examiner's departure and/or disagreed with the examiner's findings. Also, approximately \$540.00 is to be paid to the Florida Department of Insurance for licensing/appointment fees owed due to the use of unappointed agents.

## **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**

The Travelers Indemnity Company of Illinois was incorporated on July 29, 1971, and commenced business August 4, 1971, under the laws of Illinois. The Company is part of Travelers Property Casualty Corporation, which is an indirect, wholly-owned subsidiary of Citigroup, Inc. The Company received its original Certificate of Authority from the State of Florida on April 2, 1976. Since completion of the examination, the property and casualty business of Travelers was spun-off from Citigroup.

The Company's home office is located at One Tower Square, Hartford, CT. The Company's website can be accessed at: [www.travelers.com](http://www.travelers.com).

The Company's corporate officers are listed in Exhibit I.

### **COMPANY PROCESSES/STATISTICAL AFFILIATIONS**

#### **Computer System**

The Company is supported by a Data Center and two LAN Centers. The Data Center houses a multitude of large, midrange and small online, batch processing and data access servers. The LAN Centers support the distributed environment. Servers in this environment run Microsoft Windows, UNIX and Novell. The Company utilizes multiple levels of security to ensure the integrity of the network, integrity of the data and the systems, the identification and authentication of the users, access control, non-repudiation, and accountability.

#### **Anti-Fraud Plan**

The Company has filed a Plan with the Florida Department of Insurance as required by Section 626.9891, Florida Statutes.

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

#### **Disaster Recovery Plan**

The Company has developed a Disaster Recovery Plan for use with Florida business. The disaster recovery plan is designed to restore critical systems and is tested regularly. The current plans have been updated as recently as March 2001 for host environments and August 2000 for LAN-based environments. The plan is reviewed and updated annually to accommodate major changes with updated pages or sections distributed to team members.

#### **Internal Audit Procedures**

The Company has developed Internal Audit Procedures for use in reviewing Florida business. Underwriting, Operational and Claims internal audits are conducted

periodically on Florida exposures by dedicated home office auditing and field office personnel. Follow-up audits are performed as needed and focus solely on performance issues addressed in the full audit review. Additional audits may be conducted after a market conduct exam to review deficiencies and develop solutions. The Corporate Audit and Risk Review Department of the Company's ultimate parent company also conducts audits of Florida exposures.

### **Privacy Plan**

The Company has developed a Plan to meet the requirements of Emergency Rule 4ER-01. The Company provides a written Privacy Notice to each new and renewal policyholder.

### **Statistical Affiliations**

Insurance Services Office (ISO) acts as the Company's official statistical agent for all lines except workers' compensation. National Council on Compensation Insurance, Inc. (NCCI) acts as the Company's official statistical agent for workers' compensation.

### **Credit Reports**

The Company was using Credit Reports as an underwriting tool for Personal Lines. However, the Company has ceased writing Personal Lines insurance in Florida.

## **OPERATIONS/MARKETING**

### **Marketing**

The Travelers Indemnity Company of Illinois operates through dozens of offices located throughout Florida and the country. Business is serviced through Florida branch marketing and claims offices as well as regional service centers in Elmira, NY and Richmond, VA for commercial lines. Personal Lines was serviced through another service center located in Glen Falls, NY. The Company no longer writes new private passenger automobile business in Florida. All personal lines business is now written under other companies within the group.

The Company uses fliers, brochures and on-line advertising through the internet.

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

The Company markets products statewide through licensed and appointed independent agents, with some exceptions as noted in the Agents/MGA Review Section of this report. The Company also has some exchange of business arrangements.

Claims are handled through claims offices located in Tampa and Orlando, Florida.

### **Lines of Business**

During the scope of the examination, the Company wrote the following lines of business: private passenger automobile, homeowners, fire and allied lines, farmowners, commercial multi-peril, inland marine, workers' compensation, other liability, commercial automobile, fidelity, surety, burglary and theft, and boiler and machinery.

## REVIEW OF POLICIES

### PRIVATE PASSENGER AUTOMOBILE

#### Description of Product/Lines of Business

The Company has independently filed its private passenger automobile program in the State of Florida. During the scope of this examination, underwriting guidelines that were used were filed with effective dates of January 23, 1999 and April 26, 1999 for new business and March 1, 1999 and April 26, 1999 for renewal business. There are four pricing tiers being used: highly preferred, preferred, standard and non-standard. The Company's underwriting guidelines encompass three factors: driver information, vehicle information and driving record/claim history. In addition, the Company utilizes credit scores in combination with these factors to determine the final pricing tier. Credit scores are classified as superior, excellent, good, fair and less than fair.

#### 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>
1999	\$8,557,078	7,231
2000	\$833,256	904
2001*	\$269,740	508

\* as of 5/31/01

The Company discontinued writing private passenger automobile in 2000. All personal lines business is now being written under other companies within the group.

#### Examination Findings

One hundred (100) policy files were examined.

Fifty-seven (57) errors were found.

Errors affecting premium resulted in twenty-nine (29) overcharges totaling \$860.00 and twenty-two (22) undercharges totaling \$573.00.

The errors are broken down as follows:

1. Twenty-three (23) errors were due to failure to follow the filed rate, rating schedule, rating rule or underwriting guideline. This constitutes a violation of Section 627.0651, Florida Statutes. These errors were due to failure to apply the

vehicle type factor. These errors resulted in one overcharge of \$3.00 and twenty-two (22) undercharges totaling \$573.00.

2. Fourteen (14) errors were due to failure to follow the filed rate, rating schedule, rating rule or underwriting guideline. This constitutes a violation of Section 627.0651, Florida Statutes. These errors were due to failure to apply credit for factory-installed anti-theft devices. These errors resulted in fourteen (14) overcharges totaling \$151.00, which have been refunded by the Company.
3. Nine (9) errors were due to failure to follow the filed rate, rating schedule, rating rule or underwriting guideline. This constitutes a violation of Section 627.0651, Florida Statutes. These errors were due to the use of an incorrect use class factor. Due to a system problem, policies with use class code 8873 were rated incorrectly. These errors resulted in nine (9) overcharges totaling \$534.00, which have been refunded by the Company.
4. Three (3) errors were due to failure to follow the filed rate, rating schedule, rating rule or underwriting guideline. This constitutes a violation of Section 627.0651, Florida Statutes. These errors were due to the use of incorrect symbols. These errors resulted in three (3) overcharges totaling \$127.00, which have been refunded by the Company.
5. Two (2) errors were due to failure to follow the filed rate, rating schedule, rating rule or underwriting guideline. This constitutes a violation of Section 627.0651, Florida Statutes. These errors were due to failure to apply the anti-lock brake discount. These errors resulted in two (2) overcharges totaling \$45.00, which have been refunded by the Company.
6. Four (4) errors were due to failure to obtain/maintain UM selection forms. This constitutes a violation of Section 627.727, Florida Statutes. These errors were due to the Company's failure to find the signed form in their records.
7. Two (2) errors were due to failure to provide notice of adverse underwriting decisions due to the use of credit reports and failing to advise insureds of the means of obtaining a copy of their credit report. This constitutes a violation of Rule 4-125.004, Florida Administrative Code. The Company has advised that it has established procedures to send the notice.

## **COMMERCIAL AUTOMOBILE**

### **Description of Product/Lines of Business**

The Company has adopted ISO's commercial automobile program with some independently filed exceptions. In addition, the Company uses an independently filed program called "Auto Ultra Pac". Risks are evaluated solely on their characteristics and risk management practices. The program is designed for the following industry segments: manufacturing, construction, institutions, services, transportation, energy and communications. A hazard and control engineering survey is required prior to quoting any prospective insured. Risks are classified as low, moderate or high hazard and each has a control risk grade of very effective controls, effective controls or ineffective controls.

### **Premium and Policy Counts**

Direct Premiums Written and in-force policy counts for the scope of the examination are as follows:

<b><u>Year</u></b>	<b><u>DPW</u></b>	<b><u>Policy Count</u></b>
1999	\$24,970,802	1,576
2000	\$26,316,263	949
2001*	\$16,128,541	815

\* as of 5/31/01

### **Examination Findings**

One hundred (100) policy files were examined.

Forty (40) errors were found.

Errors affecting premium resulted in six (6) overcharges totaling \$12,199.00 and six (6) undercharges totaling \$4,503.00.

The errors are broken down as follows:

1. Twenty-two (22) errors were due to failure to follow the filed rating plan, rating schedule or rating rule. This constitutes a violation of Section 627.062, Florida Statutes. These errors were due to the use of incorrect age/cost factors. These errors resulted in twenty-two (22) overcharges, however, the premium effect was below the waiver rule.
2. Three (3) errors were due to failure to follow the filed rating plan, rating schedule or rating rule. This constitutes a violation of Section 627.062, Florida Statutes. These errors were due to the use of incorrect hazard/control risk classifications. These errors resulted in two (2) overcharges totaling \$2,521.00 and one (1) undercharge totaling \$1,843.00. The Company has refunded the overcharges.

3. Three (3) errors were due to failure to follow the filed rating plan, rating schedule or rating rule. This constitutes a violation of Section 627.062, Florida Statutes. These errors were due to the use of incorrect experience modification factors. These errors resulted in three (3) undercharges totaling \$1,872.00.
4. Two (2) errors were due to failure to follow the filed rating plan, rating schedule or rating rule. This constitutes a violation of Section 627.062, Florida Statutes. These errors were due to the application of a package modification factor to a monoline policy. These errors resulted in two (2) overcharges totaling \$5,430.00, which have been refunded by the Company.
5. Two (2) errors were due to failure to follow the filed rating plan, rating schedule or rating rule. This constitutes a violation of Section 627.062, Florida Statutes. These errors were due to the use of incorrect deductible factors. These errors resulted in two (2) undercharges totaling \$788.00.
6. 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 lack of an engineering report in the file to support the base premium used.
7. Two (2) errors were due to failure to provide timely notice of renewal premium. This constitutes a violation of Section 627.4133, Florida Statutes.
8. Two (2) errors were due to the use of unfiled rates. This constitutes a violation of Section 627.062, Florida Statutes.
9. One (1) error was due to failure to document/substantiate a debit. This constitutes a violation of Rule 4-170.004, Florida Administrative Code. This error was due to no documentation in the file to support that the insured had not complied with engineering recommendations. This error resulted in one (1) overcharge totaling \$1,908.00, which has not been refunded by the Company.
10. One (1) error was due to failure to apply a debit within the 25% range. This constitutes a violation of Rule 4-170.004, Florida Administrative Code. This error resulted in one (1) overcharge totaling \$2,340.00, which has been refunded by the Company.

## **WORKERS' COMPENSATION**

### **Description of Types of Risks**

The Company follows the National Council on Compensation Insurance, Inc. (NCCI) filed rates and rules with some filed exceptions. The Company writes small, medium, large and national accounts. The majority of the accounts reviewed included: wholesale, retail, contractors, mercantile, construction, clerical and domestic workers.

### **Premium and Policy Counts**

Direct Premiums Written and in-force policy counts for the scope of the examination are as follows:

<b><u>Year</u></b>	<b><u>DPW</u></b>	<b><u>Policy Count</u></b>
1999	\$14,308,969	515
2000	\$17,238,078	514
2001*	\$19,501,002	278

\* as of 5/31/01

### **Examination Findings**

One hundred (100) policies and audits were examined.

Seventy-seven (77) errors were found.

Errors affecting premium resulted in twenty-four (24) overcharges totaling \$10,651.00 and twenty-one (21) undercharges totaling \$135,623.00.

The errors are broken down as follows:

1. Nineteen (19) errors were due to failure to follow the filed rating plan, rating schedule, or rating rule. This constitutes a violation of Section 627.191, Florida Statutes. These errors were due to the use of incorrect increased limit factors. These errors resulted in seventeen (17) overcharges totaling \$1,464.00 and two (2) undercharges totaling \$24.00. The Company re-rated workers' compensation policies issued after January 1, 2001 correcting the increased limit factors. Exhibit II. Approximately \$30,000.00 has been returned to approximately 767 Florida consumers.
2. Thirteen (13) errors were due to failure to follow the filed rating plan, rating schedule, or rating rule. This constitutes a violation of Section 627.191, Florida Statutes. These errors were due to the use of incorrect tax multiplier factors. These errors resulted in thirteen (13) undercharges totaling \$71,682.
3. Seven (7) errors were due to failure to follow the filed rating plan, rating schedule, or rating rule. This constitutes a violation of Section 627.191, Florida Statutes. These errors were due to the use of incorrect experience modification

factors. These errors resulted in three (3) overcharges totaling \$6,929.00 and four (4) undercharges totaling \$59,066.00. The overcharges have been refunded by the Company.

4. Four (4) errors were due to failure to follow the filed rating plan, rating schedule, or rating rule. This constitutes a violation of Section 627.191, Florida Statutes. These errors were due to failure to apply experience modification factors. These errors resulted in four (4) overcharges totaling \$2,258.00, which have been refunded by the Company.
5. Fourteen (14) errors were due to failure to follow the filed rating plan, rating schedule, or rating rule. This constitutes a violation of Section 627.191, Florida Statutes. These errors were due to failure to audit timely.
6. One (1) error was due to failure to follow the filed rating plan, rating schedule, or rating rule. This constitutes a violation of Section 627.191, Florida Statutes. The error was due to the use of an incorrect Expected Loss Premium Factor (ELPF). This error resulted in one (1) undercharge totaling \$4,787.00.
7. One (1) error was due to failure to follow the filed rating plan, rating schedule, or rating rule. This constitutes a violation of Section 627.191, Florida Statutes. This error was due to the use of an incorrect premium discount. This error resulted in one (1) undercharge totaling \$64.00.
8. One (1) error was due to failure to follow the filed rating plan, rating schedule, or rating rule. This constitutes a violation of Section 627.191, Florida Statutes. This error was due to failure to anniversary rate.
9. Sixteen (16) errors were due to failure to provide timely notice of renewal premium. This constitutes a violation of Section 627.4133, Florida Statutes. These errors were due to failure to provide the required 45 days notice of renewal premium by agents and field offices located outside of Florida.
10. One (1) error was due to failure to maintain records. This constitutes a violation of Section 627.318, Florida Statutes. This error was due to the lack of an application, and other supporting documentation, in the file.

## **CANCELLATIONS/NONRENEWALS REVIEW**

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

Cancellation/nonrenewal notices are to be provided to the policyholder in no less than the minimum number of days required by law for the type of cancellation or nonrenewal. In the sample reviewed, notices were sent to the insured and lienholder when applicable, return premiums were calculated as of the effective date of the cancellation and company cancellations were made on a pro-rata basis and insured requests for cancellation at pro-rata basis minus 10%.

### **CANCELLATION REVIEW**

Thirty-five (35) cancelled policies were examined.

No errors were found.

### **NONRENEWAL REVIEW**

Fifteen (15) nonrenewed policies were examined.

Six (6) errors were found.

The errors are broken down as follows:

1. Two (2) errors were due to failure to maintain proof of mailing. This constitutes a violation of Rule 4-167.010, Florida Administrative Code.
2. Two errors (2) 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 nonrenewal notices.
3. One (1) error was due to failure to provide timely notice of nonrenewal. This constitutes a violation of Section 627.4133, Florida Statutes. This error was due to failure to provide the 45 days nonrenewal notice.
4. One (1) error was due to failure to provide a specific reason for nonrenewal. This constitutes a violation of Section 627.4091, Florida Statutes. This error was due to using "underwriting reasons" as the justification for nonrenewal. This is not specific enough to comply with the referenced statute.

## 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 RECEIVED FROM DOI

<b>Consumer Services Ref. No.</b>	<b>Alleged Violation</b>	<b>Violation Found</b>	<b>Comments</b>
S-9900-0021246	Claim denial	None	Company's position correct
S-9900-0034070	Unsatisfactory claim settlement	None	Company's position correct
S-0001-0037713	Unsatisfactory claim settlement	None	Company's position correct
S-0001-0021758	Unsatisfactory claim settlement	None	Company's position correct
S-9900-0024309	Claim denial	None	Company's position correct
S-0001-0011336	Unsatisfactory claim settlement	None	Company's position correct
S-0001-0050369	Improper cancellation	None	Company's position correct
S-9900-0053540	Claim Denial	None	Company's position correct

Eight (8) complaints received by the Company from DOI were examined.

No errors were found.

### COMPLAINTS COMPANY RECEIVED FROM CONSUMERS

<b>Company ID No.</b>	<b>Alleged Violation</b>	<b>Violation Found</b>	<b>Comments</b>
1	Improper Cancellation	None	Company's position correct
2	Claim Denial	None	Company's position correct

Two (2) complaints received by the Company from consumers were received.

No errors were found.

## **CLAIMS REVIEW**

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

Private passenger automobile and commercial automobile claims reviewed included: bodily injury, property damage, collision, comprehensive, glass, uninsured motorist, medical payments and personal injury protection (PIP).

#### **Examination Findings**

Fifty (50) claims were examined. Thirty (30) were private passenger automobile and twenty (20) claims were commercial automobile claims.

Four (4) errors were found.

Two (2) errors resulted in underpayments totaling \$50.00 and one (1) error resulted in an overpayment totaling \$27.48.

The errors are broken down as follows:

1. Three (3) errors were due to failure to properly adjust claims. This constitutes a violation of Section 626.877, Florida Statutes. These errors were due to failure to properly compute sales tax. These errors resulted in two (2) underpayments totaling \$50.00 and one (1) overpayment totaling \$27.48. Underpayments have been refunded by the Company.
2. One (1) error was due to failure to disclose information. This constitutes a violation of Section 627.4137, Florida Statutes. This error was due to a delay in responding to a request for policy information disclosure.

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

Personal injury protection and uninsured motorist claims were reviewed.

#### **Examination Findings**

Thirty-five (35) claims were examined.

No errors were found.

## **AGENTS/MGA REVIEW/ADVERTISING/MARKETING**

### **DESCRIPTION OF MGA ARRANGEMENTS**

The Company does not have or utilize an MGA.

### **Examination Findings**

Forty (40) applications/policies written during the scope of examination were examined.

Twenty-eight (28) errors were found.

Twelve (12) errors resulted in unpaid license fees totaling \$540.00.

The errors are broken down as follows:

1. Twelve (12) errors were due to the use of unlicensed/unappointed agents. This constitutes a violation of Section 626.112, Florida Statutes. These errors were due to the Company using unlicensed/unappointed agents. These errors resulted in unpaid license fees totaling \$540.00, which have not been paid by the Company.
2. Ten (10) errors were due to failure to obtain application form Acord 130-FL. This constitutes a violation of Rule 4-189.004, Florida Administrative Code. These errors were due to the Company not obtaining the required application form on all workers' compensation business.
3. Five (5) errors were due to failure to properly countersign policies. This constitutes a violation of Section 624.425, Florida Statutes. This error was due to policies not being countersigned by a Florida resident agent.
4. One (1) error was due to failure to display the agent's name/license number and company name on the application. This constitutes a violation of Section 627.4085, Florida Statutes.

## PENDING ISSUES

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

### MONETARY ISSUES

1. Commercial Automobile

There was one (1) outstanding refund totaling \$1,908.00 to be returned.

2. Workers' Compensation

There were seventeen (17) outstanding refunds totaling \$1,464.00. Overcharge refunds were completed.

3. Agents/MGA Review/Advertising/Marketing

a. There were nine (9) outstanding appointments totaling \$540.00 in unpaid license fees that were being processed after the examiner's departure.

### CORRECTIVE ACTIONS

1. Workers' Compensation

- a. The Company should establish procedures to ensure that audits are completed within 90 days of policy expiration. These procedures should be established within 90 days after receipt of the examination report, with written documentation to the Florida Department of Insurance certifying that corrective action has been taken.
- b. The Company should establish procedures to ensure that notices of renewal premium are provided on all Florida risks. These procedures should be established within 90 days after receipt of the examination report, with written documentation to the Florida Department of Insurance certifying that corrective action has been taken.
- c. The Company should process outstanding refunds and provide written documentation within 90 days after receipt of the examination report to the Florida Department of Insurance certifying that the refunds have been made.

2. Agents/MGA/Advertising/Marketing

- a. The Company should establish procedures to ensure that the Company has obtained the required Acord 130-FL application form on all workers' compensation business. These procedures should be established within 90 days after receipt of the examination report, with written documentation to

the Florida Department of Insurance certifying that corrective action has been taken.

- b. The Company should establish procedures to ensure that all policies are countersigned by a Florida resident agent. These procedures should be established within 90 days after receipt of the examination report, with written documentation to the Florida Department of Insurance certifying that corrective action has been taken.

**EXHIBITS**

**SUBJECT**

**EXHIBIT NUMBER**

**CORPORATE OFFICERS  
WORKERS' COMPENSATION – RERATE REQUEST  
(INCREASED LIMIT FACTORS)**

**I  
II**