

# **FINANCIAL SERVICES COMMISSION**

**OFFICE OF INSURANCE REGULATION  
MARKET INVESTIGATIONS**

**TARGET MARKET CONDUCT EXAMINATION  
FINAL REPORT**

**OF**

**UNIVERSAL PROPERTY & CASUALTY INSURANCE  
COMPANY**

**AS OF**

**DECEMBER 14, 2004**

**NAIC COMPANY CODE: 10861**



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## **PURPOSE AND SCOPE OF EXAMINATION**

Under authorization of the Financial Services Commission, Florida Office of Insurance Regulation (Office), Market Investigations, pursuant to Section 624.3161, Florida Statutes, a target market conduct examination of Universal Property & Casualty Insurance Company (Company) was performed by Examination Resources, LLC. The scope of this examination was August 1, 2004 through November 24, 2004. The examination began November 29, 2004 and ended December 14, 2004.

The purpose of this examination was to gather and evaluate data specific to the Company's response to hurricane losses. The Company records were examined at its home office, located at 2875 NE 191st Street, Miami, Florida.

In reviewing materials for the draft report provided to the Office, the examiner relied on documents provided by the Company. The files examined were selected systematically from data files provided by the Company using Microsoft Excel's random sample selection process. Some audits normally performed using sampling techniques were performed instead by the use of electronic means for sorting, filtering and calculating the total population during the scope of the examination. Procedures and conduct of the examination were in accordance with the Market Conduct Examiner's Handbook produced by the National Association of Insurance Commissioners.

This Final Report is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by the Company.

## **HURRICANE CLAIMS STATISTICS**

The Company was requested to provide a list of all hurricane claims and complete a spreadsheet provided by the Office. The examiner reviewed the spreadsheet for accuracy of the data and to determine if all tables were completed.

### **Open and Closed Claims Statistics**

The following table shows a breakdown of claims by hurricane as of November 24, 2004:

Hurricane	Total Claims	Claims Open	Claims Closed	% Closed	Total Paid
Charley	1,625	314	1,311	81%	\$22,752,619
Frances	3,366	1,046	2,320	69%	\$28,867,301
Ivan	1,249	896	353	28%	\$5,268,065
Jeanne	2,259	2,086	173	8%	\$1,286,814
Totals	8,499	4,342	4,157	49%	\$58,174,799

The following tables show a breakdown of the number of days to close for settled claims and the number of days open on claims still outstanding, by hurricane:

Days to Close				
Hurricane	0 – 30	31 – 60	61 – 90	Over 90
Charley	113	407	629	162
Frances	63	1,058	1,199	0
Ivan	15	259	79	0
Jeanne	5	168	0	0

Days Open				
Hurricane	0 – 30	31 – 60	61 – 90	Over 90
Charley	21	35	59	199
Frances	127	78	841	0
Ivan	86	78	841	0
Jeanne	339	1,747	0	0

### **Company Responses to Hurricanes**

A review of claims handling processes indicates the Company dedicated substantial personnel time and resources to adjusting and settling policyholders' claims as quickly as possible.

In addition to an increase in adjusters, which is discussed below, the Company:

- Established a claims center in Sarasota to take first reports of claims locally.
- Sent staff from the home office to Sarasota.
- Modified the Sarasota office to include full service processing for claims.
- Established a mobile unit so that consumers in recently hit areas could have local access to file claims in person.
- Extended weekday work hours and implemented weekend work hours so that claims offices could be available seven days a week.
- Established a claims center in the Pensacola area.
- Added additional telephone lines to handle incoming calls.
- Hired additional staff to man telephones and to increase claims support staff.
- Shifted work hours of underwriting personnel such that their work was conducted during non-peak hours and they assisted with claims processing during peak hours.
- Used agents to take first notices of loss.
- Sent letters to claimants explaining the claims process.
- Added a toll free number dedicated to hurricane claims only.

### **Adjusters**

The Company contracted with independent adjusting firms to handle hurricane claims. The following figures were provided by the adjusting firms and represent the number of available adjusters for the Company at different periods of time.

NUMBER OF ADJUSTERS							
Hurricane	8/1/04	8/13/04	9/3/04	9/13/04	9/24/04	12/2/04	Totals
Pre-Charley	8						8
Charley		28					28
Frances			52				52
Ivan				62			62
Jeanne					72		72
Current						40	40

### Claims Acknowledgement

The Company was requested to provide data on a sample list of 100 claims. The following table shows the results for the claims included in the sample:

Days to Acknowledge				
Hurricane	0 – 14	15 – 45	46 – 90	Over 90
Charley	36	1	0	0
Frances	50	0	0	0
Ivan	9	0	0	0
Jeanne	4	0	0	0

Ninety-nine (99) out of 100 claim files were acknowledged within 14 days as required by Rule 69O-166.024, Florida Administrative Code.

### Adjuster Assignments and Inspections

The Company was requested to provide data on a sample of 100 claims. The following chart documents the results for the claims included in the sample:

Claim File	CAT ID	DATE REPORTED	Days between Date Assigned & Date Inspected	Days between Inspection Date & Inspection Report Date	Days between Inspection Report Date & Date Co. Received Report	Date Inspection Report was received by the Company	Days between Date of Loss & Date Report Rcvd. By Co.
1	CHARLEY	8/16/2004	26	27	0	9/20/2004	38
2	CHARLEY	8/15/2004	2	3	0	8/19/2004	6
3	CHARLEY	8/19/2004	32	32	1	10/13/2004	61
4	CHARLEY	8/17/2004	23	44	2	10/13/2004	61
5	CHARLEY	8/19/2004	27	27	2	10/20/2004	68
6	CHARLEY	8/14/2004	*	*	2	11/22/2004	101
7	CHARLEY	8/24/2004	22	23	3	9/24/2004	42
8	CHARLEY	8/16/2004	31	31	3	9/24/2004	42
9	CHARLEY	8/26/2004	20	20	3	9/24/2004	42
10	CHARLEY	10/18/2004	21	22	3	11/22/2004	101

Claim File	CAT ID	DATE REPORTED	Days between Date Assigned & Date Inspected	Days between Inspection Date & Inspection Report Date	Days between Inspection Report Date & Date Co. Received Report	Date Inspection Report was received by the Company	Days between Date of Loss & Date Report Rcvd. By Co.
11	CHARLEY	8/16/2004	19	20	3	9/24/2004	42
12	CHARLEY	8/19/2004	21	22	4	9/19/2004	37
13	CHARLEY	8/19/2004	21	21	4	10/12/2004	60
14	CHARLEY	8/17/2004	5	7	5	8/31/2004	18
15	CHARLEY	8/15/2004	5	5	5	8/30/2004	17
16	CHARLEY	8/19/2004	12	12	5	9/20/2004	38
17	CHARLEY	8/22/2004	13	13	6	9/22/2004	40
18	CHARLEY	8/24/2004	35	36	7	10/26/2004	74
19	CHARLEY	8/16/2004	32	33	7	10/21/2004	69
20	CHARLEY	8/19/2004	27	27	8	9/24/2004	42
21	CHARLEY	8/16/2004	45	46	8	10/12/2004	60
22	CHARLEY	8/23/2004	9	10	8	10/13/2004	61
23	CHARLEY	8/27/2004	33	34	8	11/22/2004	101
24	CHARLEY	8/14/2004	45	46	9	11/3/2004	82
25	CHARLEY	8/17/2004	24	25	11	11/19/2004	98
26	CHARLEY	8/26/2004	19	21	12	9/30/2004	48
27	CHARLEY	8/18/2004	31	33	12	10/11/2004	59
28	CHARLEY	8/17/2004	26	28	12	10/13/2004	61
29	CHARLEY	8/17/2004	20	23	12	10/14/2004	62
30	CHARLEY	8/16/2004	11	12	14	9/24/2004	42
31	CHARLEY	8/19/2004	5	5	15	9/10/2004	28
32	CHARLEY	8/19/2004	38	38	17	11/15/2004	94
33	CHARLEY	8/16/2004	3	4	18	12/6/2004	115
34	CHARLEY	9/22/2004	15	17	22	11/4/2004	83
35	CHARLEY	8/16/2004	15	15	24	9/24/2004	42
36	CHARLEY	8/17/2004	21	22	33	10/24/2004	72
37	CHARLEY	8/30/2004	*	*	*	*	*
38	FRANCES	9/6/2004	23	23	0	11/16/2004	72
39	FRANCES	9/7/2004	1	3	0	11/19/2004	76
40	FRANCES	9/17/2004	62	63	1	11/21/2004	79
41	FRANCES	9/16/2004	27	28	1	11/18/2004	76
42	FRANCES	9/13/2004	23	25	1	11/21/2004	78
43	FRANCES	9/7/2004	1	3	1	11/19/2004	77
44	FRANCES	9/6/2004	38	38	2	11/16/2004	72
45	FRANCES	9/6/2004	29	29	2	11/16/2004	72
46	FRANCES	9/7/2004	2	3	2	11/22/2004	80
47	FRANCES	9/12/2004	59	60	3	11/16/2004	73
48	FRANCES	9/14/2004	28	30	3	10/22/2004	47
49	FRANCES	9/9/2004	20	23	4	10/7/2004	33
50	FRANCES	9/21/2004	22	23	5	10/21/2004	46
51	FRANCES	9/17/2004	17	18	5	10/15/2004	41

Claim File	CAT ID	DATE REPORTED	Days between Date Assigned & Date Inspected	Days between Inspection Date & Inspection Report Date	Days between Inspection Report Date & Date Co. Received Report	Date Inspection Report was received by the Company	Days between Date of Loss & Date Report Rcvd. By Co.
52	FRANCES	9/13/2004	15	17	5	10/15/2004	40
53	FRANCES	9/14/2004	41	42	5	11/10/2004	68
54	FRANCES	9/6/2004	30	30	5	10/29/2004	54
55	FRANCES	9/7/2004	20	21	5	10/29/2004	56
56	FRANCES	9/20/2004	22	23	6	10/22/2004	49
57	FRANCES	9/21/2004	36	37	6	11/10/2004	66
58	FRANCES	9/8/2004	*	*	6	10/18/2004	45
59	FRANCES	10/11/2004	*	*	6	11/8/2004	65
60	FRANCES	9/15/2004	37	38	7	11/8/2004	64
61	FRANCES	9/7/2004	13	15	7	11/15/2004	72
62	FRANCES	9/16/2004	32	33	8	11/9/2004	65
63	FRANCES	9/16/2004	*	*	8	10/28/2004	53
64	FRANCES	9/15/2004	58	59	9	11/22/2004	79
65	FRANCES	9/20/2004	17	18	9	10/21/2004	46
66	FRANCES	9/14/2004	36	37	9	11/9/2004	66
67	FRANCES	9/15/2004	29	30	10	11/10/2004	67
68	FRANCES	9/9/2004	34	35	11	11/19/2004	75
69	FRANCES	9/9/2004	23	24	11	11/15/2004	72
70	FRANCES	9/7/2004	22	23	11	11/19/2004	77
71	FRANCES	9/8/2004	62	63	12	11/22/2004	78
72	FRANCES	9/30/2004	20	21	15	11/8/2004	66
73	FRANCES	9/8/2004	31	35	15	11/15/2004	73
74	FRANCES	10/4/2004	18	19	16	11/8/2004	65
75	FRANCES	9/7/2004	30	32	16	11/2/2004	58
76	FRANCES	9/14/2004	22	23	17	10/26/2004	53
77	FRANCES	9/6/2004	9	9	17	10/7/2004	33
78	FRANCES	9/13/2004	18	19	19	10/29/2004	56
79	FRANCES	9/7/2004	32	32	19	11/15/2004	71
80	FRANCES	9/9/2004	19	22	19	11/22/2004	80
81	FRANCES	9/6/2004	8	9	21	10/7/2004	32
82	FRANCES	9/29/2004	14	15	23	11/8/2004	66
83	FRANCES	9/7/2004	7	8	23	10/13/2004	39
84	FRANCES	9/13/2004	18	19	25	10/29/2004	56
85	FRANCES	9/22/2004	20	22	27	11/12/2004	67
86	FRANCES	9/8/2004	31	33	28	11/22/2004	80
87	FRANCES	9/8/2004	32	36	34	11/19/2004	75
88	IVAN	9/20/2004	23	25	1	10/21/2004	35
89	IVAN	9/18/2004	*	*	2	10/16/2004	30
90	IVAN	10/4/2004	21	22	4	11/9/2004	54
91	IVAN	10/4/2004	21	22	4	11/9/2004	54
92	IVAN	9/20/2004	31	31	4	11/16/2004	61

Claim File	CAT ID	DATE REPORTED	Days between Date Assigned & Date Inspected	Days between Inspection Date & Inspection Report Date	Days between Inspection Report Date & Date Co. Received Report	Date Inspection Report was received by the Company	Days between Date of Loss & Date Report Rcvd. By Co.
93	IVAN	9/17/2004	41	43	6	11/15/2004	61
94	IVAN	9/21/2004	33	35	21	11/22/2004	67
95	IVAN	9/24/2004	6	7	24	11/4/2004	50
96	IVAN	9/16/2004	14	14	24	11/4/2004	49
97	JEANNE	9/28/2004	6	7	9	10/15/2004	20
98	JEANNE	9/27/2004	7	9	9	10/16/2004	21
99	JEANNE	9/27/2004	25	26	17	11/11/2004	47
100	JEANNE	9/27/2004	22	24	20	11/11/2004	47

\* Data not available

### **Hurricane Claims Complaints**

As of November 24, 2004, the Company received 587 complaints related to hurricane claims.

The following table shows a breakdown of complaints by hurricane:

Hurricane	Total Complaints	% Of Total Claims
Charley	192	11.82%
Frances	245	7.28%
Ivan	82	6.57%
Jeanne	68	3.01%
Totals	587	6.91%

Actions taken by the Company in response to hurricane complaints associated with Hurricane Charley demonstrated a significant decrease in complaints associated with subsequent hurricanes. As indicated above, the number of complaints filed for each hurricane following Charley decreased.

### **EXAMINATION DRAFT REPORT SUBMISSION**

The courtesy and cooperation of the officers and employees of the Company during the examination are acknowledged.

The undersigned examiner conducted the examination and prepared the draft report. Todd Fatzinger, Examination Supervisor, was involved in the examination management, consultation, supervision and work paper review.

Respectfully submitted,

Examination Resources, LLC  
Victor M. Negron, AIE, FLMI  
Examiner

**EXAMINATION FINAL REPORT**

The Office hereby issues this report as the Final Report, which is based upon information from the examiner's draft report, additional research conducted by the Office, and additional information provided by the Company.