

2001 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION

OF

WAUSAU UNDERWRITERS INSURANCE COMPANY
(WAUSAU INSURANCE COMPANIES)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

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I. INTRODUCTION

Wausau Underwriters Insurance 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, January 2000 through December 2000. The examination began April 8, 2001 and ended April 28, 2001. The last property and casualty market conduct examination of this insurer, by the Florida Department of Insurance, was concluded July 1, 2000.

The 2000 examination report included the review of commercial automobile, commercial package policies and workers' compensation. Violations cited included failure to follow filed rates, rating schedules or rating rules, failure to correct violations in a prior examination report, failure to attach mandatory forms/endorsements, failure to comply with PIP benefit requirements, failure to offer/obtain/maintain signed UM acceptance/rejection forms, failure to provide timely notice of renewals, nonrenewals or cancellations, failure to maintain records, failure to deliver policies timely, failure to comply with unfair trade practice requirements, failure to document debits/credits, failure to document individually rated risks, failure to report individually rated risk statistics, use of unfiled rates, rating schedules or rating rules, failure to display telephone number and purpose on policies, failure to provide risk management guidelines, failure to display agent name/license identification number or insurer name on applications and use of unlicensed nonresident agents.

The purpose of the current examination was to verify corrective action on violations noted in prior property and casualty market conduct examinations, specifically the timely notice of policy renewals.

During this examination, records reviewed included policies for the period of January 2000 through December 2000, 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 and immediately cease any activity that continues to place the Company in noncompliance with Florida Statutes/Rules.

II. REVIEW OF POLICIES

A. COMMERCIAL AUTOMOBILE

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings

Wausau Underwriters Insurance Company is a member of Insurance Services Office (ISO) and as such ISO is authorized to file rules/rates on the Company's behalf in accordance with Section 627.062, Florida Statutes. In addition, the Company does make some independent filings.

b. Form Filings

Wausau Underwriters Insurance Company is a member of Insurance Services Office (ISO) and as such ISO is authorized to file forms on the Company's behalf in accordance with Section 627.410, Florida Statutes. In addition, the Company does make some independent filings.

c. Statistical Affiliation

Insurance Services Office acts as the Company's official statistical agent.

2. 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>
2000	\$2,628,497	153

3. Exam Findings

Fifty (50) policy files were examined.

Seven (7) errors were found.

None of the errors affected premium.

The errors are broken down as follows:

1. Seven (7) errors were due to failure to provide a timely notice of the renewal premium. This constitutes a violation of Section 627.4133, Florida Statutes. This error occurred in the 1994 Examination, Page 3; nine errors cited in the review of fifty-three files. Exhibit I. This error also occurred in the 2000 Examination, Page 7, twelve errors cited in the review of fifty files. Exhibit II.

B. COMMERCIAL PACKAGE POLICY

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings

Wausau Underwriters Insurance Company is a member of Insurance Services Office (ISO) and as such ISO is authorized to file rules/rates on the Company's behalf in accordance with Section 627.062, Florida Statutes. In addition, the Company does make some independent filings.

The Company's Matchguard and Businessowners' policies were included in this review.

b. Form Filings

Wausau Underwriters Insurance Company is a member of Insurance Services Office (ISO) and as such ISO is authorized to file forms on the Company's behalf in accordance with Section 627.410, Florida Statutes. In addition, the Company does make some independent filings.

c. Statistical Affiliation

Insurance Services Office acts as the Company's official statistical agent.

2. 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>
2000	\$1,253,125	154

3. Exam Findings

Fifty (50) policy files were examined.

Forty-one (41) errors were found.

None of the errors affected premium.

The errors are broken down as follows:

1. Forty-four (41) errors were due to failure to provide a timely notice of the renewal premium. This constitutes a violation of Section 627.4133, Florida Statutes. This error occurred in the 1989 Examination, Page 13; (no page available), the 1994 Examination, Page 8; thirty-eight errors cited in the review of forty-nine files. Exhibit III. This error also occurred in the 2000 Examination, Page 11; thirty errors cited in the review of fifty files. Exhibit IV.

III. EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
FAILED TO PROVIDE TIMELY NOTICE OF RENEWAL-1994 EXAM COMMERCIAL AUTOMOBILE	I
FAILED TO PROVIDE TIMELY NOTICE OF RENEWAL-2000 EXAM COMMERCIAL AUTOMOBILE	II
FAILED TO PROVIDE TIMELY NOTICE OF RENEWAL-1994 EXAM COMMERCIAL PACKAGE POLICY	III
FAILED TO PROVIDE TIMELY NOTICE OF RENEWAL-2000 EXAM COMMERCIAL PACKAGE POLICY	IV