

2000 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION

OF

ACSTAR INSURANCE COMPANY

BY

THE FLORIDA DEPARTMENT OF INSURANCE

FILED DATE: 11/28/00

TABLE OF CONTENTS

<u>PART</u>	<u>SUBJECT</u>	<u>PAGE NUMBER</u>
I.	INTRODUCTION	1
II.	MUNICIPAL CODING	2
III.	EXAMINATION FINDINGS	3
IV.	COMMENTS AND CORRECTIVE ACTIONS	4

I. INTRODUCTION

In accordance with the provisions of Section 624.3161, Florida Statutes, representatives of the Florida Department of Insurance conducted a target market conduct examination of Acstar Insurance Company for the purpose of ascertaining compliance with the reporting requirements contained in Chapters 175 and 185, Florida Statutes.

Insurance companies are required to file reports with the Florida Department of Revenue which accurately identify the geographic location of policies written on specific lines of business, and the amount of premiums written in each fire district or municipality.

Various fire districts and municipalities throughout the state have established pension funds that qualify for distributions of a portion of the premium tax collections. On an annual basis the Florida Department of Revenue provides funds to participating fire districts and municipalities based on the reports received from insurers doing business in this state.

This examination represents the Department's target examination of the Company's reports filed with the Florida Department of Revenue, and covers policies written in calendar year 1998.

During our review, it was determined that the Company was not reporting any premiums subject to the provisions of Chapter 175 and 185, Florida Statutes. This Company was examined for compliance to ensure premiums reported under Surety did not include Fidelity products. The Company only writes surety products; therefore, the non-allocation of premiums for the Firefighters and the Police Officers Pension Trust Funds complies with those provisions.

II. MUNICIPAL CODING

During 1998, Acstar Insurance Company wrote surety policies in Florida which are not subject to the reporting requirements of Chapters 175 and 185, Florida Statutes. The Company did not allocate any premiums to the Firefighters' and Police Officers' Pension Trust Funds, respectively.

The Company reported premium taxes for fire districts and municipalities to the Florida Department of Revenue as follows:

MSC049 FEI 362704802 Insurance Premium Taxes & Fees (R.01/99) 03/22/00 16:50:21			
F20:Back Page (MA) Post 1992 Returns - Detail Pg		As Filed	As Computed
1.	Total Premium Tax Due.....(Sch 1)	1. 9,169.00	9,169.37
2.	Credits Against Tax.....(Ln 11 Sch 3)	2. 5,550.00	5,550.00
3.	Net Premium Tax Due.....(Or Zero)	3. 3,619.00	3,619.37
4.	State Fire Marshal Reg Assess (Sch 10)	4. 0.00	0.00
5.	Wet Marine & Transport Tax....(Sch 11)	5. 0.00	0.00
6.	Firefighter Relief.....(Sch 12)	6. 0.00	0.00
7.	Municipal Police Relief.....(Sch 13)	7. 0.00	0.00
8.	Retaliatory Tax.....(Sch 14)	8. 6,848.00	297.63
9.	Annual/Quarterly Filing Fees..(Sch 15)	9. 1,000.00	1,000.00
10.	Commercial/Residential Surchg (Sch 16)	10. 0.00	0.00
11.	Total Tax Due	11,467.00	4,917.00
	Less Installments Paid in 1st Quarter:	3,403.00	3,403.00
	2nd Quarter:	1,697.00	1,697.00
	3rd Quarter:	2,945.00	2,945.00
	Total:	8,045.00	8,045.00
12.	Orig 0.00 0.00		
13.	Net Tax Due or Overpayment	13. 3,422.00	-3,128.00
14.	Penalty (10% Late Penalty)	14. 0.00	0.00
15.	Interest (12% per Annum)	15. 0.00	0.00
16.	Amount Due With This Return	16. 3,422.00	-3,128.00
17.	Amount of Overpayment to be Refunded	17. 0.00	6,550.00
17.	Amount Refunded with Original (If Amended)	17. 0.00	0.00
F19:MSC006 F22:Front Page Inquiry Mode - Updates are NOT allowed.			

III. EXAMINATION FINDINGS

During its examination, the Department reviewed 1998 policy information from Acstar Insurance Company for all policies written in the State of Florida which were subject to Chapters 175 and 185, Florida Statutes. After review of that information, the Department determined that the Company did not write policies subject to Chapters 175 and 185, Florida Statutes. The Department reviewed the Company's information that was furnished to the Department of Revenue which documented its premium writings and verified that the Company did not allocate any premiums to the Firefighters' and Police Officers' Pension Trust Funds, respectively.

IV. COMMENTS AND CORRECTIVE ACTION

Based on its review of the policy information of Acstar Insurance Company and the 1998 Report filed by the Company with the Florida Department of Revenue, the Department has determined that the report filed with the Florida Department of Revenue is accurate. No errors were found in the records reviewed.