

2000 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION

OF

CHRYSLER INSURANCE COMPANY

BY

THE FLORIDA DEPARTMENT OF INSURANCE

FILED DATE: 11/08/00

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I. INTRODUCTION

Chrysler Insurance Company is a foreign property and casualty insurer licensed to conduct business in the State of Florida during the scope of this examination, January 1997 through December 1999. This examination began April 2, 2000 and ended April 27, 2000. The last examination of this insurer by the Florida Department of Insurance was completed in 1999.

The purpose of this target exam was to review the Company's Garage Dealers Physical Damage floor plans coverage and consumer complaints to verify that business was being processed in accordance with Statutes.

During this examination, records reviewed included policies and consumer complaints for the period of January 1997 through December 1999 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, issue appropriate refunds, make all necessary filings with the Department and immediately cease any activity that continues to place the Company in noncompliance with Florida Statutes/Rules.

II. REVIEW OF POLICIES

A. GARAGE DEALERS PHYSICAL DAMAGE FLOOR PLANS

1. General Comments

A review of Garage Dealers Physical Damage Floor Plan coverage was conducted to determine if the Company offered the same coverage options, deductible options and rating factors equally to each dealer. Also, a review was made in each year of the scope of this exam to determine if unfair coverage limitations, deductible requirements and rate increases appeared from year to year on each risk reviewed.

2. Exam Findings

One hundred (100) policy files were examined.

Chrysler Insurance Company writes floor plan insurance for garage dealerships who finance their floor plans through Chrysler Financial Corporation. Chrysler Financial Corporation requires the dealer to carry garage dealers physical damage coverage in order to receive and keep their financing. They have the following choices.

- a. Purchase the floor plan coverage being offered under a master policy, written by Chrysler Insurance Company. If purchased, they are added by memorandum to this master policy and rated in

accordance with deductible chosen, prior loss history and schedule and experience debits and credits to a base premium. The base rate is a nationwide rate and the final rate is determined by the actuarial staff applying the appropriate credits and/or debits. They are audited for inventory at the end of every month and billed monthly accordingly, using the final rate that was determined from factors indicated above.

- b. Purchase a complete Commercial Package Policy written by Chrysler Insurance Company. This gives them complete Garage Liability and Physical Damage coverage with the floor plan included. The floor plan coverage portion is rated the same way as coverage in (a) above explains.
- c. Purchase the coverage from another insurance company and provide Chrysler Financial proof of insurance.

No errors were found.

III. COMPLAINTS 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. Complaint handling procedures are described in Exhibit I.

IV. EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
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COMPLAINT HANDLING PROCEDURES	I
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