

2000 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION

OF

GREAT AMERICAN ALLIANCE INSURANCE COMPANY

f/k/a AMERICAN ALLIANCE INSURANCE COMPANY

(AMERICAN FINANCIAL GROUP)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

Filed Date: 4-17-01

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## I. INTRODUCTION

American Alliance 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 1999 through July 2000. The examination began August 14, 2000 and ended September 8, 2000. The last examination of this insurer by the Florida Department of Insurance was completed in 1997.

The purpose of this target examination was to verify compliance with Florida Statutes and Rules as they relate to adjuster licensing.

During this examination, records reviewed included claim files closed during the period of January 1999 to July 2000 as reflected in the report.

The Florida Department of Insurance conducted an examination in 1997 wherein the Company failed to assign claims occurring in Florida to duly licensed and appointed non-resident adjusters.

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. CLAIMS REVIEW

One hundred (100) claims were examined.

Fifty-one (51) errors were found.

None of the errors affected payments. The Company's claims procedures are attached as Exhibit I.

The Company's licensed adjusters are listed and included as in Exhibit II.

The errors are broken down as follows:

1. Fifty-one (51) errors were due to failure to assign claims occurring in Florida to duly licensed and appointed adjusters. The errors are also the failure of the adjuster licensing procedures in use by the Company. Prior to this examination, each profit center of American Financial Group was responsible for licensing of adjusters used by that profit center. The Company is now changing that procedure and a copy of the recommended changes are included as Exhibit III. This error was cited in the 1997 Examination, Page 8, Item 1. This constitutes a violation of Section 626.873, Florida Statutes.

III. EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
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COMPANY CLAIMS PROCEDURES	I
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LIST OF COMPANY LICENSED ADJUSTERS	II
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COMPANY PLAN OF ACTION TO UPDATE LICENSING PROCEDURES	III
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