

2000 PROPERTY AND CASUALTY TARGET MARKET CONDUCT EXAMINATION

OF

HARTFORD CASUALTY INSURANCE COMPANY
(THE HARFORD GROUP)

BY

THE FLORIDA DEPARTMENT OF INSURANCE

FILED DATE: 9/7/01

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I. INTRODUCTION

Hartford Casualty Insurance Company is a domestic property and casualty insurer licensed to conduct business in the State of Florida during the scope of this examination, January 1996 through December 1998. This examination began April 23, 2000 and ended July 8, 2000. The last examination of this insurer by the Florida Department of Insurance was completed in 1995.

During this examination, records reviewed included policies, cancellations/nonrenewals, agent/MGA licensing, claims and consumer complaints for the period of January 1996 through December 1998 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.

As a result of the finding of this examination, a claim refund of \$11.65 was returned to Florida Consumers due to underpayments of claims.

II. PRE-EXAM REVIEW OF COMPANY'S WRITINGS

A. CERTIFICATE OF AUTHORITY - AUTHORIZED LINES

1. General Comments

The Certificate of Authority/Renewal Invoices were reviewed for all years within the scope of the examination.

2. Error Percentages

The review included verification of the lines of business the Company was authorized to write during the scope of examination versus those lines actually being written. It also included verification that notification requirements were met for any line of business that was discontinued.

No errors were found.

III. REVIEW OF POLICIES

A. PRIVAT PASSENGER AUTOMOBILE

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings

Hartford Casualty Insurance Company is an Insurance Service Office (ISO) service purchaser and as such ISO files rates/rules on the Company's behalf. In addition, the Company independently files rules/rates in accordance with Section 627.0651, Florida Statutes.

b. Form Filings

Hartford Casualty Insurance Company is an Insurance Service Office (ISO) member and as such ISO is authorized to file forms on the Company's behalf. In addition, the Company independently files forms in accordance with Section 627.410, Florida Statutes.

c. Statistical Affiliation

The National Association of Independent Insurers acts as the Company's official statistical agent.

2. Premium and Policy Counts

Direct Premiums Written and in-force policy counts for the scope the examination are as follows:

<u>Year</u>	<u>DPW</u>	<u>Policy Count</u>
1998	\$7,795,166	6,632
1997	\$9,868,117	6,945
1996	\$10,593,658	7,702

3. Exam Findings

Thirty (30) policy files were examined.

Two (2) errors were found.

None of the errors affected premium.

The errors are as follows:

1. One (1) error was due to failure to follow the underwriting guideline. The Company added a vehicle which was ineligible according to their underwriting guidelines. This constitutes a violation of Section 627.0651, Florida Statutes.
2. One (1) error was due to failure to inspect the vehicle prior to issuing the policy. This constitutes a violation of Section 627.744, Florida Statutes.

B. HOMEOWNERS

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings

Hartford Casualty Insurance Company is an Insurance Service Office (ISO) member and as such ISO files rates/rules on the Company's behalf. In addition, the Company independently files rules/rates in accordance with Section 627.062, Florida Statutes.

b. Form Filings

Hartford Casualty Insurance Company is an Insurance Service Office (ISO) member and as such ISO is authorized to file forms on the Company's behalf. The Company independently files forms in accordance with Section 627.410, Florida Statutes.

c. Statistical Affiliation

The National Association of Independent Insurers acts as the Company's official statistical agent.

2. Premium and Policy Counts

Direct Premiums Written and in-force policy counts for the scope the examination are as follows:

<u>Year</u>	<u>DPW</u>	<u>Policy Count</u>
1998	\$6,279,727	8052
1997	\$5,451,781	7962
1996	\$5,203,657	8571

3. Exam Findings

One hundred (100) policy files were examined.

Three (3) errors were found.

None of the errors affected premium.

The errors are broken down as follows:

1. Two (2) errors were due to failure to comply with the Unfair Trade Practices Act. The Company failed to provide notice of the shutter discounts as provided for in Rule 4-170.017, Florida Administrative Code. This constitutes violations of Section 626.9541, Florida Statutes.
2. One (1) error was due to failure to follow underwriting guidelines. The Company failed to use a current Accord application in accordance with underwriting guidelines. This constitutes a violation of Section 627.0651, Florida Statutes.

C. INLAND MARINE

1. Application of Rules, Rates and Forms

a. Rate/Rule Filings

Hartford Casualty Insurance Company is an Insurance Service Office (ISO) member and as such ISO is authorized to file rates/rules on the Company's behalf in accordance with Section 627.062, Florida Statutes.

b. Form Filings

Hartford Casualty Insurance Company is an Insurance Service Office (ISO) and as such ISO is authorized to file forms on the Company's behalf. The Company independently files forms in accordance with Section 627.410, Florida Statutes.

c. Statistical Affiliation

The National Association of Independent Insurers acts as the Company's official statistical agent.

2. Premium and Policy Counts

Direct Premiums Written and in-force policy counts for the scope the examination are as follows:

<u>Year</u>	<u>DPW</u>	<u>Policy Count</u>
1998	\$249,235	915
1997	\$184,842	864
1996	\$174,070	933

3. Exam Findings

Fifty (50) policy files were examined.

No errors were found.

IV. AGENTS/MGA REVIEW

Thirty (30) applications/policies written during the scope of examination were examined.

Six (6) errors were found.

None of the errors affected premium.

The errors are broken down as follow:

1. Six (6) errors were due to failure to display the agent's identification number on the application or the name of the insurer on the application. This constitutes a violation of Section 627.4085, Florida Statutes.

V. CANCELLATIONS/NONRENEWALS REVIEW

Fifty (50) cancelled/nonrenewed policies were examined.

No errors were found.

VI. CLAIMS REVIEW

Thirty (30) claims were examined.

Three (3) errors were found.

One (1) error resulted in an \$11.65 underpayment, and two errors resulted in overpayments totaling \$70.34.

The errors are broken down as follows:

1. Three (3) errors were due to failure to properly adjust claim. One (1) error resulted in an underpayment totaling \$11.65, which has been refunded by the Company. Two (2) errors resulted in over payments totaling \$70.34. This constitutes violation of Section 626.877, Florida Statutes.

The Company's internal claims handling procedures and reserving practices are described in Exhibit I.

VII. 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 II.

VIII. EXHIBITS

<u>SUBJECT</u>	<u>EXHIBIT NUMBER</u>
Claims Handling Procedure	I
Complaint Handling Procedure	II