

*Targeted Market Conduct Examination Report*

***FLORIDA PENINSULA INSURANCE  
COMPANY***

*NAIC Company Code: 10132*

*NAIG Group Code: 4769*

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## Executive Summary

The Florida Office of Insurance Regulation ("OIR") performed a targeted market conduct examination of Florida Peninsula Insurance Company ("Florida Peninsula" or "Company") pursuant to Section 624.3161, Florida Statutes ("F.S.")

### Purpose and Scope of the Examination

OIR has primary responsibility for the regulation, compliance and enforcement of statutes related to the business of insurance and the monitoring of industry markets. OIR conducted a targeted market conduct examination of Florida Peninsula pursuant to Section 624.3161, F.S. The purpose of a market conduct examination is to review an insurer's operating practices to determine if they comply with the Florida Insurance Code, rules related to the business of insurance, procedures adopted by the Company, the provisions contained within a contract of insurance issued by the Company or orders issued by OIR. A common element of all market conduct examinations is to evaluate an insurer's business practices promoting the protection of insurance-buying consumers and to hold insurers accountable when issues or violations are identified.

This examination was initiated to review and evaluate Florida Peninsula's Hurricane Ian claims-handling operations. The examination scope period was from September 28, 2022, to February 28, 2023. The examination was performed by a contracted examination firm, The INS Companies. The examination began March 21, 2023, and ended November 20, 2023. The last examination of Florida Peninsula was completed on September 29, 2011, and consisted of a targeted review of the Company's adherence to approved rates, rules, and underwriting guidelines; claims handling; complaint handling; and cancellation practices. In reviewing materials for this report, the examiners relied on records provided by the Company.

### Examination Procedures

The conduct of this examination and the procedures, statistical sampling, and examination processes used were consistent with and in accordance with those standards and procedures contained in the *Market Regulation Handbook* promulgated by the National Association of Insurance Commissioners ("NAIC"). The number of randomly selected items reviewed in each sample is consistent with the recommended sample size in the *Market Regulation Handbook's* Acceptance Samples Table. Examination results with a 95% confidence level permit those results to be extrapolated to the population identified in each of the areas examined.

In preparation for the examination, Florida Peninsula was requested to provide the total number, or universe, of Hurricane Ian claims reported with a Florida exposure during the examination's scope period.

### Company Profile

Florida Peninsula Insurance Company is a domestic property and casualty insurer authorized to conduct business in Florida on April 22, 2005. The Company is authorized to write Homeowners, Fire, Flood and Inland Marine coverage.

## Examination Findings

The following Findings are compiled from the examiners' review of Florida Peninsula's Hurricane Ian claims.

### Hurricane Ian Claims

To facilitate a thorough review of Florida Peninsula's claims files, the claims universe was divided into three categories: claims closed with payment, claims closed without payment, and reopened claims. For purposes of this examination, the selection of claims reviewed for each of the categories was defined as follows:

- **Claims Closed With Payment:** The first or initial Hurricane Ian claim filed by the named insured, policyholder, or legal representative due to a loss occurring to a personal residential or commercial residential risk that was closed with payment during the examination's scope period. Florida Peninsula identified a universe of 3,129 residential property claims that were closed with payment during the examination scope period. A random sample of 108 claims was selected and reviewed by the examiners.
- **Claims Closed Without Payment:** The first or initial Hurricane Ian claim filed by the named insured, policyholder, or legal representative due to a loss occurring to a personal residential or commercial residential risk that was closed without payment for any reason during the examination's scope period. Florida Peninsula identified a universe of 2,236 residential property claims that were closed without payment during the examination scope period. A random sample of 107 claims was selected and reviewed by the examiners.
- **Reopened Claims:** The first or initial Hurricane Ian claim filed by the named insured, policyholder, or legal representative due to a loss occurring to a personal residential or commercial residential risk that was closed for any reason and that was reopened upon request for additional costs for loss or damage previously disclosed to the insurer. Florida Peninsula identified a universe of 2,472 residential property claims that were reopened during the examination scope period. A random sample of 107 claims was selected and reviewed by the examiners.

**Finding 1:** The examiners determined that in 16 instances out of 322 claims reviewed, an error rate of 5.0%, Florida Peninsula did not acknowledge receipt of claims communications within 14 calendar days, as required by Section 627.70131(1)(a), F.S. (2022)<sup>1</sup>.

**Finding 2:** The examiners determined that in 58 instances out of 322 claims reviewed, an error rate of 18.01%, Florida Peninsula did not include the name and license number of the adjuster communicating about the claim in a subsequent communication with the policyholder regarding the claim, as required by Section 627.70131(3)(c), F.S.

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<sup>1</sup> Section 627.70131, F.S. (2023), reduced 14-day timeframes to 7 days, the 45-day timeframe to 30 days, and the 90-day timeframe to 60 days. Other additions and deletions were also made to the law.

**Finding 3:** The examiners determined that in eight instances out of 322 claims reviewed, an error rate of 2.5%, Florida Peninsula did not include the required statement when providing a preliminary or partial estimate of the damage to the policyholder, as required by Section 627.70131(6)(a), F.S.

**Finding 4:** The examiners determined that in nine instances out of 322 claims reviewed, an error rate of 2.8%, Florida Peninsula did not pay or deny claims within 90 days, as required by Section 627.70131(7)(a), F.S.

**Finding 5:** The examiners determined that in six instances out of 215 claims closed with payment and reopened claims reviewed, an error rate of 2.8%, Florida Peninsula did not accurately calculate the correct amount of interest owed at the rate set forth in Section 55.03, F.S. when payment of the claim was made 90 days after the insurer received notice of the claim, or more than 15 days after there were no longer factors beyond the control of the insurer to reasonably prevent payment, as required by Section 627.70131(7)(a), F.S.

## **Conclusion**

This targeted market conduct examination of Florida Peninsula Insurance Company was designed to review and evaluate Florida Peninsula's Hurricane Ian claims-handling operations. It does not document what regulatory or administrative action may be taken by OIR.

## **Examination Final Report Submission**

OIR hereby issues this final report based upon information from the draft report, additional research conducted by the OIR, and additional information provided by Florida Peninsula Insurance Company.



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