

State Farm Insurance Companies



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VIA EMAIL & REGULAR MAIL

May 12, 2010

Pamela J. O'Connell, Bureau Chief
Department of Insurance
Market Conduct Division
Field Rating & Underwriting Bureau
300 Capitol Mall, 16th Floor
Sacramento, CA 95814
OConnellP@insurance.ca.gov

Subject: Final Comments Relating to Adopted Public Target Market Conduct Exam
State Farm General Insurance Company (NAIC #25151)

Dear Ms. O'Connell,

Please find the response from State Farm General Insurance Company (hereinafter "State Farm") your correspondence dated April 12, 2010 in which you enclosed the Department's adopted public report on the target market conduct examination of State Farm. We thank you for the opportunity to provide these final comments. Should you have any questions on any issue noted, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read 'Keesha-Lu M. Mitra'. The signature is fluid and cursive, with the first name 'Keesha' being the most prominent.

Keesha-Lu M. Mitra

State Farm's Supplemental Comments to Findings

1. In one instance, the Company failed, in a case in which liability had become reasonably clear, to effectuate prompt, fair and equitable settlements of claims as required by law. A loss of rent claim was left unpaid after requested documentation was provided by the insured. CIC §790.03(h)(5)

State Farm Supplemental Response: While State Farm acknowledges that in this instance the company did not reimburse for the loss appropriately, we do not believe that the citation rises to the level of a citation under section 790.03(h)(5). The Department reviewed 50 files and found only one instance of this issue. This statutory section states: "Knowingly committing or performing with such frequency as to indicate a general business practice any of the following ...". One instance does not indicate frequency which suggests a general business practice. This is another situation in which the Department ought to have relied on the regulation as opposed to the statute.

2. In one instance, the Company failed to include a statement in its claim denial that, if the claimant believes the claim has been wrongfully denied or rejected, he or she may have the matter reviewed by the California Department of Insurance. This wording is required by law. CCR §2695.7(b)(3)

State Farm Supplemental Response: No further response.