

July 5, 2012

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FAIR ACCESS TO INSURANCE REQUIREMENTS

Anneliese Jivan, President

Kenneth G. Hill
Bureau Chief
Department of Insurance
Market Conduct Division
Field Rating & Underwriting Bureau
45 Fremont Street, 22nd Floor
San Francisco, CA 94105

Re: Claims Market Conduct Exam

Dear Mr. Hill:

The California FAIR Plan has read and carefully considered the portion of the market conduct exam addressing alleged violations of California Insurance Code section 790.03 and its implementing regulations (the "Claims Report") and we wish to provide a brief response, as invited in your letter of June 5, 2012.

Unfortunately, in four instances, the independent adjusters retained by the FAIR Plan did not properly document that they advised our policyholders of the manner in which the Building Code Upgrade Endorsement was applied, and on one of those four claims, the independent adjuster may have provided our policyholder with incorrect advice about the availability of an extension of time in which to use that coverage. While we addressed these concerns as soon as we learned of them, the FAIR Plan no longer offers the Building Code Upgrade Endorsement; that endorsement has been replaced by the Ordinance or Law Endorsement.

As described in the "Report of the Market Conduct Examination of the Claims and Underwriting Practices, As They Relate to Laws Other than CIC § 790.03 And the Wildfires of 2007" and our response thereto, the FAIR Plan is committed to working cooperatively with the Department of Insurance ("Department") to educate our policyholders about how to purchase appropriate coverage. We are equally committed to communicating proactively and appropriately with our policyholders during the claim process. Thus, as the Claims Report notes, we have prepared a standardized letter which we now send to all claimants who might be entitled to benefits under their Ordinance or Law Endorsement.

Again, the FAIR Plan sincerely shares the Commissioner's goals of ensuring that our policyholders purchase coverage appropriate for their needs, and obtain all benefits due them under the terms of the policies they purchased. We genuinely appreciate the consideration given by the Department to our concerns, and we look forward to continuing to work with the Department to ensure that these dual goals are met.

Sincerely,



Anneliese Jivan
President

cc: John Boeder – California FAIR Plan