



By Electronic Mail and Federal Express Courier

E-mail: Towanda.David@insurance.ca.gov

September 24, 2012

Ms. Towanda David
Bureau Chief, Field Claims Bureau
State of California Department of Insurance
300 South Spring Street, 11th Floor
Los Angeles, California 90013

**Re: Management's Response to Field Claims Examination Report
By the California Department of Insurance Market Conduct Division/Field Claims Bureau**

**Mitsui Sumitomo Insurance Company of America
NAIC Company Code No. 20362
California Department of Insurance Code No. 4714-2**

**Mitsui Sumitomo Insurance USA Inc.
NAIC Company Code No. 22551
California Department of Insurance Code No. 3342-3**

NAIC Group Code No. 4715 [MS & AD Insurance Group]

Dear Ms. David:

On behalf of Mitsui Sumitomo Insurance Company of America and Mitsui Sumitomo Insurance USA Inc. (collectively, "MSIG" or "Company"), this letter will acknowledge receipt of your September 18, 2012 email to Julie McGhghy, Vice President, Associate Counsel and Privacy Officer for Mitsui Sumitomo Marine Management (U.S.A.), Inc., and the verified Market Conduct Examination Report of MSIG's claims practices (the "Examination Report") as prepared by the Field Claims Bureau of the Market Conduct Division within the California Department of Insurance (the "Department").

MSIG thanks the Department for the opportunity to comment on the Examination Report. This letter sets forth management's response to the Examination Report. MSIG respectfully requests that this letter, and the comments contained herein, be attached to and made part of the final Examination Report to be published by the Department on its Internet Web site in accordance with Section 12938 of the California Insurance Code.

**Mitsui Sumitomo Marine Management (U.S.A.), Inc., for
Mitsui Sumitomo Insurance USA Inc.
Mitsui Sumitomo Insurance Company of America**
15 Independence Boulevard, P.O. Box 4602, Warren, NJ 07059-0602
www.msigusa.com

MSIG respectfully submits the following comments to the Department in response to the Examination Report with the reservation of all rights and/or defenses.

The Department alleges certain claims handling practices fall short of the State of California's laws and regulations. In addition to MSIG's responses to each of the citations or instances outlined in the Examination Report, MSIG asks the Department to note that overwhelmingly the instances do not involve any degree of harm to claimants. Moreover, once MSIG's management became aware of any situation, in every instance remedial action was taken, sometimes in advance of the examination. In some situations, the citations resulted from the actions of third party vendors or programs used by third party vendors, not the actions of the Company. In other situations, the citations resulted from MSIG's reasonable opinion as to how to value losses that differed from that of the Department. In short, the citations do not reveal intentional actions or general business practices, and the severity of the situations noted was minimal. In every instance, MSIG acknowledged the event pertaining to the alleged error, trained the appropriate staff, and enhanced its procedures to include tools and practices to reduce the likelihood of similar actions occurring in the future.

The Department alleges certain claims handling practices constitute unfair claims settlement practices. MSIG respectfully disagrees. Section 2695.1(a) of Title 10 of the California Code of Regulations explains the relationship between the Fair Claims Settlement Practices Regulations (the "Regulations") and Section 790.03(h) of the California Insurance Code (the "Statute"), which defines unfair claims settlement practices. Per Subsection (1) of Section 2695.1(a), the purpose of the Regulations, in part, is to "delineate certain minimum standards for the settlement of claims which, when violated knowingly on a single occasion or performed with such frequency as to indicate a general business practice shall constitute an unfair claims settlement practice within the meaning of Insurance Code Section 790.03(h)" Where the Department identified certain instances that fell short of the requirements of the Regulations, MSIG respectfully disagrees that these are unfair claims settlement practices as defined because they were not committed knowingly or with such frequency as to indicate a general business practice. Moreover, it is important to note that in no instance was a claimed error a repeat of an error brought to Company's attention in any prior claims examination.

Subject to the foregoing, MSIG hereby accepts the Examination Report and the Department's findings contained therein in their entirety. It is MSIG's understanding that the Department plans no further action with respect to the findings contained in the Examination Report, beyond those remedial measures adopted by MSIG that are already reflected in the Examination Report.

I trust that this letter brings the formal examination process to conclusion. On behalf of all of us at MSIG, please accept our sincere thanks to you and your colleagues for your very professional efforts in conducting and concluding this examination. Those efforts are much appreciated.

Ms. Towanda David
September 14, 2012

If you have any questions or require anything further, please feel free to contact me. I can be reached by telephone at (908)604-2859 or by Internet at dleskauskas@msigusa.com.

Sincerely yours,

**Mitsui Sumitomo Marine Management (U.S.A.), Inc.
For Itself and as Manager for and on Behalf of
Mitsui Sumitomo Insurance Company of America and
Mitsui Sumitomo Insurance USA Inc.**

By: 
David R. Leskauskas
Senior Vice President and Chief Claims Officer

cc: Mr. Maki Kumagai
Chairman & Chief Executive Officer
Mitsui Sumitomo Marine Management (U.S.A.), Inc.
And
President, Mitsui Sumitomo Insurance Company of America
President, Mitsui Sumitomo Insurance USA Inc.

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And
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Mitsui Sumitomo Insurance Company of America
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Ms. Towanda David
September 14, 2012

Stephen P. Tasy
Senior Vice President & General Counsel
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