



July 9, 2015

Ms. Towanda David
Bureau Chief
Field Claims Bureau
Department of Insurance
300 South Spring Street, 10th Floor
Los Angeles, CA 90013

RE: Field Claims Examination Report
Electric Insurance Company, NAIC #21261

Dear Ms. David:

I received a copy of the Field Claims Examination Report (the "Report") on June 29, 2015. Please accept this letter as Electric Insurance Company's (the "Company") response in accordance with CIC 12938 and the California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5, Article 2, §2695.30.

Findings Noted in the Report

The Company would like to note the following regarding some of the specific findings as outlined below:

1. Failure to Properly Advise the Insured of the Method in which a Request for Reconsideration of Fault Can be Made – It is the position of the Company that its process was compliant. The regulation is silent regarding the process by which an insured may request reconsideration. Although the Company's letter asked for a written submission,

the Company was always willing to accept a request for reconsideration through any method chosen by the insured. Nevertheless, the Company immediately updated its letter to include any and all methods of communication to make this clear to its insureds.

2. Failure to Ask if a Child Passenger Restraint System was in Use by a Child During an Accident or was in the Vehicle at the Time of a Loss – The Company’s business process was to inquire about a child passenger restraint system at the time of claim intake, however, the audit revealed that there was no documentation that this was consistently done. The Company immediately reached out to all affected insureds and, going forward, updated its claim paperwork to notify insureds that they should contact the Company if there were a child passenger restraint system in the vehicle. Additionally, it has always been the Company’s policy to reimburse an insured for a child passenger restraint system that may have been damaged in an accident.

3. Failure to Advise the Insured that the Accident Resulted in Bodily Injury or Death – Due to the fact that the physical damage portion of the claim was usually settled before the bodily injury portion, the Company’s at-fault letter generally failed to reference the possibility of bodily injury or death resulting from the claim. The Company immediately updated its at-fault letter to ensure that claims involving bodily injury and death were also noted, where appropriate.

4. Failure to Document the Basis of Depreciation Applied to Property – The Company disagrees that depreciation was not supported by the information that was contained in

the claim file and provided to the insured. The Company did, however, agree to work with its vendor to add an additional column for condition to its estimating software. This was completed on March 2, 2015.

5. Failure to Fully Explain the Basis of Depreciation to the Claimant in Writing – The Company disagrees that it did not explain the basis of depreciation to the claimant. The information sent to the claimant included the amount of recoverable depreciation as well as how the Company arrived at the settlement amount. The Company did, however, begin sending claimants all details behind the depreciation calculation. Additionally, the Company worked with its software vendor to add a column specifically addressing condition in its estimating software and this information is also provided to the claimant with the settlement. The software change was implemented on March 2, 2015.
6. Failure to Document a Comparable Vehicle – As a result of the audit, it was identified that this information was not being provided by the Company's total loss valuation vendor. The Company contacted the vendor and this information was immediately added to the reports that are being provided to the Company.

The Company's Claims Department strives to offer unparalleled claim service to our insureds and claimants. Their efforts are reflected in a Net Promotor Score of 88 and the receipt of an American Business Awards Gold Stevie Award in the Customer Service Department of the Year category four out of the last seven years. As part of that service commitment, the Company takes the issue of compliance with the California statutes and regulations very seriously. The

Company took immediate steps to address all issues identified by the Examiner during the audit and promptly issued \$1,692 in restitution for one underpayment resulting from a depreciation hold-back. In addition to the specific actions noted above, the Company has conducted training with its adjusters and committed to continuous self-auditing of some of its processes. As a result, the Company is confident that these issues have been corrected and will not occur again.

Please do not hesitate to contact me at ellen.robbins@electricinsurance.com or 978-524-5340 if you have any questions regarding any of the above information. Lastly, I would like to take this opportunity to thank the Department of Insurance and especially the Examiner-In-Charge, Paul Gauthier, for his efficiency, courteousness, and professionalism throughout the examination process.

Sincerely,



Ellen S. Robbins
Manager of Regulatory