

**[IN ACCORDANCE WITH CALIFORNIA INSURANCE CODE (CIC) SECTION 12938,
THIS REPORT WILL BE MADE PUBLIC AND PUBLISHED ON THE
CALIFORNIA DEPARTMENT OF INSURANCE (CDI) WEBSITE]**

**WEBSITE PUBLISHED REPORT OF THE MARKET CONDUCT
EXAMINATION OF THE CLAIMS PRACTICES OF**

**KANSAS CITY LIFE INSURANCE COMPANY
NAIC # 65129 CDI # 0558-7**

**OLD AMERICAN INSURANCE COMPANY
NAIC # 67199 CDI #1950-5**

**SUNSET LIFE INSURANCE COMPANY
NAIC # 69272 CDI # 1359-9**

AS OF MARCH 31, 2013

ADOPTED APRIL 1, 2014

STATE OF CALIFORNIA



**CALIFORNIA DEPARTMENT OF INSURANCE
MARKET CONDUCT DIVISION
FIELD CLAIMS BUREAU**

NOTICE

The provisions of Section 735.5(a) (b) and (c) of the California Insurance Code (CIC) describe the Commissioner's authority and exercise of discretion in the use and/or publication of any final or preliminary examination report or other associated documents. The following examination report is a report that is made public pursuant to California Insurance Code Section 12938(b)(1) which requires the publication of every adopted report on an examination of unfair or deceptive practices in the business of insurance as defined in Section 790.03 that is adopted as filed, or as modified or corrected, by the Commissioner pursuant to Section 734.1.

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DEPARTMENT OF INSURANCE

Consumer Services and Market Conduct Branch
Field Claims Bureau, 11th Floor
300 South Spring Street
Los Angeles, CA 90013



April 1, 2014

The Honorable Dave Jones
Insurance Commissioner
State of California
300 Capitol Mall
Sacramento, California 95814

Honorable Commissioner:

Pursuant to instructions, and under the authority granted under Part 2, Chapter 1, Article 4, Sections 730, 733, 736, and Article 6.5, Section 790.04 of the California Insurance Code; and Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a) of the California Code of Regulations, an examination was made of the claims handling practices and procedures in California of:

Kansas City Life Insurance Company
NAIC # 65129

Old American Insurance Company
NAIC # 67199

Sunset Life Insurance Company
NAIC # 69272

Group NAIC # 0588

Hereinafter, the Companies listed above also will be referred to as KCL, OAIC, SLIC or the Company or, collectively, as the Companies.

This report is made available for public inspection and is published on the California Department of Insurance website (www.insurance.ca.gov) pursuant to California Insurance Code section 12938(b)(1).

FOREWORD

The examination covered the claims handling practices of the aforementioned Companies on Life, Annuities, and Accident and Disability claims closed during the period from April 1, 2012 through March 31, 2013. The examination was made to discover, in general, if these and other operating procedures of the Companies conform to the contractual obligations in the policy forms, the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law. This report contains all alleged violations of laws that were identified during the course of the examination.

The report is written in a “report by exception” format. The report does not present a comprehensive overview of the subject insurer’s practices. The report contains a summary of pertinent information about the lines of business examined, details of the non-compliant or problematic activities that were discovered during the course of the examination and the insurer’s proposals for correcting the deficiencies. When a violation that reflects an underpayment to the claimant is discovered and the insurer corrects the underpayment, the additional amount paid is identified as a recovery in this report. All unacceptable or non-compliant activities may not have been discovered. Failure to identify, comment upon or criticize non-compliant practices in this state or other jurisdictions does not constitute acceptance of such practices.

Alleged violations identified in this report, any criticisms of practices and the Companies’ responses, if any, have not undergone a formal administrative or judicial process.

SCOPE OF THE EXAMINATION

To accomplish the foregoing, the examination included:

1. A review of the guidelines, procedures, training plans and forms adopted by the Companies for use in California including any documentation maintained by the Companies in support of positions or interpretations of the California Insurance Code, Fair Claims Settlement Practices Regulations, and other related statutes, regulations and case law used by the Company to ensure fair claims settlement practices.

2. A review of the application of such guidelines, procedures, and forms, by means of an examination of a sample of individual claims files and related records.

3. A review of the California Department of Insurance's (CDI) market analysis results; a review of consumer complaints and inquiries about these Companies closed by the CDI during the period April 1, 2012 through March 31, 2013; a review of previous CDI market conduct claims examination reports on these Companies; and a review of prior CDI enforcement actions.

The review of the sample of individual claims files was conducted at the offices of the CDI in Los Angeles, California.

EXECUTIVE SUMMARY OF CLAIMS SAMPLE REVIEWED

The Life, Annuity, and Accident and Disability claims reviewed were closed from April 1, 2012 through March 31, 2013, referred to as the “review period”. The examiners randomly selected 119 KCL claim files, 56 OAIC claim files, and 9 SLIC claim files for examination. The examiners cited 78 alleged claims handling violations of the California Insurance Code and other specified codes from this sample file review.

Findings of this examination include the Companies’ failure to maintain claims data that are accessible legible and retrievable for examination; failure to clearly disclose all settlement and default options on life claims; failure to conduct business in the insurer’s own name; failure to adopt and implement reasonable standards for the prompt processing and investigation of claims; failure to effectuate prompt, fair and equitable settlement of claims; attempting to settle a claim by making settlement offers that were unreasonably low; failure to provide the factual and legal basis for claim denials; failure to pay interest on life claims; and failure to include a statement in the 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 (CDI).

RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER COMPLAINTS AND INQUIRIES, AND PREVIOUS EXAMINATIONS, AND PRIOR ENFORCEMENT ACTIONS

Except as noted below, market analysis did not identify any specific issues of concern.

KCL was the subject of one California consumer complaint and inquiry closed from April 1, 2012 through March 31, 2013 in regard to the lines of business reviewed in this examination. There were no consumer complaints for OAIC and SLIC. Of the complaints and inquiries, the CDI determined one complaint was justified for a wrongful denial of a claim. The examiner focused on this issue during the examination.

The previous claims examination reviewed a period from February 1, 2001 through March 31, 2002. The most significant noncompliance issue identified in the previous examination report was the Companies' failure to include a statement in the 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 and the Companies. This issue was identified as problematic in the current examination.

KCL, OAIC and SLIC have not been the subject of a CDI enforcement action.

DETAILS OF THE CURRENT EXAMINATION

Further details with respect to the examination and alleged violations are provided in the following tables and summaries:

KCL SAMPLE FILES REVIEW			
LINE OF BUSINESS / CATEGORY	CLAIMS IN REVIEW PERIOD	SAMPLE FILES REVIEWED	NUMBER OF ALLEGED CITATIONS
Accident and Disability / Group Short Term Disability Income	20	5	6
Accident and Disability / Group Vision	1130	64	7
Accident and Disability / Group Dental	37	9	5
Accident and Disability / Accident & Health	42	10	0
Life / Individual Life	215	21	5
Life / Group Life	28	7	1
Annuity / Individual Annuity	9	3	0
TOTALS	1481	119	24

OAIC SAMPLE FILES REVIEW			
LINE OF BUSINESS / CATEGORY	CLAIMS IN REVIEW PERIOD	SAMPLE FILES REVIEWED	NUMBER OF ALLEGED CITATIONS
Accident and Disability / Long Term Care	39	10	41
Accident and Disability / Accident & Health	9	2	0
Life / Individual	412	41	7
Life/Rescissions	13	3	3
TOTALS	473	56	51

SLIC SAMPLE FILES REVIEW			
LINE OF BUSINESS / CATEGORY	CLAIMS IN REVIEW PERIOD	SAMPLE FILES REVIEWED	NUMBER OF ALLEGED CITATIONS
Accident and Disability / Accident & Health	3	1	0
Life / Individual	89	8	3
TOTALS	92	9	3

TABLE OF TOTAL CITATIONS

Citation	Description of Allegation	KCL Number of Alleged Citations	OAIC Number of Alleged Citations	SLIC Number of Alleged Citations
CCR §2695.3(b)(1) [CIC §790.03(h)(3)]	The Company failed to maintain claims data that are accessible, legible and retrievable for examination.	0	30	0
CIC§10170(f) [CIC §790.03(h)(3)]	The Company failed to clearly disclose all settlement and default options on life claims.	3	3	3
CIC§880 [CIC §790.03(h)(3)]	The Company failed to conduct its business in its own name.	5	0	0
CCR§ 2695.7(g) [CIC §790.03(h)(5)]	The Company attempted to settle a claim by making a settlement offer that was unreasonably low.	2	3	0
CCR§2695.7(h) [CIC §790.03(h)(3)]	The Company failed, upon acceptance of the claim, to tender payment within 30 calendar days.	0	5	0
CCR§2695.7(c)(1) [CIC §790.03(h)(3)]	The Company failed to specify, in the written notice, any additional information the insurer requires to make a claim determination and to state any continuing reasons for the Company's inability to make a determination.	0	3	0
CCR§ 2695.7(d) [CIC §790.03(h)(3)]	The Company failed to conduct and diligently pursue a thorough, fair and objective investigation.	1	2	0
CCR §2695.11(b) [CIC 790.03(h)(3)]	The Company failed to provide to the claimant and assignee an explanation of benefits including, the name of the provider or services covered, dates of service, and a clear explanation of the computation of benefits.	3	0	0

Citation	Description of Allegation	KCL Number of Alleged Citations	OAIC Number of Alleged Citations	SLIC Number of Alleged Citations
CIC§10123.13(a) [CIC §790.03(h)(3)]	The Company failed to include in its notice of a denied claim the portion of the claim that was denied and the specific reasons including for each reason the factual and legal basis known at that time by the insurer for denying the claim	3	0	0
CIC§10235.95(b) [CIC §790.03(h)(5)]	The Company failed to pay interest at a rate of 10% per annum on the amount of any accepted claim beginning on the first calendar day after the day that the payment of the accepted claim was due	0	3	0
CCR§ 2695.7(b)(3) [CIC §790.03(h)(3)]	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.	2	0	0
CIC §790.03(h)(1)	The Company misrepresented to claimants pertinent facts or insurance policy provisions relating to any coverages at issue.	2	0	0
CCR§ 2695.7(d) [CIC §790.03(h)(3)]	The Company persisted in seeking information not reasonably required for or material to the resolution of a claims dispute.	0	1	0
CIC§10111.2(b) [CIC§790.03(h)(3)]	The Company failed to notify the insured in writing of information needed to determine liability within 30 calendar days after receipt of the claim.	1	0	0
CIC§10123.13(c) [CIC §790.03(h)(3)]	The Company failed to pay interest on a contested claim after 30 working days	1	0	0
CIC§10172.5(a) [CIC §790.03(h)(5)]	The Company failed to pay interest on a claim that remained unpaid longer than 30 days from the date of death.	1	0	0
Total Number of Citations		24	51	3

***DESCRIPTONS OF APPLICABLE
UNFAIR CLAIMS SETTLEMENT PRACTICES**

- CIC §790.03(h)(3) The Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies.
- CIC §790.03(h)(5) The Company failed to effectuate prompt, fair, and equitable settlements of claims in which liability had become reasonably clear.
- CIC §790.03(h)(13) The Company failed to provide promptly a reasonable explanation of the bases relied upon in the insurance policy, in relation to the facts or applicable law, for the denial of a claim or for the offer of a compromise settlement.

TABLE OF CITATIONS BY LINE OF BUSINESS

ACCIDENT AND DISABILITY KCL 2012 Written Premium: \$438,831 OAIC 2012 Written Premium \$115,496 SLIC 2012 Written Premium \$186	NUMBER OF CITATIONS
AMOUNT OF RECOVERIES \$12,796.40	
CCR §2695.3(b)(1) [CIC §790.03(h)(3)]	30
CCR§ 2695.7(g) [CIC §790.03(h)(5)]	5
CCR§2695.7(h) [CIC §790.03(h)(3)]	5
CIC§880 [CIC §790.03(h)(3)]	5
CCR §2695.11(b) [CIC §790.03(h)(3)]	3
CIC§10123.13(a) [CIC §790.03(h)(3)]	3
CIC§10235.95(b) [CIC §790.03(h)(5)]	3
CIC §790.03(h)(1)	2
CCR§ 2695.7(d) [CIC §790.03(h)(3)]	1
CIC§10111.2(b) [CIC §790.03(h)(3)]	1
CIC§10123.13(c) [CIC §790.03(h)(3)]	1
SUBTOTAL	59

LIFE KCL 2012 Written Premium: \$ 10,818,335 OAIC 2012 Written Premium \$4,119,088 SLIC 2012 Written Premium \$5,150,561	NUMBER OF CITATIONS
AMOUNT OF RECOVERIES \$94.45	
CIC§10170(f) [CIC §790.03(h)(3)]	9
CCR§ 2695.7(d) [CIC §790.03(h)(3)]	2
CCR§ 2695.7(c)(1) [CIC §790.03(h)(3)]	3
CCR§ 2695.7(b)(3) [CIC §790.03(h)(3)]	2
CCR§ 2695.5(e)(2) [CIC §790.03(h)(3)]	1
CCR§ 2695.7(d) [CIC §790.03(h)(3)]	1
CIC§10172.5(a) [CIC §790.03(h)(5)]	1

SUBTOTAL	19
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ANNUITY KCL Written Premium: \$4,445,840 OAIC Written Premium:\$ 0 SLIC Written Premium: \$334,714 AMOUNT OF RECOVERIES \$0.00	NUMBER OF CITATIONS
	0
SUBTOTAL	0

TOTAL	78
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SUMMARY OF EXAMINATION RESULTS

The following is a brief summary of the criticisms that were developed during the course of this examination related to the violations alleged in this report.

In response to each criticism, the Companies are required to identify remedial or corrective action that has been or will be taken to correct the deficiency. The Companies are obligated to ensure that compliance is achieved.

Any noncompliant practices identified in this report may extend to other jurisdictions. The Companies were asked if they intend to take appropriate corrective action in all jurisdictions where applicable. The Companies intend to implement corrective actions in all jurisdictions, where applicable.

Money recovered within the scope of this report was \$12,890.85 as described in sections number 2, 7, 11 and 18 below.

ACCIDENT AND DISABILITY

1. **In 30 instances, the Company failed to maintain claims data that are accessible, legible and retrievable for examination.** The Companies were unable to produce copies of Explanation of Benefit (EOB) notices in 30 OAIC home health claims. The Department alleges these acts are in violation of CCR §2695.3(b)(1) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The OAIC does not believe its failure to retain copies of EOBs constitutes a violation of the law. However, OAIC agrees that copies of EOBs were not produced as they fell outside of the Company's system retention period, and/or the EOBs were impacted by a systems storage issue. Effective September 20, 2013, the claims administrators of OAIC home health care policies will retain claim documentation for all its payment and EOB systems to comply with the requirements of CCR §2695.3(b)(1).

2. **In five instances, the Companies' attempted to settle a claim by making a settlement offer that was unreasonably low.** In three home health claims, OAIC failed to pay for qualified dates of service, and failed to pay benefits under the

Miscellaneous and Weekly benefit rider coverage on its policy. In the last two instances, the KCL failed to pay one day of disability benefits, and a full weekly benefit amount for a period of six weeks. The Department alleges these acts are in violation of CCR §2695.7(g) and are unfair practices under CIC §790.03(h)(5).

Summary of the Companies' Response: The Companies stated that they do not believe they committed unfair practices under CIC § 790.03, and that they have at all times attempted to settle claims promptly and in good faith. The OAIC and KCL acknowledge the instances in these findings; as a result of the examination, OAIC issued additional benefits of \$11,280.00, and the KCL issued payment including interest in the amount of \$56.62. The Companies addressed these issues with pertinent claims staff for compliance and reinforcement.

3. In five instances, the Company failed, upon acceptance of the claim, to tender payment within 30 calendar days. The OAIC failed to pay home health care invoices within regulatory timeframes. The Department alleges these acts are in violation of CCR §2695.7(h) and are unfair practices under CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges the findings and indicates these instances were isolated errors. The matter has been addressed with pertinent claims staff for compliance and reinforcement.

4. In five instances, the Company failed to conduct its business in its own name. The Explanation of Benefit (EOB) statements and benefit checks for KCL group vision claims were issued under the name of its third party administrator (TPA) and failed to identify KCL as the underwriting insurance company. The Department alleges these acts are in violation of CIC §880 and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges the findings and has amended its EOB and check statements to reflect KCL as the underwriting insurer.

5. In three instances, the Company failed to provide a clear explanation of the computation of benefits. In two instances, the KCL failed to explain the reduction in weekly disability income benefits. In the last instance, the KCL failed to explain how the disability benefit period was determined. The Department alleges these acts are in violation of CCR §2695.11(b) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges the findings. The Company states that these were isolated errors and were not made willfully or intentionally, nor were they made with such frequency as to constitute a general business practice. The Company has discussed these issues with its Claims Administrators for reinforcement and compliance.

6. **In three instances, the Company failed to include in its notice of a denied claim the portion of the claim that was denied and the specific reasons including for each reason the factual and legal basis known at that time by the insurer for denying the claim.** In two instances, the KCL failed to specify the reason for the denial of benefits on dentures and dental bridgework. In the last instance, the KCL used an inaccurate denial code which failed to reflect that an EOB statement from the primary carrier was needed for coordination of benefits. The Department alleges these acts are in violation of CIC §10123.13(a) and are unfair practices under CIC §790.03(h)(13).

Summary of the Company's Response: The Company acknowledges the findings and indicates that these instances were caused by analyst and systems errors. The Company held a training class and a workshop on September 10, 2013 to reinforce to its staff that claims denials must be specific to each service, and all information needed to perfect the claim must be requested clearly. The Company re-processed the last claim and requested a copy of the primary carrier's EOB to determine the Company's liability as the secondary carrier. Upon receipt of the EOB from the primary carrier, the KCL will determine if additional dental benefits are payable.

7. **In three instances, the Company failed to pay interest at a rate of 10% per annum on the amount of any accepted claim beginning on the first calendar day after the day that the payment of the accepted claim was due.** On home health care claims, the OAIC failed to pay interest on delayed benefit payments. The Department alleges these acts are in violation of CIC §10235.95(b) and are unfair practices under CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges the findings. As a result of this examination, it reopened its claims and has issued interest payments in the amount of \$1,459.75. The Company has also addressed the issue with pertinent claims staff for compliance and reinforcement.

8. **In two instances, the Company misrepresented to claimants pertinent facts or insurance policy provisions relating to coverages at issue.** In two instances on group vision claims, KCL's explanation of benefits (EOB) represents that there is a co-payment for scratch-resistant lens coating for a pair of eyeglasses. However, the policy provides this annual benefit without a cost sharing expense. The Department alleges these acts are in violation of CIC §790.03(h)(1).

Summary of the Company's Response: The Company acknowledges the EOBs were incorrect and should not have shown a co-payment for scratch-resistant lens coating. As a result of the examination, the Company issued revised EOBs on these claims. The revised EOBs did not result in a reimbursement because both insureds purchased optional benefit coverage that included a cost sharing co-payment. However, the Company reinforced statutory requirements for accurate representation and description of benefits with its claims administrators.

9. **In one instance, the Company failed to conduct and diligently pursue a thorough, fair and objective investigation.** In this instance, the KCL failed to advise the provider and claimant of all information necessary to process a claim for dental benefits. The Company initially advised the provider and claimant that a periodontal charting was needed, and subsequently that a full mouth active therapy was also required. This caused a three-month delay from the time the initial claim was received to final reimbursement. The Department alleges this act is in violation of CCR §2695.7(d) and is an unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges the finding and indicates that a training workshop was held on September 10, 2013 by the dental administrator to reinforce compliance with regulation.

10. **In one instance, the Company failed to notify the insured in writing of information needed to determine liability within 30 calendar days after receipt of the claim.** The KCL failed to advise a claimant in writing of any information needed to pay disability income benefits. The KCL instead withheld the payment of a disability benefit pending receipt of a copy of an award letter from the California State Disability Insurance Program (CASDI). The Department alleges this act is in violation of CIC §10111.2(b) and is an unfair practice under CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges the finding and indicates this was an isolated error of the claims analyst. In this instance, the CASDI award letter was not necessary for the payment of disability benefits as the claimant was entitled to 100% of pre-disability income earnings. The Company has addressed this compliance issue with the pertinent claims analyst and has conducted additional training on the subject matter to its claims staff.

11. **In one instance, the Company failed to pay interest on a contested claim after 30 working days.** The Department alleges this act is in violation of CIC §10123.13(c) and is an unfair practices under CIC §790.03(h)(5).

Summary of the Company's Response: The KCL acknowledges the finding and has issued additional reimbursement of \$0.03 to the provider. To ensure future compliance, the Company has created a daily report to prioritize work on its inventory of claims which are over 20 days old.

LIFE

12. **In nine instances, the Companies failed to clearly disclose all settlement and default options on life claims.** In nine instances, the Companies' Settlement Option claim forms failed to clearly disclose to the beneficiary a lump sum settlement without the placement of proceeds into a retained asset account; and failed to inform the beneficiary of the Companies' default settlement option in the absence of a selection

from the beneficiary. The Department alleges these acts are in violation of both CIC §10170(f) and is an unfair practice under CIC §790.03(h)(1).

Summary of the Companies' Response: The Companies believe the current language on their claim forms complies fully with California requirements. However, the Companies have now revised the Settlement Options section of the claim forms to clearly advise claimants of a lump sum settlement offer, and the provisions of the default option. The revised claim forms will be implemented effective as of December 31, 2013.

13. In two instances, the Company failed to conduct and diligently pursue a thorough, fair and objective investigation. In one instance OAIC failed to follow up on its medical records request for 74 days. In the second instance the Company failed to promptly process three of the five active policies owned by the same policyholder. The Department alleges these acts are in violation of CCR §2695.7(d) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: In the first instance, the Company believes that follow-up letters had been sent to the provider however, the Company acknowledges that copies of these computer-generated letters had not been scanned into its system. The Company has reminded all benefit adjusters to scan all letters and claim documents in compliance with California laws and regulations.

In the second instance, the OAIC agrees that settlement benefits on multiple policies owned by the same policyholder were delayed due to an inadvertent adjuster error. As soon as the error was discovered, benefits for the three policies were paid and this matter has been addressed with staff.

14. In three instances, the Company failed to specify, in the written notice, any additional information the insurer requires to make a claim determination and to state any continuing reasons for the Company's inability to make a determination. In three instances, the OAIC failed to provide status letters or follow-up notices to claimants within regulatory timelines. The Department alleges these acts are in violation of CCR §2695.7(c)(1) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company believes the letters were sent but were not properly scanned into its system. The Company has reminded all claims adjusters to scan letters and documents to ensure compliance with California regulations.

15. In two instances, the Companies failed to include a statement in the 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. The Department alleges these acts are in violation of CCR §2695.7(b)(3) and are unfair practices under CIC §790.03(h)(3).

Summary of the Companies' Response: The Companies acknowledge these findings and indicate that these were inadvertent errors by claims personnel. The Companies re-distributed a memorandum to staff on October 7, 2013, to ensure compliance and reinforcement of proper procedure.

16. In one instance, the Company failed to provide necessary forms, instructions, and reasonable assistance within 15 calendar days. Upon notice of claim, the KCL failed to provide the claimant with prompt instructions and assistance on an Affidavit of Heirship form. It took the Company 39 days from the date of notice to send additional forms to perfect the claim. The Department alleges this act is in violation of CCR §2695.5(e)(2) and is an unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The KCL acknowledges the finding and indicates that its pro-forma cover letter and claim forms will be enhanced to include general instructions to assist claimants in the submission of claims.

17. In one instance, the Company persisted in seeking information not reasonably required for or material to the resolution of a claims dispute. The OAIC requested duplicate information for a completed claim form and death certificate when these documents were already received by the Company. The Department alleges this act is in violation of CCR §2695.7(d) and is an unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges that its subsequent request for information was unnecessary. This issue was discussed with the records supervisor to emphasize the importance of promptly scanning documents to the adjuster's work queue to eliminate duplicative request for information.

18. In one instance, the Company failed to pay interest on a claim that remained unpaid longer than 30 days from the date of death. The KCL paid settlement proceeds beyond the regulatory timeline without including statutory interest. The Department alleges this act is in violation of CIC §10172.5(a) and is an unfair practice under CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges this finding and indicates that this was an oversight as interest should have been paid according to California statute. As a result of this examination, the Company issued an interest payment of \$94.45 to the beneficiary. The Company has reinforced this requirement with its claims staff.