

**[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**

**KNIGHTBROOK INSURANCE COMPANY
NAIC # 13722 CDI # 5722-4**

AS OF APRIL 30, 2014

ADOPTED OCTOBER 22, 2015

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



October 22, 2015

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:

**Knightbrook Insurance Company
NAIC # 13722**

Group NAIC # 1316

Hereinafter, the Company listed above also will be referred to as KIC or the Company.

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 Company on Commercial Automobile and Collateral Protection claims closed during the period from May 1, 2013 through April 30, 2014. The examination was made to discover, in general, if these and other operating procedures of the Company 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. While this report contains violations of law that were cited in this report by the examiners, additional violations of CIC § 790.03, or other laws, not cited in this report may also apply to any or all of the non-compliant or problematic activities that are described herein.

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 Company’s’ 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 Company for use in California including any documentation maintained by the Company 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 this Company closed by the CDI during the period May 1, 2013 through April 30, 2014; and a review of prior CDI enforcement actions.

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

EXECUTIVE SUMMARY OF CLAIMS SAMPLE REVIEWED

The Commercial Automobile and Collateral Protection claims reviewed were closed from May 1, 2013 through April 30, 2014, referred to as the “review period. The examiners randomly selected 127 claims files for examination. The examiners cited 45 alleged claims handling violations of the California Insurance Code and other specified codes from this sample file review.

Findings of this examination included the failure to provide written notification to a first party claimant as to whether it intended to pursue subrogation; failure to include in the total loss settlement the license fee and other annual fees; failure to disclose to the claimants that notice of the salvage retention must be provided to the Department of Motor Vehicles (DMV); failure to conduct and diligently pursue a thorough, fair and objective investigation of a claim; failure to pay salvage certificate fees; and failure to pay reasonable towing charges.

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.

The Company was the subject of 4 California consumer complaints and inquiries closed from May 1, 2013 through April 30, 2014, in regard to the line of business reviewed in this examination. Of the complaints and inquiries, the CDI determined two complaints were justified for delay in responding to the Department's inquiry within regulatory timelines; and failure to deny a claim in writing. The examiners focused on these issues during the course of the file review.

There have been no prior claims examinations conducted upon this Company.

DETAILS OF THE CURRENT EXAMINATION

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

KIC SAMPLE FILES REVIEW			
LINE OF BUSINESS / CATEGORY	CLAIMS IN REVIEW PERIOD	SAMPLE FILES REVIEWED	NUMBER OF ALLEGED VIOLATIONS
Collateral Protection / Commercial Automobile / Collision	29	9	4
Collateral Protection / Commercial Automobile / Comprehensive	17	2	1
Commercial Automobile / Collision	518	53	15
Commercial Automobile / Comprehensive	47	6	2
Commercial Automobile / Bodily Injury	160	10	6
Commercial Automobile / Property Damage	538	40	11
Commercial Automobile / Uninsured Motorist Bodily Injury	5	5	3
Commercial Automobile / Uninsured Property Damage	2	2	3
TOTALS	1316	127	45

TABLE OF TOTAL ALLEGED VIOLATIONS

Citation	Description of Allegation	KIC Number of Alleged Violations
CCR §2695.7(p) *[CIC §790.03(h)(3)]	The Company failed to provide written notification to a first party claimant as to whether it intended to pursue subrogation.	6
CCR §2695.8(b)(1) *[CIC §790.03(h)(5)]	The Company failed to include in the settlement the license fee and other annual fees computed based upon the remaining term of the current registration.	6
CCR §2695.8(b)(1)(A) *[CIC §790.03(h)(3)]	The Company failed to disclose in writing to the claimant that notice of the salvage retention must be provided to the Department of Motor Vehicles, that this notice may affect the loss vehicle's future resale and/or insured value and that the claimant has a right to seek a refund of the unused license fees from the Department of Motor Vehicles.	5
CCR §2695.7(d) *[CIC §790.03(h)(3)]	The Company failed to conduct and diligently pursue a thorough, fair and objective investigation of a claim. [The Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies.]	4
CCR §2695.8(b)(1)(A) *[CIC §790.03(h)(5)]	The Company failed to include, in the settlement, sales tax and/or fees incident to the transfer of the vehicle to salvage status.	4
CCR §2695.8(k) *[CIC §790.03(h)(5)]	The Company failed to pay the reasonable towing charges incurred by the claimant.	4
CIC §1876 *[CIC §790.03(h)(3)]	The Company failed, within 20 days of receipt of a bodily injury, medical payment or uninsured motorist bodily injury claim, to deposit the claims information with a licensed insurance claims analysis bureau.	3
CCR §2695.5(b) *[CIC §790.03(h)(2)]	The Company failed to respond to communications within fifteen (15) calendar days.	2
CCR §2695.7(c)(1) *[CIC §790.03(h)(3)]	The Company failed to provide written notice of the need for additional time or information every 30 calendar days.	2
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
CCR §2695.8(b)(4) *[CIC §790.03(h)(3)]	The Company failed to fully itemize and explain in writing the determination of the cost of a comparable vehicle at the time the settlement offer was made.	2

Citation	Description of Allegation	KIC Number of Alleged Violations
CCR §2695.5(e)(2) *[CIC §790.03(h)(3)]	The Company failed to provide necessary forms, instructions, and reasonable assistance within fifteen (15) calendar days.	1
CCR §2695.7(b) *[CIC §790.03(h)(3)]	The Company failed, upon receiving proof of claim, to accept or deny the claim within 40 calendar days.	1
CIC §790.03(h)(1)	The Company misrepresented to claimants pertinent facts or insurance policy provisions relating to any coverages at issue.	1
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.	1
CIC §880 *[CIC §790.03(h)(3)]	The Company failed to conduct its business in its own name.	1
Total Number of Alleged Violations		45

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

- CIC §790.03(h)(2) The Company failed to acknowledge and act reasonably promptly upon communications with respect to claims arising under insurance policies.
- 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.

TABLE OF ALLEGED VIOLATIONS BY LINE OF BUSINESS

COMMERCIAL AUTOMOBILE 2013 Written Premium: \$13,414,000	NUMBER OF ALLEGED VIOLATIONS
AMOUNT OF RECOVERIES \$13,341.11	
CCR §2695.7(p) [CIC §790.03(h)(3)]	5
CCR §2695.8(b)(1) [CIC §790.03(h)(5)]	5
CCR §2695.8(b)(1)(A) [CIC §790.03(h)(3)]	4
CCR §2695.8(b)(1)(A) [CIC §790.03(h)(5)]	4
CCR §2695.7(d) [CIC §790.03(h)(3)]	3
CCR §2695.8(k) [CIC §790.03(h)(5)]	3
CIC §1876 [CIC §790.03(h)(3)]	3
CCR §2695.5(b) [CIC §790.03(h)(2)]	2
CCR §2695.7(c)(1) [CIC §790.03(h)(3)]	2
CCR §2695.7(g) [CIC §790.03(h)(5)]	2
CCR §2695.8(b)(4) [CIC §790.03(h)(3)]	2
CCR §2695.5(e)(2) [CIC §790.03(h)(3)]	1
CCR §2695.7(b) [CIC §790.03(h)(3)]	1
CIC §790.03(h)(3)	1
SUBTOTAL	38

COLLATERAL PROTECTION 2013 Written Premium: \$2,547,577	NUMBER OF ALLEGED VIOLATIONS
AMOUNT OF RECOVERIES \$3,134.38	
CIC §880 [CIC §790.03(h)(3)]	1
CCR §2695.7(d) [CIC §790.03(h)(3)]	1
CCR §2695.7(p) [CIC §790.03(h)(3)]	1
CCR §2695.8(b)(1) [CIC §790.03(h)(5)]	1
CCR §2695.8(b)(1)(A) [CIC §790.03(h)(3)]	1
CIC §790.03(h)(1)	1
CCR §2695.8(k) [CIC §790.03(h)(5)]	1
SUBTOTAL	7

TOTAL	45
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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 Company is required to identify remedial or corrective action that has been or will be taken to correct the deficiency. The Company is obligated to ensure that compliance is achieved.

Any noncompliant practices identified in this report may extend to other jurisdictions. The Company was asked if it intends to take appropriate corrective action in all jurisdictions where applicable. The Company intends to implement corrective actions in jurisdictions where applicable.

Money recovered within the scope of this report was \$6,411.06 as described in sections number 1, 2, 4, 6, 16 and 19 below. Following the findings of the examination, a closed claims surveys as described in section 2, 6, 16 and 19 below were conducted by the Company resulting in additional payments of \$10,064.93. As a result of the examination, the total amount of money returned to claimants within the scope of this report was \$16,475.99.

COMMERCIAL AUTOMOBILE

1. **In five instances, the Company failed to provide written notification to a first party claimant as to whether the insurer intends to pursue subrogation.** The Department alleges these acts are in violation of CCR §2695.7(p) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees to the findings that it failed to send regulatory subrogation notices to its insureds. As result of the examination, the Company reopened the claims and sent the appropriate notices on five subrogation claims. One of these claims was determined to be 100% liability against the claimant, thus the Company issued an advance reimbursement of the insured's \$1,000 deductible. The Company also completed claims training on September 25-26, 2014

reminding staff of the need to provide a written notice of the Company's intent to pursue subrogation. Further, the Company has initiated a monthly supervisory review process to ensure compliance.

2. In five instances, the Company failed to include in the settlement the license fee and other annual fees computed based upon the remaining term of the registration. The Department alleges these acts are in violation of CCR §2695.8(b)(1) and are unfair practices under CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges that license fees and other annual fees were not paid. The Company re-opened the five claims and issued additional payments of \$500.00. As a result of the examination, the Company has also contracted with a third party vendor to calculate applicable license and other annual fees on total losses for regulatory compliance.

The Company completed a survey of Total Loss settlement claims covering the period from January 1, 2012 to April 30, 2014 and reported the results to the Department on September 17, 2014. The Company reviewed 110 Total Loss claims and paid an additional \$1,788.00 for license fees and other annual fees on 23 of these claims. The Company has also conducted claims staff training on September 25-26, 2014 for reinforcement. Further, the Company's supervisors will complete a monthly claims review to ensure regulatory compliance.

3. In four instances, the Company failed to disclose in writing to the claimant that notice of the salvage retention must be provided to the Department of Motor Vehicles, that this notice may affect the loss vehicle's future resale and/or insured value and that the claimant has a right to seek a refund of the unused license fees from the Department of Motor Vehicles. The Department alleges these acts are in violation of CCR §2695.8(b)(1)(A) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges that salvage retention notices were not sent to the Department of Motor Vehicles (DMV) or to the claimants. As a result of the examination, the Company reopened the claims and transmitted the regulatory notices on four owner-retained salvage claims. The Company has also revised its Total Loss Owner-Retained (TLOR) template letters and implemented the new procedures. The Company conducted staff training on September 25-26, 2014 for reinforcement. Further, the Company's supervisors will complete a monthly claims review to ensure that proper notices are sent on owner-retained salvage settlements.

4. In four instances, the Company failed to include, in the settlement, sales tax and/or fees incident to the transfer of the vehicle to salvage status. The Department alleges these acts are in violation of CCR §2695.8(b)(1)(A) and are unfair practices under CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges that salvage certificate fees were not paid. The Company reopened the pertinent claims and issued additional payments of \$76.00. As a result of the examination, the Company has revised its Total Loss Owner- retained (TLOR) settlement procedures to ensure salvage certificate fees are paid. The Company emphasized this regulatory requirement in its training session of September 25-26, 2014. Further, the Company's supervisors will complete a monthly claims review to ensure compliance.

5. In four instances, the Company failed to conduct and pursue a thorough, fair and objective investigation of a claim. In two instances, the Company failed to investigate diligently on two vehicles which were towed and may have incurred towing and storage charges. In the last two instances, the Company failed to follow up on subrogation opportunities. 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: The Company acknowledges the failure to investigate potential towing and storage fees, and its failure to pursue subrogation opportunities. The Company re-opened two potential towing claims and determined that no towing and storage fees are owed. The Company also reopened the last two claims to initiate subrogation pursuit. On September 25-26, 2014, the Company conducted training for reinforcement. The Company has since instituted a monthly claims review process to ensure compliance.

6. In three instances, the Company failed to pay the reasonable towing and storage charges incurred by the claimant. The Department alleges these acts are in violation of CCR §2695.8(k) and are unfair practices under CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges it has an internal policy to limit towing reimbursement to \$100.00, and storage charges to \$200.00. As a result of the examination, the Company reopened the three claims and paid an additional \$1,030.00.

The Company completed a survey of towing and storage charges covering the period from January 1, 2012 to April 30, 2014. The Company reviewed 548 claims for payment of reasonable towing and storage expenses and issued additional payments of \$4,941.55 in eight of these claims. The Company also conducted training on September 25-26, 2014 instructing its claims staff to pay all reasonable tow and storage charges. Further, monthly supervisory reviews will be made to ensure settlement of all reasonable storage and towing charges.

7. In three instances, the Company failed, within 20 days of receipt of a bodily injury, medical payment or uninsured motorist bodily injury claim, to deposit the claims information with a licensed insurance claims analysis bureau. The Department alleges these acts are in violation of CIC §1876 and are unfair practices under CIC §790.03(h)(3).

Summary of the Companies' Response: The Company agrees to the findings. As a result of the examination, the Company sent a reminder to all bodily injury (BI) claims representatives to emphasize this statutory requirement. The Company has also initiated a monthly review process to ensure compliance.

8. In two instances, the Company failed to respond to communications within fifteen (15) calendar days. The Department alleges these acts are in violation of CCR §2695.5(b) and are unfair practices under CIC §790.03(h)(2).

Summary of the Company's Response: The Company acknowledges and agrees that in two instances, it failed to respond to correspondence. The Company indicates these were isolated errors and the pertinent claims handlers were counseled. The Company's supervisor will continue to monitor staff performance to ensure compliance.

9. In two instances, the Company failed to provide written notice of the need for additional time or information every 30 calendar days. 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 agrees with the findings. The Company indicates these were isolated errors and has counseled pertinent staff for reinforcement. The Company's supervisor will continue to monitor staff performance to ensure compliance.

10. In two instances, the Company attempted to settle a claim by making a settlement offer that was unreasonably low. 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 Company's Response: The Company agrees to the findings that calculation errors resulted in the underpayment of claims. The Company states that these were unintentional clerical errors and the claims handlers had been counseled to reinforce accuracies. As a result of the examination, the Company issued additional payments of \$3,209.06 to claimants. The Company's supervisor will continue to monitor staff performance to ensure compliance.

11. In two instances, the Company failed to explain in writing the determination of the cost of a comparable vehicle. The Department alleges these acts are in violation of CCR §2695.8(b)(4) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the finding and has counseled pertinent staff on this matter. As a result of the examination, the Company has revised its template Total Loss settlement letter to include a copy of the actual cash value (ACV) report. The Company also conducted claims staff training on September 25-26, 2014 and has initiated a supervisory monthly review process to ensure compliance.

12. In one instance, the Company failed to provide necessary forms, instructions, and reasonable assistance within fifteen (15) calendar days. The Company failed to send its standard CMS (Medicare) form within regulatory timelines upon notice of a bodily injury claim. The Department alleges this act is in violation of CCR §2695.5(e)(2) and is an unfair practice under CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges the finding and indicates that this was an isolated error. The Company's supervisor will monitor staff performance to ensure compliance.

13. In one instance the Company failed, upon receiving proof of claim, to accept or deny the claim within 40 calendar days. The Department alleges this act is in violation of CCR §2695.7(b) and is an unfair practice under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees to the finding and indicates this was an isolated error. The Company has counseled the pertinent adjuster for reinforcement. As a result of the examination, monthly supervisory reviews will be conducted to monitor staff performance and ensure regulatory compliance.

14. In one instance the Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies. The Company received pertinent scene photos and statements on February 13, 2013; however, it failed to complete its liability determination until August 13, 2013. The Department alleges this act is in violation of CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges the finding that it delayed its liability determination process in this one instance. The Company indicates this was an isolated error and has addressed the staff performance issue for compliance.

COLLATERAL PROTECTION

15. In one instance the Company failed to conduct its business in its own name. The Department alleges this act is in violation of CIC §880 and is an unfair practice under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees that a correspondence by its Third Party Administrator (TPA) referenced a different Company name. This is an isolated error and the Company has addressed the matter with its TPA for reinforcement. As a result of the examination, the Company has initiated a monthly review process to ensure compliance.

16. In one instance, the Company failed to include in the settlement the license fee and other annual fees computed based upon the remaining term of the

registration. The Department alleges this act is in violation of CCR §2695.8(b)(1) and is an unfair practice under CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges that license fees and other annual fees were not paid. The Company reopened the claim and issued an additional payment of \$46.00. As a result of the examination, the Company has also contracted with a third party vendor to calculate applicable license and other annual fees on total losses for regulatory compliance.

The Company completed a survey of Total Loss settlements covering the period from January 1, 2012 to April 30, 2014 and reported the results to the Department on September 17, 2014. The Company reviewed 11 Collateral Protection Insurance (CPI) Total Loss claims and paid an additional \$201.00 for license fees and other annual fees on two of the claims. The Company has also conducted claims staff training on September 25-26, 2014 and will continue to monitor compliance with monthly supervisory reviews.

17. In one instance, the Company failed to provide written notification to a first party claimant as to whether the insurer intends to pursue subrogation. The Department alleges this act is in violation of CCR §2695.7(p) and is an unfair practice under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees to the finding and has reopened the claim to transmit the appropriate notification. The Company has also conducted training on September 25 and 26, 2014, reminding claims staff of the need to provide written notice of the Company's intent to pursue subrogation. Further, the Company will conduct monthly supervisory reviews to ensure compliance.

18. In one instance, the Company failed to disclose in writing to the claimant that notice of the salvage retention must be provided to the Department of Motor Vehicles, that this notice may affect the loss vehicle's future resale and/or insured value and that the claimant has a right to seek a refund of the unused license fees from the Department of Motor Vehicles. The Department alleges this act is in violation of CCR §2695.8(b)(1)(A) and is an unfair practice under CIC §790.03(h)(3).

Summary of the Company's Response: The Company acknowledges that a salvage retention notice was not sent to the Department of Motor Vehicles (DMV) or to the claimant. As a result of the examination, the Company reopened the claim to transmit this regulatory notice on an owner-retained salvage claim. The Company has also revised its Total Loss Owner-Retained salvage template letters and procedures. The Company implemented the new procedures and conducted staff training on September 25-26, 2014. Further, the Company's supervisors will be completing a monthly claims review to ensure that proper notices are sent on owner-retained salvage settlements.

19. In one instance, the Company failed to pay the reasonable towing and storage charges incurred by the claimant. The Company failed to pay the reasonable

towing and storage charges incurred by the claimant. The Department alleges this act is in violation of CCR §2695.8(k) and is an unfair practice under CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges it has an internal policy to limit towing and storage to \$100 for towing, and \$200 for storage costs. The Company re-opened the claim and paid an additional \$550.00.

The Company has completed a survey of towing and storage charges covering the period from January 1, 2012 to April 30, 2014 and reported the results to the Department on September 17, 2014. The Company reviewed 175 claims for payment of reasonable towing and storage charges, and issued additional payments of \$3,134.38 in eight of these claims. The Company has also conducted claims training on September 25-26, 2014 instructing staff to pay all reasonable tow and storage charges. Further, the Company's supervisors will be completing a monthly claims review to ensure settlement of all reasonable storage and towing charges.

20. In one instance the Company misrepresented to claimants pertinent facts or insurance policy provisions relating to coverages at issue. The Company misrepresented a practice pertinent to an alleged unwritten agreement in its acknowledgment letter to an insured. The Department alleges this act is in violation of CIC §790.03(h)(1).

Summary of the Company's Response: The Company acknowledges the finding that it has an unwritten agreement and policy to provide customers of a lender with reimbursement of up to \$150.00 for towing and \$150.00 for storage charges under its Collateral Protection Insurance (CPI) policy. The Company acknowledges and agrees that on a going-forward basis, reasonable towing and storage expenses incurred as a result of a covered loss will be reimbursed up to the amount of encumbrance.

The Company completed a survey of Collateral Protection claims covering the period from January 1, 2012 to April 30, 2014 and reported the results to the Department on September 17, 2014. The Company reviewed 176 claims for payment of reasonable towing and storage charges and issued additional payments of \$3,134.38 on 13 of these claims. The Company has also conducted training on September 25-26, 2014 instructing staff to pay all reasonable tow and storage charges. Further, the Company's supervisors will be completing a monthly claims review to ensure settlement of all reasonable storage and towing charges.