

**[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 HANDLING, RATING, AND UNDERWRITING PRACTICES OF**

**Samsung Fire & Marine Insurance Co. Ltd. (U.S. Branch)
NAIC # 38300 CDI # 4465-1**

AS OF JANUARY 31, 2014

ADOPTED DECEMBER 22, 2014

STATE OF CALIFORNIA



**CALIFORNIA DEPARTMENT OF INSURANCE
MARKET CONDUCT DIVISION**

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

Market Conduct Division
300 Capitol Mall
Sacramento, CA 95814



December 22, 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 the California Insurance Code Part 2, Chapter 1, Article 4, Sections 730, 733, 736, and Article 6.5, Section 790.04; and California Code of Regulations Title 10, Chapter 5, Subchapter 7.5, Section 2695.3(a), a limited examination was made of the claims handling, rating, and underwriting practices and procedures in California of the:

Samsung Fire & Marine Insurance Co., Ltd. (U.S. Branch)
NAIC # 38300

Hereinafter, the Company listed above also will be referred to as SFMI 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

This limited desk examination covered the claims handling, rating, and underwriting practices of the aforementioned Company's Commercial Multi-Peril (CMP) and Workers Compensation (WC) line of business during the period February 1, 2013 through January 31, 2014. The limited 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 pertains to Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al. A separate report pertains to laws other than Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al.

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 identified violations result in payments by the Company to policyholders or claimants, those amounts paid are identified as recoveries 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 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 specified guidelines, procedures, and forms adopted by the Company for use in California.

2. 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 February 1, 2013 through January 31, 2014.

This limited examination was conducted at the offices of the California Department of Insurance in Sacramento, California.

EXECUTIVE SUMMARY

This desk examination was limited in scope to market analysis information, including California consumer complaint information, to national enforcement activity and to information provided by the Company in response to the Department's data request. There was no review of underwriting or claims files during this examination.

There were no alleged violations or findings of non-compliance within the scope of this report.

The Company reported \$14,187,858.00 in written premiums on Commercial Property-Commercial Multiple Peril insurance in California during 2013. The Company closed 55 Commercial Property-Commercial Multiple Peril claims during 2013.

The Company reported \$25,487,218 in written premiums on Workers' Compensation insurance coverage in California during 2013. The Company closed 294 Workers' Compensation claims during 2013.

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

The market analysis did not identify any specific issues of concern within the scope of this report. There were no consumer complaints during the review period of February 1, 2013 through January 31, 2014. No prior market conduct examinations have been conducted upon this Company by the Department. The Company has not been the subject of any enforcement action taken by the Department.

DETAILS OF THE CURRENT EXAMINATION

The following tables summarize the Company’s responses, within the scope of this report, to the Department’s data request and the alleged violations under Section 790.03 and title 10, California Code of Regulations, Section 2695 et al., that resulted from the review of that data. All “NO” answers in the Areas of Review table are addressed in the Summary of Examination Results section of this report. A summary of each of the laws cited due to a “NO” answer is provided in the Cited Statutes and Regulations table.

COMMERCIAL MULTI-PERIL AREAS OF REVIEW		
SPECIFIC ISSUE REVIEWED	INDICATION OF COMPLIANCE (YES/NO)	SUMMARY OF RESULTS ITEM NUMBER
Certification of claims training by a principal – CCR §2695.6(b) [CIC §790.03(h)(3)]	YES	--
Copy of written standards for claims – CCR §2695.6(a) [CIC §790.03(h)(3)]	YES	--
Compliance with Special Investigative Unit Regulations – CIC §1875.20 and CCR §§2698.30-2698.43 [CIC §790.03(h)(3)]	YES	--
Compliance of letters and forms – CCR §2695.7(b)(3) CIC §880 [CIC §790.03(h)(3)]	YES	--
Compliance with requirements for acknowledgement of claims CCR §2695.5(e)(1) [CIC §790.03(h)(2)]	YES	--
Compliance with requirements for reasonable assistance CCR §2695.5(e)(2) [CIC §790.03(h)(3)]	YES	--
Compliance with requirements to begin investigation – CCR §2695.5(e)(3) [CIC §790.03(h)(3)]	YES	--
Compliance with requirement to disclose benefits – CCR §2695.4(a) [CIC §790.03(h)(1)]	YES	--
Compliance with requirements to respond to communication – CCR §2695.5(b) [CIC §790.03(h)(2)]	YES	--

COMMERCIAL MULTI-PERIL AREAS OF REVIEW		
SPECIFIC ISSUE REVIEWED	INDICATION OF COMPLIANCE (YES/NO)	SUMMARY OF RESULTS ITEM NUMBER
Compliance with requirements to accept/deny in 40 days - CCR §2695.7(b)[CIC §790.03(h)(3) and/or CIC §790.03(h)(4)]	YES	--
Compliance with requirements to send additional time letters every 30 days – CCR §2695.7(c)(1) [CIC §790.03(h)(3)]	YES	--
Compliance with requirements not to require repairs by a specific individual or entity – CCR §2695.9(b) [CIC §790.03(h)(3)]	YES	--
Compliance with requirements to suggest repairs by a specific individual or entity only when requested by insured – CCR §2695.9(c)(1) [CIC §790.03(h)(3)]	YES	--
Compliance with requirements to advise the insured in writing of the right to select a repair individual or entity – CCR §2695.9(c)(2) [CIC §790.03(h)(3)]	YES	--
Compliance with requirements to supply insureds with repair estimates – CCR §2695.9(d) [CIC §790.03(h)(3)]	YES	--
Compliance with requirements to include sales tax in settlement of property – CCR §2695.7(g) [CIC §790.03(h)(5)]	YES	--
Compliance with requirements not to apply depreciation to the expense of labor – CCR §2695.9(f)(1) [CIC §790.03(h)(5)]	YES	--
Compliance with requirements that adjustments be discernable, measurable, itemized and specified in the file – CCR §2695.9(f) [CIC §790.03(h)(3)]	YES	--
Compliance with requirements that depreciation apply only to property normally subject to repair and replacement – CCR §2695.9(f) [CIC §790.03(h)(5)]	YES	--
Compliance with requirements to explain in writing any adjustments due to depreciation – CCR §2695.9(f) [CIC §790.03(h)(3)]	YES	--
Compliance with requirements to tender payment within 30 days – CCR §2695.7(h) [CIC §790.03(h)(5)]	YES	--
Compliance with requirements to issue all denials in writing – CCR §2695.7(b)(1) [CIC §790.03(h)(13)]	YES	--
Compliance with requirements to reference the California Department of Insurance in denials – CCR §2695.7(b)(3) [CIC §790.03(h)(3)]	YES	--
Compliance with requirements to notify insured in writing whether subrogation will be pursued – CCR §2695.7(p) [CIC §790.03(h)(3)]	YES	--

WORKERS' COMPENSATION AREAS OF REVIEW

SPECIFIC ISSUE REVIEWED	INDICATION OF COMPLIANCE (YES/NO)	SUMMARY OF RESULTS ITEM #
Compliance with Special Investigative Unit Regulations – CIC §1875.20 and CCR §§2698.30-2698.43 CIC §790.03(h)(3)	YES	--
Compliance with disclosure to employee of penalties for not reporting earned income— CIC §1871.8 [CIC §790.03(h)(3)]	YES	--
Compliance with requirements of LC §§4650(d) and/or 4603.2(b)(1) to pay self-imposed interest and penalty— CIC §790.03(h)(5)	YES	--
Compliance with requirements of LC §4603.2(b)(1) to pay medical bills within 45 working days— CIC §790.03(h)(5)	YES	--
Compliance with requirements of LC §4603.2(b)(1) to notify provider within 30 working days that bills are contested or denied— CIC §790.03(h)(5)	YES	--
Compliance with requirements of LC §4610 to include procedures for required reviews in Utilization Review— CIC §790.03(h)(3)	YES	--
Compliance with requirements of LC §5402(b) to accept or reject claims within 90 days— CIC §790.03(h)(4)	YES	--
Compliance with requirements of CCR §9812(a)(1) to send the Notice of Temporary Disability Payment within 14 days— CIC §790.03(h)(5)	YES	--
Compliance with requirements of CCR §9812(a)(1) to advise employee of the details of the indemnity payment— CIC §790.03(h)(2)	YES	--
Compliance with requirements of CCR §9812(a)(2) to send Notice of Delay within 14 days— CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(a)(2) to provide required information in the Notice of Delay— CIC §790.03(h)(3)	YES	--

WORKERS' COMPENSATION AREAS OF REVIEW

SPECIFIC ISSUE REVIEWED	INDICATION OF COMPLIANCE (YES/NO)	SUMMARY OF RESULTS ITEM #
Compliance with requirements of CCR §9812(a)(2) to send additional Notices of Delay within the time frame specified in the original Notice of Delay— CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(a)(2) to notify the employee in additional Notices of Delay of the required information to make a determination— CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(a)(3)(A) to send the Temporary Disability (TD) denial within 14 days— CIC §790.03(h)(4)	YES	--
Compliance with requirements of CCR §9812(a)(3)(A) to advise the employee of the reasons for the TD denial and of the employees remedies— CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(b) to send the Notice of Resumed Benefit Payments within 14 days— CIC §790.03(h)(5)	YES	--
Compliance with requirements of CCR §9812(b) to advise the employee of the required information in the Notice of Resumed Benefit Payments — CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(c) to advise the employee of changes in the benefit payment and the reason for the changes— CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(d) when benefits are ending, to advise the employee of the required details of all compensation paid— CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(g) to include mandatory language in all Permanent Disability (PD) Notices— CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(g) to advise the employee within 14 days that a TD is now a PD— CIC §790.03(h)(3)	YES	--

WORKERS' COMPENSATION AREAS OF REVIEW

SPECIFIC ISSUE REVIEWED	INDICATION OF COMPLIANCE (YES/NO)	SUMMARY OF RESULTS ITEM #
Compliance with requirements of CCR §9812(g) to advise the employee of the required information when a TD becomes a PD— CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(g) to advise the employee of the QME process— CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(i) to send the Denial Notice within 14 days— CIC §790.03(h)(3)	YES	--
Compliance with requirements of CCR §9812(i) to advise the employee of the reasons for the denial and of the remedies available— CIC §790.03(h)(3)	YES	--

SUMMARY OF EXAMINATION RESULTS

There were no alleged violations or criticisms of the Company's practices made within the scope of this report. There were no recoveries discovered within the scope of this report.

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