

**[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**

**OCCIDENTAL FIRE & CASUALTY COMPANY of
NORTH CAROLINA
NAIC # 23248 CDI # 1998-4**

AS OF FEBRUARY 28, 2015

ADOPTED MARCH 23, 2016

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.

TABLE OF CONTENTS

SALUTATION	1
FOREWORD.....	2
SCOPE OF THE EXAMINATION.....	3
EXECUTIVE SUMMARY OF CLAIMS SAMPLE REVIEWED.....	4
RESULTS OF REVIEWS OF MARKET ANALYSIS, CONSUMER COMPLAINTS AND INQUIRIES, AND PRIOR ENFORCEMENT ACTIONS	5
DETAILS OF THE CURRENT EXAMINATION	6
TABLE OF TOTAL ALLEGED VIOLATIONS	7
TABLE OF ALLEGED VIOLATIONS BY LINE OF BUSINESS	10
SUMMARY OF EXAMINATION RESULTS	12

DEPARTMENT OF INSURANCE

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



March 23, 2016

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:

Occidental Fire and Casualty Company of North Carolina
NAIC # 23248
Group NAIC # 0225

Hereinafter, the Company listed above also will be referred to as OFCCNC 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 personal automobile and homeowner claims closed during the period from March 1, 2014 through February 28, 2015. 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.

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 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 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 claim 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 the Company closed by the CDI during the period March 1, 2014 through February 28, 2015; a review of previous CDI market conduct claims examination reports on the Company; and a review of prior CDI enforcement actions.

The review of the sample of individual claims files was conducted at the offices of the Company in Ontario, California.

EXECUTIVE SUMMARY OF CLAIMS SAMPLE REVIEWED

The personal automobile and homeowner claims reviewed were closed from March 1, 2014 through February 28, 2015, referred to as the “review period”. The examiners randomly selected 210 OFCCNC claim files for examination. The examiners cited 121 alleged claims handling violations of the California Insurance Code and other specified codes from this sample file review.

Findings of this examination involve the Company’s failure to include, in the settlement, the license fee and other annual fees computed based upon the remaining term of the registration; the 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 that was covered by the policy; the failure to properly advise the insured of the method in which a request for reconsideration of fault can be made; and the failure to supply the claimant with a copy of the estimate upon which the settlement was based.

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

The results of the market analysis review revealed that in 2015, enforcement actions were taken in the state of Arizona. The action alleged underwriting, policyholder service, and rate violations resulting in a fine of \$25,000.00. In 2013, the state of Maryland completed an enforcement action alleging claims handling, underwriting, policyholder service, and rate violations resulting in a fine of \$10,000.00.

There was no specific area of concern identified in the complaint 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:

OFCCNC SAMPLE FILES REVIEW			
LINE OF BUSINESS / CATEGORY	CLAIMS IN REVIEW PERIOD	SAMPLE FILES REVIEWED	NUMBER OF ALLEGED VIOLATIONS
Personal Auto / Collision	878	59	53
Personal Auto / Comprehensive	161	11	11
Personal Auto / Property Damage	2185	53	20
Personal Auto / Bodily Injury	692	17	4
Personal Auto / Uninsured Motorist Bodily Injury [UMBI]	42	26	0
Personal Auto / Medpay	28	20	2
Homeowners/ Fire	4	4	15
Homeowners/ 3 rd Party	7	6	1
Homeowners/ 1 st Party	18	14	15
TOTALS	4015	210	121

TABLE OF TOTAL ALLEGED VIOLATIONS

Citation	Description of Allegation	OFCCNC Number of Alleged Violations
CIC §11580.011(e) *[CIC §790.03(h)(3)]	The Company failed 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 that was covered by the policy.	18
CCR §2632.13(e)(2) *[CIC §790.03(h)(3)]	The Company failed to properly advise the insured of the method in which a request for reconsideration of fault can be made.	14
CCR §2695.8(f) *[CIC §790.03(h)(3)]	The Company failed to supply the claimant with a copy of the estimate upon which the settlement was based.	14
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.	9
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.	9
CCR §2695.8(b)(1) *[CIC §790.03(h)(5)]	The Company failed to include, in the settlement, the one-time fees incident to transfer of evidence of ownership of a comparable automobile.	9
CIC §1879.2(a) *[CIC §790.03(h)(3)]	The Company failed to include the California fraud warning on insurance forms.	6
CCR §2695.7(b) *[CIC §790.03(h)(4)]	The Company failed, upon receiving proof of claim, to accept or deny the claim within 40 calendar days.	5
CCR §2695.4(a) *[CIC §790.03(h)(1)]	The Company failed to disclose all benefits, coverage, time limits or other provisions of the insurance policy.	4
CCR §2695.7(d) *[CIC §790.03(h)(3)]	The Company failed to conduct and diligently pursue a thorough, fair and objective investigation.	4
CCR §2632.13(e)(1) *[CIC §790.03(h)(3)]	The Company failed to properly advise the insured that the driver of the insured vehicle was principally at fault for an accident. The determination of fault letter was not sent.	4

Citation	Description of Allegation	OFCCNC Number of Alleged Violations
CIC §1871.3(a)(1) *[CIC §790.03(h)(3)]	The Company failed to secure a theft affidavit from the insured prior to the settlement of the claim.	3
CIC §1871.3(b) *[CIC §790.03(h)(3)]	The Company failed to properly instruct the insured regarding the signing of the theft affidavit.	3
CCR §2695.7(b)(1) *[CIC §790.03(h)(13)]	The Company failed to provide in writing the reasons for the denial of the claim in whole or in part including the factual and legal bases for each reason given.	3
CCR §2695.7(h) *[CIC §790.03(h)(5)]	The Company failed, upon acceptance of the claim, to tender payment within 30 calendar days.	3
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
CCR §2695.9(d) *[CIC §790.03(h)(3)]	The Company settled the claim on the basis of a written scope and/or estimate without supplying the insured with a copy of each document upon which the settlement was based.	2
CCR §2695.9(f) *[CIC §790.03(h)(3)]	The Company failed to document the basis of betterment, depreciation, or salvage. The Company improperly applied betterment or depreciation to property not normally subject to repair and replacement during the useful life of the property.	2
CCR §2695.7(p) *[CIC §790.03(h)(3)]	The Company failed to provide written notification to a first party claimant as to whether the insurer intends to pursue subrogation.	2
CCR §2695.8(b)(4) *[CIC §790.03(h)(3)]	The Company failed to explain in writing the determination of the cost of a comparable vehicle at the time the settlement offer was made. Determination of the actual cash value (ACV) was not explained.	1
CCR §2695.5(b) *[CIC §790.03(h)(2)]	The Company failed to respond to communications within 15 calendar days.	1
CCR §2695.5(e)(1) *[CIC §790.03(h)(2)]	The Company failed to acknowledge notice of claim within 15 calendar days.	1
CCR §2695.5(e)(2) *[CIC §790.03(h)(3)]	The Company failed to provide necessary forms, instructions, and reasonable assistance within 15 calendar days.	1

Citation	Description of Allegation	OFCCNC Number of Alleged Violations
CCR §2695.5(e)(3) *[CIC §790.03(h)(3)]	The Company failed to begin investigation of the claim within 15 calendar days.	1
Total Number of Alleged Violations		121

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

- CIC §790.03(h)(1) The Company misrepresented to claimants pertinent facts or insurance policy provisions relating to any coverages at issue.
- 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)(4) The Company failed to affirm or deny coverage of claims within a reasonable time after proof of loss requirements had been completed and submitted by the insured.
- 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 basis 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 ALLEGED VIOLATIONS BY LINE OF BUSINESS

PERSONAL AUTOMOBILE 2014 Written Premium: \$12,933,433.00 AMOUNT OF RECOVERIES \$27,211.84	NUMBER OF ALLEGED VIOLATIONS
CIC §11580.011(e) [CIC §790.03(h)(3)]	18
CCR §2695.8(b)(1) [CIC §790.03(h)(5)]	18
CCR §2632.13(e)(2) [CIC §790.03(h)(3)]	14
CCR §2695.8(f) [CIC §790.03(h)(3)]	14
CCR §2695.7(c)(1) [CIC §790.03(h)(3)]	5
CCR §2632.13(e)(1) [CIC §790.03(h)(3)]	4
CIC §1871.3(a)(1) [CIC §790.03(h)(3)]	3
CIC §1871.3(b) [CIC §790.03(h)(3)]	3
CCR §2695.7(b) [CIC §790.03(h)(4)]	3
CCR §2695.7(d) [CIC §790.03(h)(3)]	2
CCR §2695.7(h) [CIC §790.03(h)(5)]	2
CCR §2695.8(b)(4) [CIC §790.03(h)(3)]	1
CCR §2695.5(b) [CIC §790.03(h)(2)]	1
CCR §2695.7(b)(1) [CIC §790.03(h)(13)]	1
CCR §2695.7(b)(3) [CIC §790.03(h)(3)]	1
SUBTOTAL	90

HOMEOWNERS 2014 Written Premium: \$895,101.00 AMOUNT OF RECOVERIES \$0.00	NUMBER OF ALLEGED VIOLATIONS
CIC §1879.2(a) [CIC §790.03(h)(3)]	6
CCR §2695.4(a) [CIC §790.03(h)(1)]	4
CCR §2695.7(c)(1) [CIC §790.03(h)(3)]	4
CCR §2695.9(d) [CIC §790.03(h)(3)]	2

CCR §2695.9(f) [CIC §790.03(h)(3)]	2
CCR §2695.7(p) [CIC §790.03(h)(3)]	2
CCR §2695.7(d) [CIC §790.03(h)(3)]	2
CCR §2695.7(b)(1) [CIC §790.03(h)(13)]	2
CCR §2695.7(b) [CIC §790.03(h)(3)]	2
CCR §2695.7(b)(3) [CIC §790.03(h)(3)]	1
CCR §2695.7(h) [CIC §790.03(h)(5)]	1
CCR §2695.5(e)(1) [CIC §790.03(h)(2)]	1
CCR §2695.5(e)(2) [CIC §790.03(h)(3)]	1
CCR §2695.5(e)(3) [CIC §790.03(h)(3)]	1
SUBTOTAL	31

TOTAL	121
--------------	------------

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 all jurisdictions.

Money recovered within the scope of this report was \$3,432.84 as described in section numbers 1, 4, 5, 10 and 12 below. Following the findings of the examination, a closed claims survey as described in sections 4 and 5 below was conducted by the Company resulting in additional payments of \$23,779.00. As a result of the examination, the total amount of money returned to claimants within the scope of this report was \$27,211.84.

PERSONAL AUTOMOBILE

1. **In 18 instances, the Company failed to ask if a child passenger restraint system was in use by a child during in an accident or was in the vehicle at the time of a loss that was covered by the policy.** The Department alleges these acts are in violation of CIC §11580.011(e) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the findings in all instances. In one of these instances, the Company reopened a claim and issued additional payment in the amount of \$15.00. The Company also conducted a general training on July 31, 2015 to address this reinforcement issue with claims staff.

2. **In 14 instances, the Company failed to properly advise the insured of the method in which a request for reconsideration of fault can be made. The Company advised the insured that a request for reconsideration of the liability determination must be in writing.** The Department alleges these acts are in violation of CCR §2632.13(e)(2) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the findings in all instances. As a result of the examination, the Company has updated its template at-fault letter on its reconsideration language to comply with the requirements of this regulation.

3. **In 14 instances, the Company failed to supply the claimant with a copy of the estimate upon which the settlement was based.** The Department alleges these acts are in violation of CCR §2695.8(f) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the findings that it failed to provide copies of repair estimates to the insureds/claimants. The Company has addressed the matter with pertinent staff for reinforcement. The Company also conducted claims training on July 31, 2015 to emphasize regulatory compliance.

4. **In nine 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 agrees with the findings and has addressed this issue with pertinent staff. As a result of the examination, the Company reopened the claims and paid the license fees and other annual fees computed based upon the remaining term of the current registration totaling \$534.00. Additionally, the Company completed a closed claims survey to identify inaccurate settlements of license fees and other annual fees on total loss settlements from July 1, 2012 – June 30, 2015. The Company's survey results indicate additional payments were issued on 299 claim files for a total of \$19,249.00.

The Company also conducted claims training on July 31, 2015 to emphasize regulatory compliance.

5. **In nine instances, the Company failed to include, in the settlement, the one-time fees incident to transfer of evidence of ownership of a comparable vehicle.** The Company did not pay the \$15.00 transfer fees in these nine instances. 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 agrees with the findings and addressed the issue with pertinent staff. As a result of the examination, the Company reopened the claims and paid the transfer fees totaling \$135.00. Additionally, the Company completed a closed claims survey to identify inaccurate settlement of transfer fees on total loss settlements from July 1, 2012 – June 30, 2015. The Company's survey results indicate additional payments were issued on 302 claim files for a total of \$4,530.00.

The Company also conducted claims training on July 31, 2015 to emphasize regulatory compliance.

6. In five instances, the Company failed to provide written notice of the need for additional time or information every 30 calendar days. The Company failed to send regulatory status letters. 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 and addressed the issue with pertinent staff. The Company also conducted claims training on July 31, 2015 to emphasize regulatory compliance.

7. In four instances, the Company failed to properly advise the insured that the driver of the insured vehicle was principally at-fault for an accident. The Company failed to send the determination of fault letters. The Department alleges these acts are in violation of CCR §2632.13(e)(1) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the findings and addressed the issue with pertinent staff. As a result of the examination, the Company reopened the claims and transmitted the determination of fault letters to the insureds. The Company also conducted claims training on July 31, 2015 to emphasize regulatory compliance.

8. In three instances, the Company failed to include a warning on its theft affidavit that false representations subject the insured to a penalty of perjury. The Department alleges these acts are in violation of CIC §1871.3(a)(1) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the findings and revised its template theft affidavit form on May 15, 2015 to include a perjury warning in compliance with this statute.

9. In three instances, the Company failed to properly instruct the insured regarding the signing of the theft affidavit. The insured should have been informed that, in lieu of notarization, the form could be signed in the presence of

the insurance agent, broker, adjuster, or other claims representative. The Department alleges these acts are in violation of CIC §1871.3(b) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the findings and addressed the issue with staff to provide the options available in the signing of the theft affidavit by the insureds. The Company also conducted claims training on July 31, 2015 to emphasize statutory compliance.

10. In three instances, the Company failed, upon receiving proof of claim, to accept or deny the claim within 40 calendar days.

10a) In two instances involving third party claims, the Company failed to accept or deny the claims within regulatory timelines. The Company failed to adopt and implement reasonable standards for the prompt investigation and processing of claims arising under insurance policies.

10(b) In one instance involving a first party claim, proof of claim was received on January 2, 2015, however the claim was closed without payment. The Company failed to affirm or deny coverage of this claim within a reasonable time after proof of loss requirements had been completed and submitted by the insured.

The Department alleges these acts are in violation of CCR §2695.7(b) and are unfair practices under CIC §790.03(h)(3) and CIC §790.03(h)(4).

Summary of the Company's Response: The Company agrees with the findings and addressed the issue with pertinent staff. As a result of the examination, the Company reopened the claims and issued payment in the amount of \$1,444.19 to an insured. The Company also conducted claims training on July 31, 2015 to emphasize regulatory compliance.

11. In two instances, the Company failed to conduct and diligently pursue a thorough, fair and objective investigation. An adjuster required a photo of a car seat in the vehicle to adjudicate a claim, and had gaps in claims investigation. 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 agrees with the findings and addressed the issue with pertinent staff. In addition, the Company conducted claims training on July 31, 2015 for reinforcement.

12. In two instances, the Company failed, upon acceptance of the claim, to tender payment within 30 calendar days. In two instances, the Company required the insureds to provide the name of his repair facility. Upon receipt of proof of loss, the

Company withheld payment and closed the claims when no repair facility was contracted. 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 agrees with the findings and addressed the issue with pertinent staff to properly indemnify the insureds when proof of loss is received. In both instances, the Company reopened the files and issued indemnity payments in the amounts of \$1081.57 and \$223.08 respectively. The Company also conducted claims training on July 31, 2015 to emphasize timelines for acceptance and payment of claims upon proof of loss.

13. In one instance, the Company failed to explain in writing the determination of the cost of a comparable vehicle at the time the settlement offer was made. Determination of the actual cash value (ACV) was not explained. The Department alleges this act is in violation of CCR §2695.8(b)(4) and is an unfair practice under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the finding and addressed the issue with pertinent staff for reinforcement. The Company also conducted a general claims training to emphasize regulatory compliance on July 31, 2015.

14. The Companies failed to comply with the Fair Claims Regulation Practices. In each single instance (for a total of three instances), the Company failed to comply with the following Fair Claims Regulation Practices: a) CCR §2695.5(b), failure to respond to communications within 15 calendar days; b) CCR §2695.7(b)(1), failure to provide in writing the reasons for the denial of the claim in whole or in part including the factual and legal bases for each reason given; and c) CCR §2695.7(b)(3), failure 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. The Department alleges these acts are in violation of the Fair Claims Regulation Practices and are unfair practices under CIC §790.03(h)(2), CIC §790.03(h)(3) and CIC §790.03(h)(13).

Summary of the Company's Response: The Company agrees with the findings and addressed the issues with pertinent staff. Additionally, the Company conducted claims training to reinforce Fair Claims Regulation Practices on July 31, 2015.

HOMEOWNERS

15. In six instances, the Company failed to include the California fraud warning on insurance forms. The statutory fraud warning was not disclosed on the Proof of

Loss claim forms. The Department alleges these acts are in violation of CIC §1879.2(a) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the findings. As of May 29, 2015, the Company has updated its template Proof of Loss form to include the appropriate fraud language.

16. In four instances, the Company failed to disclose all benefits, coverage, time limits or other provisions of the insurance policy. The Department alleges these acts are in violation of CCR §2695.4(a) and are unfair practices under CIC §790.03(h)(1).

Summary of the Company's Response: The Company agrees with the findings and conducted training with claim staff on June 12, 2015 to address this issue. Additionally, a California (CA) acknowledgment letter template was created and will be sent on all California claims upon receipt. This template allows for personalization of individual claim information to be included in the letter detailing benefits, coverage, time limits and other provisions.

17. In four 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. As a result of the examination, training was conducted with claim staff on June 12, 2015 to address this issue. In addition, the Company conducts routine monthly audits on claims and will follow-up to ensure compliance.

18. In two instances, the Company settled the claim on the basis of a written scope and/or estimate without supplying the insured with a copy of each document upon which the settlement was based. The Department alleges these acts are in violation of CCR §2695.9(d) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the findings and states that these were documentation errors. The Company's system is set up to allow the adjuster to identify specific pages of the estimate to be enclosed with the check. This matter has been addressed with pertinent staff for compliance reinforcement.

19. In two instances, the Company failed to document the basis of betterment, depreciation, or salvage; and failed to fully explain the basis for any adjustment to the claimant in writing. The Company did not provide basis for the depreciation. The Department alleges these acts are in violation of CCR §2695.9(f) and are unfair practices under CIC §790.03(h)(3).

Summary of the Company's Response: The Company agrees with the findings. As a result of the examination, training was conducted with claim staff on June 12, 2015 to address this issue. In addition, the Company conducts routine monthly audits on claims and will follow-up to ensure compliance.

20. In two 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 with the findings. As a result of the examination, the Company revised its template Proof of Loss letter to include the appropriate subrogation language.

21. In two instances, the Company failed to conduct and diligently pursue a thorough, fair and objective investigation. There were time gaps in claims handling activities which delayed the conclusion of the claims. 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 agrees with the findings and addressed the issues with pertinent staff. The Company also conducted claims training for regulatory reinforcement on June 12, 2015.

22. In two instances, the Company failed to provide in writing the reasons for the denial of the claim in whole or in part including the factual and legal bases for each reason given. The Department alleges these acts are in violation of CCR §2695.7(b)(1) and are unfair practices under CIC §790.03(h)(13).

Summary of the Company's Response: The Company agrees with the findings. As a result of the examination, training was conducted with claim staff on June 12, 2015 to address this issue. In addition, the Company conducts routine monthly audits on claims and will follow-up to ensure compliance.

23. In two instances, the Company failed, upon receiving proof of claim, to accept or deny the claim within 40 calendar days: The Department alleges these acts are in violation of CCR §2695.7(b) and are unfair practices under CIC §790.03(h)(3) .

Summary of the Company's Response: The Company agrees with the findings. Training with claim staff occurred on June 12, 2015 to address this issue. Follow-up activities will be conducted with routine monthly audits on claims to ensure compliance.

24. The Companies failed to comply with the Fair Claims Regulations Practices.

In each single instance (for a total of five instances), the Company failed to comply with the following Fair Claims Regulation Practices: a) CCR §2695.7(b)(3), failure 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; b) CCR §2695.7(h), failure upon acceptance of the claim to tender payment within 30 calendar days; c) CCR §2695.5(e)(1), failure to acknowledge notice of claim within 15 calendar days; d) CCR §2695.5(e)(2), failure to provide necessary forms, instructions, and reasonable assistance within 15 calendar days; and e) CCR §2695.5(e)(3), failure to begin investigation of the claim within 15 calendar days. The Department alleges these acts are in violation of the Fair Claims Regulation Practices and are unfair practices under CIC §790.03(h)(2), CIC §790.03(h)(3) and CIC §790.03(h)(5).

Summary of the Company's Response: The Company agrees with the findings and states the errors were isolated instances of non-compliance. The Company indicates one of the claims with multiple violations was due in part to a delay in locating the physical claim file after it was first reported. The Company addressed these issues with pertinent staff to reinforce compliance. In addition, the Company conducted training with Homeowner claims handling staff on June 12, 2015 to reinforce Fair Claims Regulation Practices.