

**[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**

**NATIONS INSURANCE COMPANY
NAIC # 13127 CDI # 5091-4**

AS OF MARCH 13, 2015

ADOPTED APRIL 12, 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.

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FOREWORD

This 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 by the examiner, 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.

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).

SCOPE OF THE EXAMINATION

Under the authority granted in Part 2, Chapter 1, Article 4, Sections 730, 733, and 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 claim handling practices and procedures in California of:

**Nations Insurance Company
NAIC # 13127**

Group NAIC # 0000

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

This examination covered the claim handling practices of the aforementioned Company on Personal Automobile claims closed during the period from March 14, 2014 through March 13, 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.

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; and if any, a review of consumer complaints and inquiries about these Companies closed by the CDI during the period March 14, 2014 through March 13, 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 claim files was conducted at the offices of the Company in Anaheim, California.

EXECUTIVE SUMMARY

The Personal Automobile claims reviewed were closed from March 14, 2014 through March 13, 2015, referred to as the “review period”. The examiners randomly selected 161 NIC claim files for examination. The examiners cited 67 alleged claims handling violations of the California Insurance Code and the California Code of Regulations from this sample file review.

Findings of this examination included unpaid license fees on total losses.

DETAILS OF THE CURRENT EXAMINATION

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

NIC SAMPLE FILES REVIEW			
LINE OF BUSINESS / CATEGORY	CLAIMS IN REVIEW PERIOD	SAMPLE FILES REVIEWED	NUMBER OF ALLEGED VIOLATIONS
Personal Auto / Collision	1668	57	20
Personal Auto / Comprehensive	233	8	6
Personal Auto / Property Damage	1786	57	22
Personal Auto / Bodily Injury	317	8	3
Personal Auto / Uninsured Motorist Property Damage	31	15	3
Personal Auto / Uninsured Motorist Bodily Injury	18	9	5
Personal Auto / Medical Payment	7	7	8
TOTALS	4,060	161	67

TABLE OF TOTAL ALLEGED VIOLATIONS

Citation	Description of Allegation	NIC Number of Alleged Violations
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.	16
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.	9
CCR §2695.8(b)(4) *[CIC §790.03(h)(3)]	The Company failed to take reasonable steps to verify that the determination of the cost of a comparable vehicle was accurate and representative of the market value in the local market area.	6
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.	4
CCR §2695.7(h) *[CIC §790.03(h)(5)]	The Company failed, upon acceptance of the claim, to tender payment within 30 calendar days.	4
CIC §790.03(h)(5)	The Company failed to effectuate prompt, fair, and equitable settlements of claims in which liability has become reasonably clear.	3
CIC §11580.011(e) *[CIC §790.03(h)(3)]	The Company failed to reimburse the claimant for the cost of purchasing a new child passenger restraint system that was in use by a child during the accident.	3
CCR §2695.8(b)(2) *[CIC §790.03(h)(5)]	The Company failed to itemize and document in the claim file the adjustment from the cost of the comparable automobile.	2
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.	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(d) *[CIC §790.03(h)(3)]	The Company failed to conduct and diligently pursue a thorough, fair and objective investigation.	2

Citation	Description of Allegation	NIC Number of Alleged Violations
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.	2
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.	2
CIC §1871.3(b) *[CIC §790.03(h)(3)]	The Company failed to properly instruct the insured regarding the signing of the theft affidavit.	2
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.	1
CCR §2695.5(b) *[CIC §790.03(h)(2)]	The Company failed to respond to communications within 15 calendar days.	1
CCR §2695.8(e)(1) *[CIC §790.03(h)(3)]	The Company required that an automobile be repaired at a specific repair shop.	1
CCR §2695.5(e)(3) *[CIC §790.03(h)(3)]	The Company failed to begin investigation of the claim within 15 calendar days.	1
CCR §2695.7(f) *[CIC §790.03(h)(3)]	The Company failed to provide written notice of any statute of limitation or other time period requirement upon which the insurer may rely to deny a claim.	1
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.	1
CCR §2695.8(b)(1)(A) *[CIC §790.03(h)(5)]	The Company failed to include, in the settlement, fees incident to the transfer of the vehicle to salvage status.	1
CCR §2695.8(g)(3) *[CIC §790.03(h)(3)]	The Company required the use of non-original equipment manufacturer replacement crash parts without warranting that such parts are of like kind, quality, safety, fitness and performance as original	1
Total Number of Alleged Violations		67

***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.

TABLE OF ALLEGED VIOLATIONS BY LINE OF BUSINESS

PERSONAL AUTO NIC 2014 Written Premium: \$16,205,657 AMOUNT OF RECOVERIES \$41,621.02	NUMBER OF ALLEGED VIOLATIONS
CCR §2695.8(b)(1) [CIC §790.03(h)(5)]	16
CIC §11580.011(e) [CIC §790.03(h)(3)]	9
CCR §2695.8(b)(4) [CIC §790.03(h)(3)]	6
CIC §1876 [CIC §790.03(h)(3)]	4
CCR §2695.7(h) [CIC §790.03(h)(5)]	4
CIC §790.03(h)(5)	3
CIC §11580.011(e) [CIC §790.03(h)(3)]	3
CCR §2695.8(b)(2) [CIC §790.03(h)(5)]	2
CCR §2695.7(b) [CIC §790.03(h)(4)]	2
CCR §2695.7(c)(1) [CIC §790.03(h)(3)]	2
CCR §2695.7(d) [CIC §790.03(h)(3)]	2
CCR §2695.8(f) [CIC §790.03(h)(3)]	2
CCR §2632.13(e)(1) [CIC §790.03(h)(3)]	2
CIC §1871.3(b) [CIC §790.03(h)(3)]	2
CCR §2695.4(a) [CIC §790.03(h)(1)]	1
CCR §2695.5(b) [CIC §790.03(h)(2)]	1
CCR §2695.8(e)(1) [CIC §790.03(h)(3)]	1
CCR §2695.5(e)(3) [CIC §790.03(h)(3)]	1
CCR §2695.7(f) [CIC §790.03(h)(3)]	1
CCR §2695.7(g) [CIC §790.03(h)(5)]	1
CCR §2695.8(b)(1)(A) [CIC §790.03(h)(5)]	1
CCR §2695.8(g)(3) [CIC §790.03(h)(3)]	1
SUBTOTAL	67

TOTAL	67
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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 should address corrective action for other jurisdictions when applicable.

Money recovered within the scope of this report was \$3,162.46 as described in section numbers 1, 6, 7, 8, 15, and 16 below. Following the findings of the examination, a closed claims survey as described in section 1 below was conducted by the Company resulting in additional payments of \$38,458.56. As a result of the examination, the total amount of money returned to claimants within the scope of this report was \$41,621.02.

PERSONAL AUTOMOBILE

1. In 16 instances, 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. In these instances, all unused Vehicle License Fees, registration and other annual fees were not included in the total loss settlement. 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 the findings, and as a result of the examination has issued payments totaling \$1,673.00 to claimants. In addition, the Company agreed to a self-review of total loss claims from March 31, 2012 to April 15, 2015 for payment of unused vehicle license fees (VLF) and other registration/annual fees. The Company completed the self-review on July 30, 2015 with additional payments of \$38,458.56 to insureds and claimants. In addition, claims training was completed on June 3, 2015 with emphasis on payment of total loss fees.

2. In nine instances, 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. 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 acknowledges the findings and indicates that it is the Company's standard practice to ask if a child passenger restraint system was in use or damaged in the loss. The Company states that its Company auditor conducts monthly audits on closed files as well as semi-annual regulatory compliance audits. As of September 2013, the Company's initial system-generated contact letter to the insureds already includes the car seat language. Since November 2014, the claim service representatives (CSR) who handle new losses routinely ask if a car seat was in the car at the time the loss is reported. As a result of the examination findings, refresher training was conducted on June 10, 2015 with emphasis on child passenger restraint system handling. The Company also completed its annual certification training of the Fair Claims Settlement Practices Regulations on August 18, 2015.

3. In six instances, the Company failed to take reasonable steps to verify that the determination of the cost of a comparable vehicle was accurate and representative of the market value in the local market area. In six instances, all comparable vehicles in the actual cash value (ACV) reports were not confirmed or validated as representative of the market value in the local market area. 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 acknowledges the findings, and as a result of the examination requested its third party vendor to provide all comparable vehicles in the valuation report in order to confirm each vehicle as representative of the local market. The reports provided to the Department showed comparable vehicles included were as far away as 846 miles from the insured's vehicle, and the search also expanded to other states. The Company states that the insurance regulations do not clearly define the local market area. However, as a result of the examination, the Company's third party administrator will handle total loss evaluations in the following manner:

- a. The Company will use a minimum of two vehicles within a 25-mile distance of the loss vehicle to determine the Fair Market Value (FMV) in a Local Market Area (LMA) as this is the statistical criteria used by its vendor.
- b. The search will be expanded in 25-mile increments with appropriate documentation on file as to the reason for expanding the search if the original search does not meet its 2-vehicle minimum criteria.

The Company intends to comply with the regulatory requirements for a comparable vehicle as defined by California regulations.

4. In four 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. In these instances, the Company did not index the injured claimants' claim 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 Company's Response: The Company acknowledges the findings and states that these instances were the result of adjuster oversight. It is the Company's policy to report claimants' injuries to the Index Bureau within regulatory timelines upon receipt of the injury claims. The Company completed claims staff training on June 17, 2015 with emphasis on reporting procedures.

5. In four instances, the Company failed, upon acceptance of the claim, to tender payment within 30 calendar days. In these instances, the Company delayed and paid medical invoices 62 days after receipt of proof of loss. 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 states that these instances were the result of adjuster oversight. The Company has counseled pertinent staff for regulatory reinforcement. The Company also completed its annual certification training of the Fair Claims Settlement Practices Regulations on August 18, 2015.

6. In three instances, the Company failed to effectuate prompt, fair and equitable settlements of claims in which liability had become reasonably clear. In three instances, the Company failed to reimburse claims under its Medical Payment coverage. The Department alleges these acts are in violation of CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges the findings and states that these instances were the result of adjuster oversight. As a result of the examination, the Company paid a total of \$63.30 to claimants. The Company has counseled pertinent staff for statutory reinforcement.

7. In three instances, the Company failed to reimburse the claimant for the cost of purchasing a new child passenger restraint system that was in use by a child during the accident. The Department alleges these acts are in violation of CIC §11580.011(e) and are unfair practices under CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges the findings and states that these instances were caused by adjuster oversight. As a result

of the examination, the Company reimbursed \$160.00 to a claimant in one instance. In the other two instances, the Company contacted the claimants and ruled out the need for reimbursement of child passenger restraint systems. The Company has counseled pertinent staff for compliance reinforcement. The Company also completed claims training on June 10, 2015 with emphasis on child passenger restraint system handling and reimbursement.

8. In two instances, the Company failed to itemize and document in the claim file the adjustment from the cost of the comparable automobile. Deductions taken from the cost of a comparable automobile that cannot be supported shall not be used. The Department alleges these acts are in violation of CCR §2695.8(b)(2) and are unfair practices under CIC §790.03(h)(5).

Summary of the Company's Response: The Company acknowledges the findings and states that the insurance regulations, under CCR §2695.8(b)(4), state "shall not preclude deduction for prior and/or unrelated damage to the loss vehicle." While the Company believes its adjustments for unrelated prior damage (UPD) were fair, the Company issued written directives to its staff to consider a reduction of the condition rating for the total loss vehicle in these instances. The Company has also updated its procedures manual to address these directives/change in practice. Further, the Company reopened the pertinent claims in which dollar-for-dollar UPD deductions were taken. As a result of the examination, a total of \$790.16 was reimbursed back to pertinent claimants.

9. In two instances, the Company failed, upon receiving proof of claim, to accept or deny the claim within 40 calendar days. The Company did not accept or deny a claim in one instance; and was delayed in accepting a claim in the second instance. The Department alleges these acts are in violation of CCR §2695.7(b) and are unfair practices under CIC §790.03(h)(4).

Summary of the Company's Response: The Company acknowledges the findings and states that these instances were the result of adjuster oversight. The Company has counseled pertinent staff for regulatory compliance. The Company also completed its annual certification training of the Fair Claims Settlement Practices Regulations on August 18, 2015.

10. In two instances, the Company failed to provide written notice of the need for additional time or information every 30 calendar days. In these instances, the claimants were not provided notices 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 acknowledges the findings and states that these instances were the result of adjuster oversight. The Company has counseled pertinent staff for regulatory compliance. The Company also

completed its annual certification training of the Fair Claims Settlement Practices Regulations on August 18, 2015.

11. In two instances, the Company failed to conduct and diligently pursue a thorough, fair and objective investigation. The Company delayed a vehicle inspection in one instance; and delayed a UMBI investigation in the second instance. 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 findings and states that these instances were the result of adjuster oversight. The Company has counseled pertinent staff for regulatory compliance. The Company also completed its annual certification training of the Fair Claims Settlement Practices Regulations on August 18, 2015.

12. In two instances, the Company failed to supply the claimant with a copy of the estimate upon which the settlement was based. In one instance, a copy of the supplemental estimate was not provided to the claimant. In another instance, a copy of the unrelated prior damage (UPD) estimate was not provided. 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 acknowledges the findings and agrees that the claimants were not provided with a copy of the estimates in these instances. The Company indicates these were adjuster oversights. The Company has counseled pertinent staff for regulatory compliance and has amended its procedure to ensure estimates are provided to all claimants. The Company also completed its annual certification training of the Fair Claims Settlement Practices Regulations on August 18, 2015.

13. In two instances, the Company failed to properly advise the insured that the driver of the insured vehicle was principally at fault for an accident. In these instances, 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 acknowledges the findings and indicates that these instances were the result of adjuster oversight. As a result of the examination, the Company reopened the claims and sent the at-fault notices to pertinent drivers. In addition, the Company completed claims training on June 24, 2015 with emphasis made on transmittal of at-fault letters/notices.

14. In two instances, the Company failed to properly instruct the insured regarding the signing of the theft affidavit. In two instances, the Company instructed the insureds to get the theft affidavits notarized without advising the insured of the

alternative option for completing these theft affidavits. 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 acknowledges the findings. As a result of the examination, the Company revised the language of its template letter to include proper instructions regarding the signing of the theft affidavit. In addition, claims training was completed on June 24, 2015 with emphasis on theft affidavit completion.

15. In one instance, the Company attempted to settle a claim by making a settlement offer that was unreasonably low. Specifically, the Company did not pay the claimant's loss of use claim. The Department alleges this act is in violation of CCR §2695.7(g) and is an unfair practice under CIC §790.03(h)(5).

Summary of the Company's Response: The Company agrees with the finding and states that this instance was due to adjuster oversight. As a result of the examination, the Company issued loss of use payment to the claimant for \$475.00. The Company has counseled pertinent staff for regulatory compliance. The Company also completed its annual certification training of the Fair Claims Settlement Practices Regulations on August 18, 2015.

16. In one instance, the Company failed to include, in the settlement, fees incident to the transfer of the vehicle to salvage status. Specifically, the salvage certificate fee was underpaid. 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)(5).

Summary of the Company's Response: The Company acknowledges the finding and agrees that this instance was the result of adjuster oversight. As a result of the examination, the Company issued \$1.00 for the balance owed for the salvage certificate fee. The Company also completed its annual certification training of the Fair Claims Settlement Practices Regulations on August 18, 2015 with emphasis on accuracy of payments as compliant with regulation.

17. The Company failed to comply with the Fair Claims Regulations Practices. In a single instance each (for a total of six instances), the Company failed to comply with the following Fair Claims Regulations Practices: a) CCR §2695.4(a) for failure to disclose all benefits, coverage, time limits or other provisions of the insurance policy; b) CCR §2695.5(b) for failure to respond to communications within 15 calendar days; c) CCR §2695.8(e)(1) for requiring that an automobile be repaired at a specific repair shop; d) CCR §2695.5(e)(3) for failure to begin investigation of the claim within 15 calendar days; e) CCR §2695.7(f) for failure to provide written notice of any statute of limitation or other time period requirement upon which the insurer may rely to deny a claim; and f) CCR §2695.8(g)(3) for requiring the use of non-original equipment manufacturer replacement crash parts without warranting in writing that such parts are of like kind, quality, safety, fitness and performance as original.

The Department alleges these acts are in violation of Fair Claims Regulation Practices and are unfair practices under CIC §790.03(h)(1) for item a., CIC §790.03(h)(2) for item b., and CIC §790.03(h)(3) for items c. through f.

Summary of the Company's Responses: The Company acknowledges the single isolated incidences of non-compliance with Fair Claims Regulation Practices on the following:

- a) The Company did not advise the insured of the time limits for treatment under the Medical Payment coverage. The Company has now created a medical payments (MP) template notice explaining in detail the Medical Payment coverage including the time limits for treatment.
- b) The Company acknowledges and agrees that it did not respond within regulatory timelines to a letter of attorney representation requesting policy information. The pertinent adjuster was counseled for compliance reinforcement.
- c) It is the Company's standard practice to follow the appropriate requirements for direct repair shop (DRP) procedures. The Company indicates that due to adjuster oversight, a letter to an insured was sent requiring the use of the Company's direct repair shop (DRP). This was discussed previously with the insured for inspection purposes only. The pertinent adjuster was counseled to document any and all conversations regarding the repair facility choices available to insureds and/or claimants.
- d) The Company indicates that due to adjuster oversight, the Company failed to promptly investigate a claim. The Company indicates it is the Company's policy and procedure to make phone contact with the insured within 24 hours or one business day. The pertinent adjuster was counseled for compliance reinforcement.
- e) The Company indicates that due to adjuster oversight, the Company failed to send a statute of limitation (SOL) letter on an Uninsured Motorist (UM) claim. The pertinent adjuster was counseled for compliance reinforcement. As a result of the examination, the Company reopened the claim and sent the Uninsured Motorist SOL notice with a tolling of the statute.
- f) The Company acknowledges the finding and agrees that the required warranty was not provided in writing to the insured. As a result of the examination, the Company has added the warranty language on all direct repair estimates.

In addition, claims training was completed on June 17, 2015 to reinforce compliance and address the results of the Department's examination. The Company's annual recertification of the Fair Claims Settlement Practices Regulations was also completed on August 18, 2015 with emphasis on these regulations.

