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**Re:** *Public Report of the Targeted Market Conduct Examination of State Farm  
General Insurance Company, NAIC # 25151  
Comments of Examined Insurers Relating to Adopted Examination Report*

Dear Ms. David:

State Farm General Insurance Company appreciates this opportunity to submit the following comments to the January 22, 2015, “Public Report of the Targeted Market Conduct Examination of State Farm General Insurance Company.” These comments are being submitted pursuant to Cal. Ins. C. § 12938(b)(2) and 10 CCR 2695.30:

State Farm General Insurance Company (“State Farm”) believes the California Department of Insurance’s current position is a new interpretation of the applicable regulations. State Farm has already made changes to its claim handling practices to meet the new interpretation.

The Department conducted two prior Market Conduct Exams of State Farm. The applicable law and regulations were the same. State Farm’s claim handling practices and methods of applying depreciation were the same. During the two prior examinations, the Department specifically reviewed State Farm’s Contents Inventory Summary, depreciation calculations, and communications with customers. The Department found no violations.

The Department does not cite any evidence of actual underpayment of Actual Cash Value (ACV). State Farm believes the amount and method of depreciation taken was fair and reasonable under all the circumstances. State Farm also believes its customers received sufficient explanation for the basis of the

adjustments for depreciation, the payment for each item, and the total settlement that was being offered.

In none of the files reviewed by the Department, did an insured:

1. File a complaint about the depreciation taken or the explanation provided;
2. Request an appraisal;
3. File a lawsuit over this issue; or
4. Contact State Farm to request additional information about the amount of depreciation taken or to dispute the payment once an agreement was reached and the claim settled.

We would like to express our appreciation for the courtesy and cooperation shown by you and your team during the examination.

Sincerely,



Counsel