

**Comments on Department of Insurance Market Conduct
Examination Report of 21st Century Insurance Company and 21st
Century Casualty Company as of June 30, 1999**

Since 1958, 21st Century Insurance has been dedicated to delivering the highest quality of service to its policyholders. The California Insurance Department's thorough examination involved 1028 man-hours over a four month period at a cost of \$82,076. Out of 2,288 complete claim files reviewed, which involved over 50,000 individually examined transactions and over \$16 million of claim payments, the Department alleged violations in less than 1% (435) of the transactions. A total of \$1763 in additional claim payments were made as a result of the examination. The vast majority of the alleged violations relate to the internal documentation of claims processes, not to the timeliness or amount of settlement, or care in handling of people needing resolution of their claims. As noted in our responses included in the report, most of the alleged violations are based on new and unpublished interpretations of the regulations by the examiners. We are committed to continually improving our claims handling processes, incorporating feedback from our policyholders and claimants, input from regulatory reviews such as this one, best practices from the industry and our own reviews of our processes. We are proud of the performance of our 1042 claims people. We will continue to strive for even higher levels of claims handling performance and consumer satisfaction.