PUBLIC REPORT OF EXAMINATION OF THE CLAIMS

PRACTICES OF THE

NICHIDO FIRE AND MARINE INSURANCE COMPANY LIMITED (THE) NAIC # 32301 CDI # 2317-6

AS OF APRIL 30, 2001

STATE OF CALIFORNIA

DEPARTMENT OF INSURANCE

TABLE OF CONTENTS

SALUTATION…..…….1

SCOPE OF THE EXAMINATION……..…….2

CLAIMS SAMPLE REVIEWED AND OVERVIEW OF FINDINGS.…….……..3

SUMMARY OF CRITICISMS, INSURER COMPLIANCE ACTIONS
AND TOTAL RECOVERIES.……..…….…….. 4

CALIFORNIA DEPARTMENT OF INSURANCE
Consumer Services and Market Conduct Branch
Market Conduct Bureau, 11th Floor
Ronald Reagan State Office Building
300 South Spring Street
Los Angeles, CA 90013

November 26, 2001

The Honorable Harry W. Low
Insurance Commissioner
State of California
45 Fremont Street
San Francisco, California 94105

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 practices and procedures in California of:

Nichido Fire and Marine Insurance Company, Limited (The)

NAIC #32301

Hereinafter referred to as NFMIC or the Company.

This report is made available for public inspection and is published on the California Department of Insurance web site (www.insurance.ca.gov) pursuant to California Insurance Code section 12938.

SCOPE OF THE EXAMINATION

The examination covered the claims handling practices of the aforementioned Company during the period August 27, 2001 through September 7, 2001. The examination was made to discover, in general, if these and other operating procedures of the Company conform with the contractual obligations in the policy forms, to provisions of the California Insurance Code (CIC), the California Code of Regulations (CCR) and case law. This report contains only alleged violations of Section 790.03 and Title 10, California Code of Regulations, Section 2695 et al.

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 fair claims settlement practices.

2. A review of the application of such guidelines, procedures, and forms, by means of an examination of claims files and related records.

3. A review of consumer complaints received by the California Department of Insurance (CDI) in the most recent year prior to the start of the examination.

The examination was primarily conducted at the Company claims office in Costa Mesa, California.

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 only a summary of pertinent information about the lines of business examined and details of the non-compliant or problematic activities or results that were discovered during the course of the examination along with the insurer's proposals for correcting the deficiencies. When a violation is discovered that results in an underpayment to the claimant, the insurer corrects the underpayment and the additional amount paid is identified as a recovery in this report. All unacceptable or non-compliant activities may not have been discovered, however, and failure to identify, comment on or criticize activities does not constitute acceptance of such activities.

The alleged violations identified in this report and any criticisms of practices have not undergone a formal administrative or judicial process.

CLAIM SAMPLE REVIEWED AND OVERVIEW OF FINDINGS

The Market Conduct examiners reviewed files drawn from the category of Closed Claims for the period May 1, 2000 through April 30, 2001, commonly referred to as the "review period". The examiner reviewed 1 NFMIC general liability claim. The Market Conduct examiners cited no claims handling violation of the Fair Claims Settlement Practices Regulations and/or the California Insurance Code Section 790.03 .

Nichido Fire and Marine Insurance Company, Limited (The)			
CATEGORY	**CLAIMS FOR REVIEW PERIOD**	**REVIEWED**	**CITATIONS**
General Liability	1	1	0
TOTALS	1	1	0

SUMMARY OF CRITICISMS, INSURER COMPLIANCE ACTIONS AND TOTAL RECOVERIES

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(s) that has been or will be taken to correct the deficiency. Regardless of the remedial actions taken or proposed by the Company, it is the Company's obligation to ensure that compliance is achieved.

No violations were alleged in the course of this examination.