



**Comments on Department of Insurance
Market Conduct of Topa Insurance Company
as of January 15, 2001**

Topa Insurance Company is dedicated to providing the highest level of service to its policyholders. In 2001, the California Department of Insurance conducted an extensive examination of Topa's claims handling operation over a 3-month period, reviewing a total of 583 claim files closed between 1997 and 2001. The vast majority of the Department's citations relate to documentation of claims processes and other technical issues not related to the substantive practices of the Company in handling its claims. In fact, out of the 583 claims reviewed, only \$1,656 of additional recoveries were identified and paid. In addition, as pointed out in the examination report, many of the Department's conclusions are based on questionable or unpublished interpretations of the Fair Claims Practices Regulations by the examiners. We note that the Department has proposed new revisions to the regulations to make them conform to its interpretations. We do not believe that any insurer should be held to standards that do not appear in the governing statutes or regulations.

During a period of rapid business expansion in 1997 and 1998, increased demands on claims resources made meeting response time, documentation and other standards challenging. Well before the examination began, we recognized these issues and began making significant improvements in staffing and claims handling procedures to deal with our growth and to provide more efficient service to policyholders. These improvements continued throughout the examination period. Our efforts to seek new ways of improving our claims handling operations to the highest level of service to our policyholders are ongoing. We continuously implement improved methods and have confidence in the positive steps by our dedicated claims staff toward reaching that goal.