

California Department of Insurance

Field Claims Bureau

Procedures Manual

STATE OF CALIFORNIA



DEPARTMENT OF INSURANCE

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Values

- *Honest, open and fair;*
- *Knowledgeable, accurate, and consistent;*
- *Accessible, responsive, and accountable;*
- *Efficient, effective, and to provide innovative leadership.*

Vision

- *To be the best insurance department in the nation!*

Mission

- *Protect consumers;*
 - *Foster a vibrant, stable marketplace;*
 - *Maintain an open, equitable regulatory process; and*
 - *Fairly and impartially enforce the law.*
-

201 BUREAU MISSION

The **mission** of the Field Claims Bureau is to enforce the California Insurance Code, California Code of Regulations and related applicable statutes through examinations of claims practices of insurance entities doing business in the state of California.

The **goal** of the Field Claims examination is to increase Fair Claims Practices and reduce the frequency and severity of insurance practices that are unfair to policyholders and claimants by evaluating compliance with statutes and regulations relative to the business of insurance.

Field Claims examinations are most effective in minimizing potential harm by detecting, resolving and/or taking action against unfair practices as soon as possible. The examinations are both corrective and preventative. Consumers are compensated through restitution programs implemented as a result of deficiencies/ violations discovered during the examination and future claimants are protected by new guidelines and procedures that are implemented to achieve compliance.

Examinations will be conducted in a fair manner in order to achieve equality during the process as well as ensuring a level playing field for all insurance companies doing business in California.

202 OVERVIEW OF FIELD CLAIMS BUREAU

The major goal of the Field Claims Bureau is increase Fair Claims Practices and to reduce the frequency and severity of insurance practices unfair to claimants in this state. The Bureau achieves this goal by collecting information the Insurance Commissioner needs to determine whether disciplinary action should be taken against a company or whether legislative changes should be proposed. Therefore, it is important that the examination:

- distinguish isolated problems that may require remedial action from unfair business practices that require disciplinary consideration;
- data collected indicates the underlying cause of the unfair practices so that the Commissioner can order specific corrective action;
- information should be in a form that relates directly to statutory or regulatory requirements so that Department action can be supported;
- point out, when appropriate, gaps in existing legislation so that the Commissioner can use it in drafting new statutes, rules or regulations.

Compliance evaluation tools include the California Insurance Code, the Fair Claims Settlement Practices Regulations, contractual obligations, case law and other applicable requirements.

Principal areas of claim handling evaluation include tracking of:

- Investigation activity
- Accuracy of the amount of benefit/settlement
- Correct application of policy language
- Delay in settlement
- Denial of claim
- Post claim underwriting of policies

The Bureau can most effectively minimize the potential harm to the citizens of this State by detecting these unfair business practices as soon as possible and taking action necessary to minimize them.

301 STANDARD PROTOCOL FOR FIELD EXAMINATIONS

**CALIFORNIA DEPARTMENT OF INSURANCE
STANDARD PROTOCOL FOR FIELD EXAMINATIONS**

**Field Examinations Division (FED)
Field Claims Bureau (FCB)
Field Rating and Underwriting Bureau (FRUB)
Investigations Bureau (INV)**

I. Statement of Purpose

The mission of the California Department of Insurance is to protect consumers from excessive or discriminatory insurance rates and financial instability; to enforce laws with equal diligence; to serve consumers and licensees in an efficient, responsive manner and promote a regulatory process that is open, fair and equitable.

The purpose of this Protocol is to set forth minimum standards the Department will follow when conducting field examinations of insurance companies. Nothing in this Protocol should be interpreted as a constraint on the ability of the Commissioner to discharge his responsibility to protect consumers from abusive or illegal practices.

II. Communications

A. FED, FCB and FRUB will give companies adequate notice of scheduled examinations. The CDI reserves the right to exercise its statutory examination authority without prior notice if, in the judgment of the Commissioner, such action is necessary.

1. Letters of intent to examine a company will be mailed to the attention of the company's chief executive officer or their contact person at least 30 days prior to the start of an examination unless an earlier start date is agreed to by the examinee. Such letters will contain:
 - a. Projected start date of the examination.
 - b. Approximate duration of the exam.
 - c. Location(s) of the exam.
 - d. Lines to be examined.
 - e. Staff support, equipment and office space needs of the examiner.
 - f. Normal working hours of the examiner(s).
 - g. Statutory authority to conduct exam.
 - h. General reasons for conducting exam.

Examination Protocol

- i. Notification that cost of exam will be borne by company.
 - j. Request that company designate exam coordinator and billing contact.
2. The company's designated exam coordinator shall be notified when:
 - a. The projected start date is delayed by more than 30 days.
 - b. There are changes in the lines of insurance scheduled for examination.
 - c. The location of the exam site is changed.

B. Designated exam coordinators shall be informed that at the company's request:

1. Examiner(s) will be available before beginning the examination to discuss the general parameters of the exam.
2. Examiner(s) will be available during the course of the examination to provide periodic status reports, open memoranda and a list of pending items.
3. Examiner(s) will be available to the company for an exit interview upon completion of the examination.
4. Meetings to discuss examinations before the scheduled start date or after completion of the examination may be arranged at the discretion of the CDI and at the expense of the company.

C. Examined companies shall have ample opportunity to respond to examination reports.

1. California Insurance Code (CIC) 734.1 requires examiners to file written reports with the CDI within 60 days of completing an examination.
2. Insurers shall be provided a copy of any FED, FRUB or Field Claims report and will have 30 days from the date of the report to provide a written response to the CDI. The Commissioner has sole discretion to extend the time period to respond.
3. The Commissioner may accept, reject or modify the report after consideration of the company's response, and may initiate appropriate action in accordance with the California Insurance Code.

III. Invoices

1. Invoices will be submitted to the examined company's billing contact commencing 30 days after the examination begins and every month thereafter.
2. Invoices shall accurately reflect the time and expenses incurred during the month immediately prior to the invoice date.
3. Invoices will include a description of the examination performed, the hours spent on the examination, travel and other costs associated with the examination, the hourly rate charged and the period of time covered by the invoice.
4. Questions related to the invoices shall be directed first to CDI's Accounting Department and then to the appropriate bureau chief.
5. The challenge of an invoice by an insurer shall toll any period that may apply for the purpose of assessing late payment penalties until such time as the commissioner has made a determination on the challenge. If, in the commissioner's judgment, the invoice is justified, the insurer shall be responsible for late payment penalties that accrued during the period tolled.

Examination Protocol

6. Invoices will include the Accounting Department's telephone number and the appropriate staff person to contact for billing disputes.
7. Travel expenses will be billed in accordance with State of California guidelines.

IV. Remedies for Violations

1. When an examiner has failed to comply with any provision of this Protocol, the insurer may notify the Commissioner who shall investigate the allegation and order appropriate compliance.
2. Noncompliance with this Protocol shall not prevent, delay or impede the examination, and the examiner shall proceed with the examination with full authority of the law.

302 EVALUATION OF THE CALIFORNIA INSURANCE GUARANTEE ASSOCIATION CLAIM AUDITS

A review of the audit reports, pursuant to CIC § 1063(i)(2), will take place upon receipt of those reports. Bureau management shall assign an officer to conduct this review. Upon completion of the review, the officer shall create a memorandum discussing their evaluation of the audits:

- conducted to assure that all covered claims are being investigated, adjusted, and paid in accordance with customary industry standards and practices and all applicable statutes, rules and regulations
- conducted to examine the management and supervisory systems overseeing the claims functions.

401 INSURANCE COMPANY SELECTION

Branch Management will establish the criteria each year for insurance company selection.

The Bureau Chief, on the basis of the management-selected criteria, will select candidates for Routine Field Claims Examinations.

The basis for examination may be predicated on the following:

- Regularly scheduled examination
- Increase in number or volume complaints
- Input from line officers with respect to unacceptable, unusual or inconsistent practices
- Input from other Department staff or other states that signify the need for a special examination
- Reexamination of a company to determine compliance with prior recommendations

Targeted Examinations are specific as to areas of concern and may be called at any time with or without notice as circumstances dictate.

402 NOTIFICATION OF EXAMINATION

The Bureau management will send formal written notice of intent to perform an examination at least 60 days prior to the anticipated start date.

Exceptions:

- If there is reason to believe that advance notice may result in the destruction of records or that the interests of policyholders or claimants would be prejudiced by delaying the examination, a 60-day notice may not be sent.
- If the company demonstrates a credible need for additional time to prepare for the examination, additional time may be allowed.

Current Bureau practice is to put companies on notice of a potential examination in the last quarter of the year prior to the year the examination is to be scheduled.

403 PRE-EXAMINATION PREPARATION

Management Responsibilities/Involvement

- Selection of an Examiner In Charge
- Selection of an examination team may be based on expertise, size of exam, logistics, time constraints, and other pertinent criteria
- A determination if the Company needs examination based upon internal information and data submitted in response to our notification letter.

EIC or Team Member Responsibilities/Involvement

Company information to be developed and considered when planning an examination must include identification of:

- Lines of business written in CA
- Closed claim volume by line of business
- Location where closed claim files can be accessed
- Complaint history
- Clarification of billing, agent for service and liaison information

Issues to be considered by the EIC during pre-exam preparation:

- Types of Examinations
 - On Site – The exam team travels to a company location to conduct the examination
 - Desk – The company provides claim file documentation and the examination is conducted at a CDI office
 - Data Download – The company provides electronic data sufficient to conduct an electronic examination at a CDI office
- Window Period
 - The window period is a one-year time frame during which the subject claim files have been closed. An examination is to begin no later than 90 days after the close of the window period. For example, if the exam window period is 1/01/01 through 12/31/01, the exam must start no later than April 1, 2002, approximately 90 days from the end of the window period. If possible, it is preferable to schedule the start of the exam 30 or 60 days from the end of the window period.
 - If it becomes necessary to change the starting date, the company must be notified of the change immediately upon learning of the change.
- Priority Categories of Review are:
 - Private Passenger Automobile
 - Homeowners
 - Individual Life and Health
 - Small Commercial Multi-Peril, i.e., Business Owners Policies
 - Other Lines of Insurance

Insurer Notification and Examination Set-Up

- Review of Complaints and Prior Reports
 - The EIC or team member will make a review of complaints and a summary of trends and general findings that should identify specific lines of business-that have generated the most complaints. This analysis will be used as a guide to prioritize categories of claims to be reviewed during the examination. These complaint summaries will be maintained with the insurer's examination working papers.
 - If there are no complaints in the system, a memo documenting this shall be included in the examination file.
 - Prior California examination reports shall be reviewed.
 - The EIC shall contact the states that have completed a market conduct examination report on the company during the previous 12 months. The EIC shall identify the criticisms that were raised by means of a copy of the exam report, or an email summary, or information from the web.

The Supervisor and EIC will meet to identify the scope, priority categories, location of the exam and functional areas to be audited during the exam.

- Notifying Others:
 - Other CDI Bureaus and Divisions
Upon determination of the window period for any examination, the EIC will email notification to members representing the following divisions and bureaus. The members names will be circulated by MC Division management and will be updated in the outlook contacts as changes occur. The notification shall include the Company(s) to be examined, their NAIC number, the fact that this is a claim examination, type (routine, targeted, etc.), line of business (PC or LD), and any known problems such as a prior enforcement action.

Consumer Services & Market Conduct Branch Chief
Field Examination Division
Financial Analysis Divisions
Claims Services Bureau
Rating and Underwriting Bureau
Field Rating and Underwriting Bureau
Consumer Communications Bureau
Investigation Bureau
Insurer Compliance Bureau
Corporate Affairs

- Other Departments or Entities
Upon determination of the window period for any examination of a Workers Compensation carrier or line of business, the EIC shall call Bob Walensa, Manager, Department of Industrial Relations Audit Unit, at 916-263-2710, prior to commencing an examination. The EIC shall request any information available about the carrier's last audit and complaints and incorporate those findings into the plan for review. This will alert DIR to our pending examination and alert us to pending enforcement actions that DIR may be pursuing.

404 PRE-EXAMINATION COMPANY CONTACT

With as much lead-time as is reasonable prior to the start of an examination, the EIC must do the following:

- Communicate with the company regarding identification of the window period to be covered by the examination.
- Prepare and send the Coordinators Guide to the Company(s) liaison. This document can be found in the “V” drive.
- Determine how files are maintained, either hard copy or electronic.
- Determine dates the exam is to be conducted.
- Determine how claims are handled (company claims staff, TPA, other).
- Request the actual number of closed claims for the categories to be reviewed.
 - Claim populations will be stacked, paid and closed without payment, in one line of coverage (ex: collision).
 - Populations may also be stacked for groups of companies writing the same lines of business and using the same claim staff for the various companies, pending supervisor approval.
 - Exception: If a non-high-profile company or group of companies has 100 files or less in the total population for the window period, 25% of the files proportioned among all categories are to be reviewed.
 - Examinations will not be waived due to low claim populations.
 - When an insurer advises that it has no claims for the window period, the EIC must request this statement in writing. Query the Company as to the status of the business, i.e. in runoff, no longer writing business, etc. After discussing the Company with the Supervisor, these notes and documentation shall be forwarded to the Bureau Technical Support Staff for filing in the official examination file folder. The EIC will complete the “non-scheduling of examination” form and forward it to their supervisor.
- Once the numbers are received, a random sample *by line of coverage* will be prepared and forwarded to the insurer for files to be pulled.
 - Claim files are selected for review by using a computerized random selection program designed by CDI’s Statistical Analysis Bureau. The random program is created in Excel and must be programmed into all lap top and desk top computers (a copy of this program may be obtained from the Supervisor).
 - The normal probability factor for each examination will be run at .90. However the supervisor may adjust the sample size and/or factor based on the circumstances and scope of the examination.
- Along with the random sample, send to the company a questionnaire specific to the lines of business considered for the examination and written confirmation (to include the use of email) of the window period to be reviewed and the dates of the examination.

Insurer Notification and Examination Set-Up

- In consultation with the Supervisor and the insurer, determine if an examination will be done at the company or if it will be a desk examination. Careful consideration will be given to examinations that have few claims to be examined and the corresponding time that will be needed to complete the exam.
- For an exam done at the company, make arrangements for:
 - Office space, equipment and supplies
 - Relevant procedure manuals, policy forms, agent's records
 - Internet Access for e-mail or other data
 - Telephone with phone number and extension number to be provided at least one week prior to commencement of the exam
 - Parking and security issues
 - On site work hours for staff communicated to the liaison
 - Approximate length of time for examination

405 PRE-EXAMINATION TEAM MEETING

The Supervisor and EIC shall meet with the team prior to the start of the on site examination to discuss:

- scope of the audit
- areas of concern
- division of duties
- priorities
- any other particulars which warrant discussion

The EIC must provide the Supervisor and team members with an overview of the suggested categories to be reviewed, population and sample sizes.

406 PRE-EXAMINATION ACTIVITY

The EIC must enter company exams into the Oracle examination tracking system (ETS) upon initial assignment. An entry must be made for each insurer to be examined. In regards to multiple company group examinations, the information must be entered separately for each company. There will then be a separate Examination Identification (EID) number for each company to be examined.

Additionally, ETS must be updated at the point each of the following takes place:

- Prior to commencing the examination, input the exam type, exam status, exam trigger, line(s) of business, exam period covered, estimated duration, , exam company contact person, exam contact phone, exam notice date, On-Site/Desk Review start date, Bureau Code, Supervisor, EIC, team members, and any comments data leading up to the start date (current fiscal year only) of the exam.
- Immediately following the completion of the file review, the EIC will input the number of categories examined, the number of files reviewed, claims recoveries including a date recovered (a zero and date must be entered if no recoveries were obtained), and Agent for Service confirmation in the Comments/Examiner's Notes section.
- Upon completion of the draft report the EIC will input the summary of major criticisms, number of corrective actions, number of violations, any additional comments to examiner notes and the stop date. If the insurer has agreed to do a survey, the EIC will input "self-audit" under Additional Actions.

Travel arrangements, if applicable, shall be completed by each officer with the approval of the supervisor in advance of the travel arrangements and in accordance with Departmental travel guidelines. Travel will commence the first day of the week (which is the officer's regularly scheduled first day to work in any given week). The officer will return home on the last day of the work week if within the State of California, or the last day of the work week designated by the Supervisor on out-of-state examinations. All exceptions to this procedure must have the prior approval of the Supervisor. The Supervisor may approve or disapprove exceptional requests based upon the business needs of the Department.

Note: For specific instructions for completion of travel related documents, refer to the appropriate sections of the Field Claims Bureau Training Manual.

407 SETTING TIME ALLOTMENTS FOR THE ON-SITE EXAMINATION

The Supervisor, in consultation with the Examiner-in-Charge, will set time allotments for the examination. Adequate time will be allowed to conduct a complete and adequate review.

The Examination Team is expected to complete the full sample review on priority lines of business. If the Exam Team will not be able to finish the review within the set time allotted, additional time may be granted by the Supervisor to complete the full review.

Additionally, time is allotted at the beginning of the examination for introductory meetings, training on data systems, claim file organization and review of policy contracts.

408 NON SCHEDULED EXAMINATIONS

Upon receipt of information from a Company which supports not conducting an examination, the EIC will complete the “Non Scheduled Examination Summary Sheet”, which is submitted to the Supervisor for approval. All supporting documentation should be attached. The Supervisor will review the material, and after approval, the Non Scheduled Examination Summary Sheet will be sent to the Los Angeles office with the examination folder.

If an Examination Identification Number (EID) has been created in oracle for this company, the supervisor will change the “exam status” field to read “Exam Cancelled”. If no EID has been created, there is no need to create one at this time.

501 EXAMINATION COMMENCEMENT

MEETING

A pre-examination team meeting shall be held to provide the focus of the exam, including any known problem areas, the lines of business, the order in which categories are to be reviewed, and any other relevant information.

NOTICE OF LOCATION

Upon arrival at the examination location, the EIC or designated team member will report by either e-mail or fax the following information to the Bureau Technical Support Staff for entry into the Employee Locator on the “V” drive:

- Insurer name, address, and telephone number
- Company contact
- Estimated length of time at the location

Whenever a staff member changes locations (in the field or back to the office), the Bureau Technical Support staff is to be notified.

The EIC, upon arrival at the job site, shall distribute all team members’ business cards to the switchboard operator, liaison and anyone else who would need to know CDI is on site.

WORK SCHEDULE

When an examination is conducted at the company’s office, the schedule for the workday may need to be re-established taking into consideration additional commute time, if applicable. The Supervisor shall approve a change in work schedule prior to commencing the examination. The Company must agree with the scheduling in advance as well. Otherwise, the normal work schedule for each employee will be adhered to during the examination. The Supervisor may, in their discretion, communicate directly with the Company to work out a schedule on behalf of the examination team.

COVERAGE SAMPLE

In order to maintain the integrity of the random sample, the examiner will only evaluate a claim file within the coverage category for which the file is chosen. However, it is possible that a file could be included in more than one category, and it would be reviewed based on the criteria of each category.

An accounting should be done at the beginning of the exam to verify that the files provided match the sample (i.e. random selection) requested.

A method should be established by the EIC for keeping track of which files have been reviewed by
Examination Audit Process

which examiner to assure that the correct sample has been reviewed. The exam team members will follow the direction of the EIC for the order in which categories are to be started or reviewed.

502 EXAMINATION PROCESS

- Areas of Focus
 - When reviewing the company's files to determine compliance with applicable statutes, case law, regulations, and policy provisions the following should be considered:
 - Loss notice
 - File notes
 - Correspondence
 - Investigative material
 - Documentation of damage or loss
 - Payments
 - Any other documentation needed to support compliance (i.e. at fault letter from underwriting file, etc.)
 - Other areas of company activity that should be evaluated for compliance:
 - Verify that the company has an SIU.
 - Verify that the company has adopted and communicated to its claims agents written standards for the investigation of claims.
 - Verify that the company has trained its staff in the Fair Claims Settlement Practices Regulations and obtain a copy of *annual* certifications.
 - Review the company's claim procedure manual.
 - Review reserve handling.
 - Review the company's forms, applications and underwriting files (application, cancellation & rescission) as deemed appropriate.
 - Does policy contain provision for contractual interest? If so, is this paid in lieu of statutory interest?
 - Review subrogation procedures and practices.
 - Review catastrophe procedures
- Examination Process
 1. COMPUTER SET-UP OF REFERRALS AND TABLES
 - a. Open the standard referral form in WORD on your computer.
 - b. Create a WORD Table using the standard template in the "V" drive and list the categories to be reviewed.
 - c. Save each completed referral electronically.
 - d. Create an Insurer specific folder for the exam (e.g. ABC Ins. Co.) This folder must contain sub-folders for Referrals and Tables. Save your entries on your C-drive and backup on disk.

2. EXAMINATION PROCESS ORDER

- a. Worksheet Headings (Options)
 - The EIC will give instructions before the commencement of work as to the headings to be used in the worksheets along with examples for completion. If the EIC prefers the standard Bureau worksheet headings, the assisting examiners will be prepared to commence work with their own copy of the FCB standard forms located in the “V” drive Field Claims Bureau Training Manual which they have saved prior to traveling to the exam site.
 - Follow the instructions for the checklists by claim type as found in the appropriate section of the Field Claims Bureau Training Manual.
 - Review claim files and make notes on your worksheet (include citation number on worksheet) and indicate on worksheet whether a referral is sent.
- c. When needed, complete a referral form using the standardized FCB Exam Referral form.
- d. Note all exceptions on the worksheet as each file is reviewed.
- e. Tables shall be completed no later than when a category of claims is completed with a minimum of the insured’s name and claim number using the standardized FCB Exam Report Table Master in the “V” drive. Tables shall be amended after answers to referrals are received. All tables and worksheets must be completed and given to the EIC prior to leaving the exam site.
- f. When the insurer responds to the referrals, proceed with the appropriate action from the following list:
 - 1.) Maintain position without amendment.
 - 2.) Delete citation from spreadsheet and table.
 - 3.) Change citation on spreadsheet and table and re-refer.
 - 4.) Re-refer to insurer with additional comments or requests.
- g. When a follow-up referral is needed, repeat steps a – d.
- h. As each claim file referral-response-table process is completed, highlight the claimant’s name on the worksheet with a highlighter pen. This will alert any officer looking at the worksheet that the examiner has sent a referral, received a response, decided upon the citation and has entered the appropriate data into the tables.

503 ON-SITE EXAMINATIONS

Introductory Meeting

The Field Claims Examination team should meet with the designated company contact on the first day of the examination. During this meeting the following may be discussed:

- Explanation of the examination process
 - Conduct a review of files looking for compliance with CIC, CCR §2695, CVC, any other applicable laws or regulations
 - Look for compliance with company's procedures, consistency of handling
 - Request timely response to any referrals to keep the exam on track
 - Request that the company provide appropriate remedial action

- The report and the report filing process
 - Explain Public (on internet) and Confidential reports
 - Preliminary drafts of report(s) and confidential Table of Specific Findings will be sent by EIC to insurer for initial review and discussion with the EIC
 - After preliminary draft review and discussions have been completed between the EIC and company, the Bureau management will send a draft of the report(s) to the company
 - The Company will have 30 days to respond to the reports
 - The Department will evaluate the company response and adopt, amend or reopen the examination
 - A copy of adopted report(s) will be sent to company and the public report will be published on the CDI web site 10 days later
 - The company has right to make formal response, also to be published on the CDI web site

- Discuss possible date and time for exit interview – May be immediately at end of on-site or subsequent to examination team departure

- Maintain open lines of communication

- Discuss examiner and company working hours and schedules

- Clarify the organizational structure and claims staffing of the company

- Discuss company procedures and practices
 - Clarification of the claims process, including the construction of claim files
 - Total loss settlement procedures
 - Subrogation procedures
 - Maintenance of company records (electronic and/or hard copy)
 - Company's reserve practices
 - Company's sales and marketing plans
- Discuss any needed training (i.e. passwords, codes, screen page information, etc.), if claim files are maintained electronically

Claim File Review

After the introductory meeting, the examination team will begin the file review in accordance with the priorities established and coordinated by the EIC.

Examiners should be aware that company files could be presented in both paper and electronic formats.

When the company is unable to locate a file, the EIC is to write a referral citing the company for CCR §2695.3(b)(3) for each file not located. Additionally, the EIC will request a replacement file so that the required number of random files for the sample size is examined. This replacement file will be the next file in the category in sequence from the list of total files within the window period for the examination. If the file that was missing is found, the CCR §2695.3(b)(3) citation will be removed from the tables and the lost file will not be included in the sample, since it was replaced. Each replacement file will increase the sample size by one, when the original missing file is not found.

If files are mistakenly in an inappropriate category (i.e., a file is in the comprehensive category, when in fact, the loss was a collision loss), the EIC will request a replacement file so that the required number of random files for the sample size is examined. This replacement file will be the next file in the category in sequence from the list of total files within the window period for the examination.

In those instances where a sample file was previously reviewed by CSB, ask the company to substitute the file with the next file on the list of files for the review period. If, for example the management of CSB requested that we review a specific file for follow through pursuant to their request, we will review the file for that claim activity, e.g. payment forwarded to the complainant. We will not review such a file for compliance with the CIC or Regulations as the file has already had a regulatory complaint request.

If errors are found to exist that require the attention of the company, they should be referred in standardized referral format and may be discussed with the designated company liaison.

Referrals

- Two types of referrals may be presented to the company:
 - A referral that is specific to a file or files
 - A general referral regarding a company process or procedure, i.e. how does the company handle notice of the Auto Body Consumer Bill of Rights?

- The referral may or may not state the specific regulation to which consideration is being given.

- The referral may request a specific plan of action the company will implement to ensure future compliance.

- The company response to a referral should be signed by the company representative.

- The examiner should refrain from making any notations or marks on the referral once it has been signed by the company representative.

Team members, on an on-going basis, should share findings, problems and concerns with each other to facilitate a consistent review.

In cases in which the company acknowledges violations, it is important that the company state what corrective action it will take to ensure future compliance with the regulations.

Copies of significant documentation must be made to support findings. The copies of documents may be used as exhibits for possible compliance action.

If the company representative indicates that the company previously recognized the error as a problem and corrective action has been taken, an updated sampling may be required to verify that the corrective action taken has solved the problem.

If the company agrees that amounts are payable to claimants, documentation of the payment (check copy or payment screen and copy of cover letter) should be provided to the examiner to be included with the company response.

If additional files are needed, there should be no reluctance on the part of the examination team to request additional files.

Examination Audit Process

Upon completion of each category reviewed, team members should meet, discuss and summarize their findings. The team should also review company responses to referrals and determine whether the company's position is in compliance with the CIC and Title 10 Regulations. When a question or issue cannot be resolved on-site, the officers should contact their supervisor for clarification. Officers are permitted to discuss or negotiate with the company one time following a company's response which is contrary to the Department position(s) for a general or specific referral. If the company still disagrees with our position, the officer shall complete their work (tables or reports) signifying that the company is in disagreement with the finding.

Examination Team Protocol

The EIC is the primary contact with the company liaison. In the absence of the EIC, an examination team member should not act as the CDI liaison without the EIC's direction to do so. All issues need to be referred to the EIC to coordinate consistency of handling.

The EIC is the on-site "quality control" monitor. The EIC is responsible for the content of the examination report. Therefore, the EIC must be kept apprised of referral issues to present and discuss with the Company liaison. Team members should discuss findings with each other to facilitate consistent review.

Team members **shall** advise the EIC of their start time, breaks, lunch and leave times so that this information can be conveyed to the Company and Bureau Supervisor.

Image in the field is important. At all times, FCB Examiners should be professional in speech, attire, work ethic and courteousness toward others.

Exit Interview

At the conclusion of the exam, an exit interview should be conducted with the designated company representatives. Exit discussion is essentially an overview of findings and process. Specific claim files containing deficiencies will be itemized in a Table of Specific Findings and need not be reviewed individually during the Exit. The EIC will send this confidential table to the company, but it will not be published on the Internet.

Topics of discussion may include:

- Issues discovered during the examination with reinforcement of the remedial action that the company has proposed to assure future compliance
- Careful exploration of unresolved issues
- Mitigating circumstances raised by the company should be considered
- Any remedial action agreed to in the exit meeting should be confirmed in writing by the company

- Explain report process
- Preliminary drafts of Public (on internet) and Confidential report(s) and confidential Table of Specific Findings will be sent by EIC to insurer for initial review

Examination Audit Process

- After preliminary draft review and discussions have been completed between the EIC and company, the Bureau management will send a draft of the report(s) to the company
- The company will have 30 days to respond to the reports
- The Department will evaluate the company response and adopt, amend or reopen examination
- A copy of adopted report(s) will be sent to company and the public report will be published on the CDI web site 10 days later
- The company has right to make formal response, also to be published on the CDI web site
- The final “adopted” report will be sent to the Company’s Agent for Service or Agent for Process pursuant to CIC 12938. The EIC must have written confirmation of the *California* Agent for Service name and address for each company (even in multi-company examinations) and may not rely on CDI records for this information. If the Agent for Service is different from what the CDI has on file, the liaison is to be advised to report the new information to our Legal Corporate Affairs Bureau in San Francisco. Ms. Pauline D’Andrea can be contacted at 415-538-4154.
- Explain that copies of our report will be available to other Divisions and Bureaus of the Department.
- Express appreciation for company cooperation, if appropriate.

Unresolved Issues:

Occasionally, the Company Management and Examination Officer are not able to reach an agreement as to the validity of a citation, a group of citations, or the corrective action(s) to be taken by the Company to correct problems that have been identified during the examination. The EIC will advise the liaison that the insurer’s position on the issue will be summarized in the examination report. Further, the EIC may advise the liaison that unresolved issues will be reviewed by management and may lead to administrative action.

504 IN-HOUSE EXAMINATIONS

In-House Examinations, sometimes referred to as Desk Examinations, are generally more limited in scope than on-site examinations. The Examiner relies on the company to supply information and provide it to the Department for audit.

Generally, companies that have very small claim volumes are chosen for in-house audits. However, other factors such as not enough available space to accommodate examiners may be a consideration factor for an in-house audit. In-House Examinations provide an advantage to the insurer by minimizing the examination costs.

In-House Examinations are handled much the same way as an on site examination and the same procedures must be followed. The company should provide copies of claim files, policy contracts and any other information such as coding explanations to assist the examiner in reviewing the claim files.

During the course of the examination, questions may arise. The examiner may refer questions either by fax or e-mail. The company response may be made by either fax or email, but ultimately a hard copy response with the signature of the company representative is required.

505 INSURER SURVEYS

Indicator Factors

When the findings of a field/desk examination indicate an error factor of five (5) percent or more in a given product sample reviewed for violations that have a financial impact on the claimant, the Officer should initiate discussion with the Company regarding a voluntary survey. Sample violations that could result in additional consideration to claimant include CCR §2695.8(b)(1), CIC §10172.5(a), and CIC §10123.13(b). The guideline will be that such survey should be based upon a three year period.

Example of five per cent calculation:

Example 1: Sample population is 50 files in a specific category and the exam team finds four (4) files where sales tax was not reimbursed on a total loss settlement overlooked in original processing. The four errors in a 50-file sample would result in an eight-(8) per cent error ratio. It is important that the EIC consider the size of the population and the number of total losses in which a failure to pay taxes and fees has been discovered. If the EIC believes further review of total losses may help to discover policy driven changes in claims behavior, the EIC will obtain approval from their supervisor to expand the sample review of total losses.

Example 2: Sample population is 68 files in a specific category and the exam team finds four (5) files where interest on a life claim was overlooked in the original processing. The four errors in a 68-file sample would result in a 7+ per cent error ratio.

In addition to the above financial violations, if an insurer fails to send at-fault letters (or fails to specify the exact percentage of fault) as required by CCR §2632.13(e)(2), and the violation occurs in five percent or more of the files reviewed, the EIC should request that the Company conduct a review of its files for the preceding three year period. In cases where a letter was required and not sent the Company should notify the insured of the determination.

Miniscule Underpayments

When insurers conduct surveys of probable underpayments, we require evidence of disbursements of \$1.00 or more. All underpayments must be calculated. If the average underpayment is less than \$1.00 no evidence of disbursement is required. However, the EIC must be provided with the average amount of such underpayments along with supporting data for verification and review. This information (the average underpayment amount) must be stated in the Summary of Criticisms section of the report.

If the insurer objects to calculating miniscule underpayments, the EIC should solicit from the insurer an alternative proposal. The EIC should take this proposal to management for review and consideration.

FCB Verification Checklist

The FCB Verification Checklist form is located in the “V” drive. When an insurer survey is initiated (i.e. the Company confirms agreement with the EIC to conduct a self-survey), the highlighted yellow sections of this form must be completed and submitted electronically to the Supervisor. The Supervisor will review and forward to the Coordinator for tracking into our MCD Log.

Examination Audit Process

Monitoring and Documenting Results

The EIC must continue to monitor the Company's progress, and include the report of the results with the working papers. The verification documents could include such items as the log or spreadsheet with all pertinent payment information and copies of the checks, explanation of benefits and letters to the claimants.

When the Insurer completes their self-review, provide a hard copy and electronic copy of the completed FCB Verification Checklist form to the Supervisor. This is a continuation of the electronically submitted form referred to in the FCB Verification Checklist paragraph above. This form must be signed and dated by the EIC. The Supervisor will review and sign the hard copy and return it to the EIC for inclusion in the working papers. The supervisor will send an electronic copy to the Division coordinator for tracking.

506 REPORT FORMAT AND STANDARD TABLE LANGUAGE

Preparation of the Report

This section outlines how to prepare the report and record the examination findings so that the Department can quickly assess the company's performance in the areas examined and take whatever action is appropriate. The EIC is responsible for the final writing of the report and the contents thereof to be submitted to the supervisor for amendment and/or approval. However, each examination team member must transfer spreadsheet data into a table format for the EIC before leaving the exam. The standard table language and standard summary language for most of the violations are available on the "V" Drive in the FCB folder.

The EIC merges the individual tables into one master table for submission to the supervisor. Therefore all team members must adhere to the following standards:

- The report format and tables shall be consistent with the approved formats in the CS&MC Branch "V" drive "FCB" folder. Any variations to the report format must be pre-approved by the Bureau Chief prior to drafting of the report.
- A public report is always drafted.
- A confidential report will be drafted only if there are citations that do not fall within the guidelines for a public report.
- The report, itself, must be objective in its wording. The report must also be factual. Use of words such as "some, many, several and few" must be avoided. When the scope of the examination is to target certain areas, that fact should be stated in the report.
- Keep the needs of the various individuals who will use the report in mind. Avoid use of abbreviations and jargon.
- Upon completion, the preliminary draft report(s) and tables, will be submitted on a disk or emailed, as well as provided in hard copy, to the Supervisor. Also to be provided to the Supervisor are the insurer's *California* Agent for Service (must be an individual, not just a corporation) and his/her *California* address; the insurer's liaison (individual to whom the report is to be sent) and address including email address; and insurer's billing information.
- Supervisor will review the report for consistency with Bureau standards. If amendment is required, the Supervisor may notify the EIC to make changes. Once the draft is approved for release, the Supervisor will return it to the EIC for forwarding to the insurer's liaison.
- The Supervisor will input the report(s) and tables into DocsOpen.

- If the insurer rebuts all or part of a report, the EIC and supporting officers will confer about the issues the insurer has rebutted. As requested, each officer will review his/her notes and working papers to determine if the company and law sustain the rebuttals. If a claim file needs to be reexamined, the EIC or supporting officers will contact the carrier to obtain a copy of the file in question. If a question exists on a file that a supporting officer reviewed, he/she will forward his/her review findings to the EIC. If directed by the Supervisor, the EIC will have the responsibility to redraft the report if changes need to be made. The Supervisor may reassign the redraft to another officer for administrative or scheduling reasons.
- In the summary of criticisms section of the report, one digit numbers will be spelled out (one, five, nine) and two digit numbers will be used as is (10, 15).
- Please refer to the appropriate sections of the Field Claims Bureau Training Manual for detailed instructions on the completion of the Table of Specific Findings and the Public and/or Confidential Reports.

HIGH PROFILE EXAMINATION REPORTS

- High profile reports include any report involving State Farm, Farmers Group, and Allstate. Also included are any companies that have elevated the negotiations to include the executive staff level during the course of the exam process. Finally, high profile reports will include any examination generated as a response to those issues that are the focus of the Commissioner or draw interest at a national level. For instance, the Southern California Wildfire Exams and title exams would be included as high profile.
- BEFORE THE INITIAL DRAFT OR FINAL DRAFT OF ANY HIGH PROFILE REPORT IS SENT OUT, THE REPORT MUST BE SUBMITTED BY THE SUPERVISOR OR BUREAU CHIEF TO THE DIVISION CHIEF FOR REVIEW. Once approved, the draft will be sent to the company liaison for comment. If an EIC has a question whether or not a company is considered high profile, they should see their supervisor for a determination.

Insurer Surveys – Report Formatting

When the findings of a field/desk examination indicate that the Company will perform a review of its files by means of a survey, the EIC must include alternative language in the reports indicating the Company is in the process of conducting a review or an explanation of the findings when the survey has been completed prior to the drafting of the report.

The report must include details as to the line of business or the category of review triggering the survey. (Example: violations found in the dental sample.) Additionally, if the resolution is a company wide change that would benefit policyholders in other states, the report should include this information. The report language must have a clear explanation of the changes made as a result of the survey assessment.

Survey Finalized

The following items must be included in the report format:

- Page 5 - Summary of Criticisms should include the language “Money recovered within the scope of this report was \$xxx. Following the findings of the examination, a closed claim survey conducted by the Company resulted in additional payments of \$xxx. As a result of the examination, the total amount of money returned to claimants was \$xxx
- The applicable criticism(s) should contain language describing the violation and changes made as a result of the survey.
- The Company Response should:
 - ✓ Describe the action taken by the Company to rectify the violation
 - ✓ Indicate the window period of the review
 - ✓ State that the Company has provided the necessary documentation to verify the review upon completion of the survey

Survey Not Finalized

The following items must be included in the report format:

- Page 5 - Summary of Criticisms should include the language “Money recovered within the scope of this report was \$xxx. Pursuant to the findings of the examination referenced in item __ below, the Company is conducting a closed claim survey. The results of the survey and additional payments, if any, shall be reported to the Department and recoveries verified by the Examiner(s).
- The applicable criticism(s) should contain language describing the violation and changes made as a result of the survey.
- The Company Response should:
 - ✓ Describe the action to be taken by the Company to rectify the violation
 - ✓ Indicate the window period of the review that will be used and the expected date of completion of the survey
 - ✓ State that the Company will provide the necessary documentation to verify the review upon completion of the audit

507 EXAMINATION CRITICISM REMEDIES

Criticisms cited in the report must have the Company's plan of action that has been or will be taken to correct the deficiency and achieve compliance. The respective resolutions or actions must follow each detailed criticism.

Absent such resolution or action the EIC will insert the following after the Summary of Company Response in the report:

This is an unresolved issue and may result in further administrative action.

If the examination develops criticisms, which require legal action to be resolved,

[REDACTED]

2. Notice of Non-Compliance: The Company is formally advised that it is in violation of California law.

3. Direct Enforcement Action: The Company is put on notice that an enforcement action is pending with the respective Bureau. This takes place after approval of the Branch management and our legal division has assigned an attorney for assistance with the action.

4. Formal Hearing: The Company's failure to resolve the issues cited in a Notice of Non-Compliance may lead to a formal public hearing. Final determination will be determined by the Commissioner of Insurance for the State of California.

5. Penalties: The Department of Insurance may levy fines or other penalties in accordance with the provisions of the California Insurance Code. Typically, Section 790.035(a) of the California Insurance Code is used to establish the amount of fine.

REDACTED

REDACTED

508 SUSPENDED OR TERMINATED EXAMINATIONS

Prior to suspending or terminating an examination of claims practices in which the review of claim files has begun, FCB must receive Commissioner/Executive approval. Once approval is received, notice explaining the action and the exam file must be sent to the State Bureau of Audits in accordance with Section 734.1(c)(2) of the CIC.

509 EXAM REPORT FILING

A number of steps, and checks and balances have been built into the process of completing and filing official examination reports. The following instructions cover the exam report process from the time of approving and sending out the Preliminary Report Draft through the eventual posting of public reports on the California Insurance Department Internet website.

PRELIMINARY REPORT DRAFT

There are several preliminary steps that the EIC must take before an exam report is ready to be sent to management for review.

1. The Preliminary Report Draft(s) and Table of Specific Findings must be approved by a Supervisor before being sent to the insurer. A public report shall contain only errors and general practices that allege violations of CIC Section 790.03 and its implementing regulations. A confidential report contains alleged violations of any other laws.
2. The EIC will send the approved Preliminary Draft(s) to the insurer, who will be given 21 days to respond. The drafts must be accompanied by the cover letter found in V/FCB/FCB PRELIMINARY DRAFT TEMPLATE. Electronic or fax transmittal is acceptable.
3. Once the insurer's response is received, the EIC will review the draft(s) of the report and make any amendments deemed necessary.
4. The draft(s) will then be given to the Supervisor for review and placement in DOCS OPEN, a computer software program that allows automated approval and referral of documents.
5. Immediately, upon notice from the Supervisor that the draft(s) are in DOCS OPEN, the EIC will send to the Bureau Chief, for each report draft, a completed, signed and dated Exam Report Verification (found in V/FCB/Field Claims Report Certification Sheet).
6. The Bureau management will send the report(s) to the individual in the company authorized to receive the report(s). The company will have 30 days to respond.
7. After 30 days, the Department may proceed with the adoption process.
8. The Department may choose to amend, adopt or reopen the examination based upon the company's response.

ADOPTING AND FILING OF OFFICIAL EXAM REPORT

The steps to filing the examination report are:

1. The final report must be approved by the Supervisor, Bureau Chief, Division Chief, and Branch Deputy Commissioner by means of DOCS OPEN. Once the Deputy Commissioner has approved it, the report can be adopted and filed.
2. With approval from the Branch manager, the Official Exam Report (adopted and filed) can be prepared for Bureau records and served to the insurer (including posting on the Internet of public reports).

Examination Audit Process

- A. The Insurer Copy of the adopted and filed report will be formally served by being sent via certified mail to the insurer through its designated California Agent for Service of Process. The name and address of the California Agent for Service of Process is requested ***in writing*** from the insurer at the beginning of the examination.
- B. At the same time the report is served, a courtesy copy of the adopted and filed report may be mailed to the insurer's liaison authorized to receive reports, as a service to the insurers to ensure that the report arrives promptly in the right hands.
- C. Once the report is served, the insurer will have 10 working days to provide a formal, public response. (Considering all eventualities, this is approximately 20 days after service.)
- D. If the report is public, on the 20th day after filing (10 working days), the report will be posted on the Internet via the Deputy's Commissioner's actions and approval on Docs Open. Once received, the insurer's response will also be posted on the Internet via this process.

Insurers can receive additional certified copies of the exam report by written request to Chief, Field Claims Bureau on company letterhead. The insurer will be billed for the expenses of generating these copies.

Once the report is officially filed, the company will receive an Exam Questionnaire, to be returned to the Bureau Chief, asking for comments and evaluation of the examination processes.

510 RECORD KEEPING

The Bureau will maintain and administrate the working papers collected during examinations in the following manner. Working papers are to be categorized into two groups and put into envelopes. Each envelope will be plainly marked Group 1 or Group 2 for identification purposes.

Group 1 – These documents will be retained for a 5 year period in the following manner.

A large manila envelope will be marked on the outside with the Company name(s), NAIC #(S), and AS OF Date (the last day of the window period for the sample) and Group #1. If there is more than one envelope, each envelope will be numbered as 1 of 2, 2 of 2 or what ever is appropriate, etc.

The envelope will contain the following:

1. Worksheets (if hard copy)
2. Criticism Sheets (referral sheets- both ours and the company responses)
3. Correspondence - Both to and from the company

Group 2 – These documents will be kept separate from the Group 1 envelopes, but may be in the same box and must be identified as Group 2 on the envelope. This material will be destroyed once the enforcement committee determines no enforcement action will be requested. This material is typically collected to support findings and is copied from the original files of the insurer at the location of the examination.

The material may include the following:

1. Draft reports
2. Draft tables
3. Claim file documentation (copies). Originals will always be returned to the insurer.
4. Claim procedure manuals
5. Prior reports of examination from other states.

Any other materials collected and not noted here will be presented to the supervisor for a determination.

The EIC will process the working papers within a reasonable time period as established by the supervisor.

601 ATTENDANCE POLICY AND ABSENCE APPROVAL AND REPORTING

All FCB employees are expected to work their scheduled hours as previously requested and approved by their Supervisor. This includes being punctual in the morning, following lunch schedules, and working until the designated quitting time. During on site examinations, employees will work their normal hours within the office hours of the insurance company being examined. Lunch and break schedules may vary somewhat due to contacts with insurers, etc. Your Supervisor or Bureau Chief must pre-authorize any change of schedule. Unless specifically directed, FCB employees are not authorized to work hours in excess of their assigned work schedule.

During on site examinations, employees will observe all legal California holidays as they occur, regardless of whether or not the company observes the holiday. Permission to work either overtime (in excess of eight hours per day or 40 hours per week) or on an observed State Holiday requires the prior approval of a supervisor.

All anticipated absences **must be pre-approved** by your Supervisor at least 2 days prior to the beginning date of the anticipated absence.

All unanticipated absences must be reported to your Supervisor no later than 9:00 A.M. Pacific Time on the day of the absence.

When you call in and reach your Supervisor's voice mail, you must leave a message. After leaving a message, you must dial "0" and attempt to have a supervisor come to the telephone. If a Supervisor cannot be reached, you must then attempt to have a Senior or an Associate officer come to the telephone. Should this attempt be unsuccessful, you will have fulfilled your obligation to report in. Only a Supervisor has the authority to approve or disapprove an absence.

Supervisors will report absences to the Bureau Chief by 9:30 a.m. daily.

Bureau Absence Request forms must be given or mailed/faxed to your Supervisor the day you learn of the anticipated absence or the day you return from your unanticipated absence. It is the responsibility of every employee to revise his/her voice mail message for all absences of one day or longer. The message must explain the length of time you will be out of the office and must either provide a back up name and phone number in case the caller needs immediate assistance or advise the "0" option as in the example below.

Example: "Hello, this is _____, I will be out of the office until _____. If you will leave your name and telephone number, I will call you back when I return. If you need immediate assistance, please press "0".

You must revise your own phone message.

602 ORACLE TIMEKEEPING

The California Department of Insurance (CDI) **Time Activity Reporting System** (TARS) is a Department wide computerized timekeeping system, which requires every employee to complete a monthly activity time report.

The Administration Division in conjunction with Information Management Division and the ORACLE Corporation have developed an ORACLE time activity reporting system that utilizes the latest computer technology available to CDI.

The purpose of TARS is to:

- Allow CDI employees to complete a monthly time activity report, which will provide written documentation of time worked to the appropriate expenditure categories to determine the total departmental cost of performing activities.
- Provide a central automated system of maintaining work activity information to support budget change proposals and increases for growth. In turn, the information can be used to develop workload standards and measures for legislative concerns.
- Capture case tracking and billing information to produce case tracking reports and billing invoices that will interface with CDI's existing ORACLE Financial Accounts Receivable System.

CODING STRUCTURE

Staff completing time sheets will be responsible for documenting the number of hours worked or taken off each working day by:

1. Home Base
The term Home Base PCA refers to a specialized PCA .
2. Index
Identifies the specific Bureau.
3. PCAs
These are five digit numbers that relate to cost centers for particular activities which have designated revenue sources. (For example, CDI revenues sources are Prop 103 recoupment fees, examination fees, licenses and fees, and fraud collections).
4. Activity Codes
These are four digit numbers that identify the product or service that is being provided. (This code identifies whether an activity is related to the Program (FCB=0001) or the Department as a whole (General=0011).

Administration

5. Task
These are three digit numbers that identify the action(s) to complete the product or service.

6. Industry Type
These are two digit alpha codes that represent the industry type associated with the PCA and Activity Codes. This is an optional code to be used by the Bureau/Division. (It is currently being used by the Investigations Bureau).

Frequently Used Field Claims Timekeeping Codes					
H B	INDEX	PCA	ACTIVITY	TASK	DESCRIPTION
Y	7700	12330	4210	412	Company Examinations - In State
Y	7700	12330	4220	412	Company Examinations - Out of State
Y	7700	12330	0001	001	Program Administration <i>(i.e. Bureau Staff Meetings)</i>
Y	7700	12330	0001	020	Program Administration <i>(i.e. Special Projects – Nonbillable)</i>
Y	7700	12330	0001	003	Program Related Training <i>(ex: CSDMC Branch Training, FCB Training)</i>
Y	7700	12330	0011	050	General Duties <i>(i.e. miscellaneous, non-billable, non-program related)</i>

603 GENERAL BILLING INFORMATION

Field Claims staff are considered to be (primarily) field examiners.

Charges for field examinations are mandated by Section 736 of the California Insurance Code. The current rate for Field Claims Examinations (*i.e. Insurance Practice Examinations*) is \$110.00 per hour. The expenses we incur due to the examinations are billable to the insurer as well.

Examples of Billable Hours:

1. Examination preparation, set up, communication with company, travel time, review of files, etc.
2. Time spent completing Travel Expense Claim form and Long Sheet Billing form.
3. Time spent completing CDI Oracle Timekeeping (*i.e. TARS*) related to examination activities.
4. Time spent researching regulations and other applicable laws relating to insurance examination.
5. Time spent writing the report.

Examples of Billable expenses:

1. Rental cars, per diem, hotel costs, etc.

604 LONG FORM BILLING SHEET COMPLETION

Each month, Examiners must complete a Long Form Billing Sheet. The purpose of the Long Form Billing Sheet is to clearly show insurance company billable hours, separately from other non-billable activities throughout the month. The CDI Accounting Division also uses this form to bill the insurance company for the examination.

The form is legal size, 8.5" x 14", thus dubbed "*Long Form.*" The Long Form Billing Sheet may be completed manually (i.e. handwritten) or on computer. The computer generated form, *which does automatic calculations*, is in the Bureau's Excel "V" Directory as follows:

V:\FCB\Billing Time Sheet

This form is saved as a read-only document. In order to use the form, save under a new name in your home directory.

The following information must be filled in:

- | | |
|---|---|
| 1. Index Number
<i>7700 General</i> | 7. Billable Hours
<i>Enter number of hours spent on exam(s) each day</i> |
| 2. PCA Number
<i>12330 General</i> | 8. Total Hours
<i>Enter total hours spent on each exam</i> |
| 3. Task Codes
<i>Refer to Timekeeping Codes</i> | 9. Enter Company full name, Address, Contact Person, NAIC #, CDI Tax ID # |
| 4. Industry Type
<i>PC - Property & Casualty
LD - Life & Health</i> | 10. Billing Reference |
| 5. Billing Reference
<i>Use Alpha Characters</i> | 11. Total Hours Spent on the Examination |
| 6. Remarks
<i>Enter Abbreviated Name of Co.
Indicate In-State or Out-of-State Exam</i> | 12. Total Billable Expenses |
| | 13. Sign & Date |

The bottom portion of the Long Form Non-Billable Time need not be completed.

The Long Form must be signed by the Supervisor. **Submit the Original to the Supervisor for signature. The Supervisor will return the original to the officer who will make two copies.** The original and one copy will be given to the Bureau Technical

Support Staff in Los Angeles who will mail the original to the Accounting Office and retain the copy for Bureau records. The officer should retain one copy for his/her own records.

Additionally, a copy of the billing form should be emailed to the Bureau Technical Support Staff on the day it is completed.

The Examiner must **also submit a printed hard copy of the Oracle time sheet record** with the Long Form. The Long Form billable hours must match exactly the total TARS examination hours - Oracle Timekeeping Attendance record. However, total billable expenses may vary from the TEC due to the inclusion of a general services credit charged airline ticket or state/rental car.

Please make note of the following when using State vehicles. The Long Billing Sheet must include the costs of the rental so that the insurer is billed. It is recommended that you put your calculations for the cost on a separate sheet along with any gasoline/oil costs charged on the vehicle state card for future reference. Or alternately, if the State Garage from which the officer obtained the vehicle will supply him/her with an itemized computer receipt for the costs of the use of the vehicle, the receipt may be used in lieu of the calculations. This receipt computation includes gasoline/oil costs.

The current rates for Department of General Services vehicles rented by Department employees may be viewed by visiting the Department of General Services-Fleet Administration-Garage Operations-Pool Vehicle Rate Schedules or <http://www.ofa.dgs.CA.gov/default.asp?mp=../Services/main.asp>

Long Forms must be submitted NO LATER THAN the last day of the pay period and mailed to the supervisor by express/overnight mail the same day if the officer is away from the office. The Long Forms will be sent by inter-office envelope from S.F. to L.A.

Exception to this procedure:

If at the end of a month you are incurring travel expenses to be stated on your billing sheet (from your TEC), you must complete the sheet the next business day after you receive the receipt(s) and forward the billing as per the instructions above.

When an officer will be taking a planned absence from work prior to the end of a month and will not return until after the first day of the next month, the Long Form, TEC and Timekeeping report must be completed and forwarded no later than the last working day prior to the absence.

605 TRAVEL EXPENSE CLAIM FORM COMPLETION

The Travel Expense Claim (TEC) form STD 262A is used to reimburse employees for travel expenses and to clear travel advances. The form may be completed manually (i.e. handwritten in ink) or on computer. The computer generated form, *which does automatic calculations*, is available in the Bureau's Excel "V" Directory.

In order to use the form, save under a new name in your home directory.

In-state and Out-of-state travel occurring in the same month require separate claim forms.

The following is general information required on a travel expense claim form:

- Claimant's name and address, HQ street address, and phone number;
- Social Security Number, Bargaining Unit Number, and employee work hours;
- All appropriate expenses (e.g. per diem, transportation, meals, etc.);
- All dates and times when expenses occurred (time recorded military);
- Location of where expenses occurred;
- All appropriate receipts, original and four copies;
- All methods of transportation
- Private vehicle license number if mileage expense is claimed;
- Signature of both the examiner and the Supervisor
- Index/PCA codes;
- Purpose of the business trip (i.e. Field Claims examination);
- Any additional justification required

When completing a TEC form, refer to the Instructions on the reverse side of the printed form. If questions still arise, contact your supervisor.

NOTE: Receipts for hotel, car rental and gas must be attached to the TEC. Since airline travel is usually reserved the ticketless method, employees must attach a copy of the travel itinerary, ticket stubs, and/or request a receipt from the airline at the airport. STATE RENTAL CAR "Garage Receipt" must accompany your TEC. You must have the reservation number in order to obtain this receipt.

A properly prepared TEC must be submitted as soon as travel is completed during the month in order to clear an outstanding travel advance. If a travel advance exceeds the substantiated expenses, the employee must submit a check or money order with the TEC payable to the **Department of Insurance**. If the substantiated expenses exceed the travel advance, the employee will be paid the difference with a revolving fund check.

If the TEC contains billable expenses, write "A/R" in the bottom center margin of the first page. If an American Express Corporate CDI card was used write "AMEX" in the bottom center margin as well.

Remember that CDI staff members shall not purchase "pre-paid" gas contracts with rental car companies when traveling. Always fill the tank before returning a rental car to the vendor.

Administration

The TEC must be signed by the Supervisor. **Submit the Original to the Supervisor for signature. The Supervisor will return the original to the officer who will make four copies.** The original TEC and two copies are to be sent to Accounting. One copy is to be sent to the Bureau Technical Support Staff in L.A. for Bureau records. The officer should retain one copy for his/her own records.

Out-Of-State of California-TEC:

Make and send a copy of the completed out of state TEC, without copies of receipts to the designated Department of Insurance, Sacramento Personnel Specialist, to obtain the Out of State pay differential.

606 SECURITY & EMERGENCY PROCEDURES

If you have an extreme emergency (need immediate help), **dial 911**. On a regular phone this will connect you with the local Police Department Dispatch Center. A cellular phone will connect you with the California Highway Patrol Communication Center.

LA - Ronald Reagan Building

After calling 911, and if your personal safety is not at risk, call the CHP Safety Services Program (SPP) unit located in the Ronald Reagan State Building on the

**Emergency Phone Line: (213) 897-4394 (0630-1800 hours) and
(323) 906-3406 (after 1800 hours).**

The CHP Officers may be able to respond quicker because they are located in the building. However, only use this number if it is an emergency.

For general information and assistance from the CHP SSP unit located in the Ronald Reagan Building dial: (213) 897-4394/4399

SF - 45 Fremont

After calling 911, and if your personal safety is not at risk, call the Building Manager and advise them of the nature of the emergency at:

(415) 512-1080

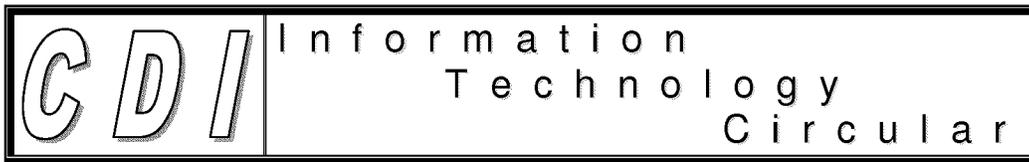
After hours, dial this number plus 0 for security.

Person responsible for implementing the Department's Injury and Illness Prevention Program and Disaster Preparedness Plan is:

Rochelle Peppers, HRM
916 492-3377

There is a toll-free CDI number at which general information will be broadcast in an emergency. That number is (866) 262-1380.

607 Electronic Communication Policy



To: All CDI Staff

No.: 04-01

From: Information Technology Division

Issued: February 5, 2004

Subject: E-mail, Internet and Intranet Usage Policy

Expires: When Superseded

I. SUMMARY

This policy supercedes Information Technology Bulletins Number 98-01 and 2000-01. The policy clarifies and updates the Department's standards and guidelines for the use of the departmental e-mail, Internet and intranet services that are provided to California Department of Insurance (CDI) personnel. These guidelines define the responsibilities, acceptable utilization, and functional standards necessary to assure the appropriate and secure use of these resources.

II. BACKGROUND

CDI's e-mail, Internet and intranet systems represent valuable and necessary resources for successful implementation of the Department's mission and programs. To ensure the integrity of these systems and to remain compliant with various laws and rules, it is necessary for each employee to adhere to appropriate usage practices.

III. REFERENCE

Government Code Section 19990 and CDI's Incompatible Activities Statements (Code of Ethics).

IV. PROCEDURES AND INSTRUCTIONS

Internet and Intranet Usage Policy

Policy

It is the policy of CDI to provide Internet and intranet services to employees for purposes consistent with their official duties and the Department's overall mission. Use of the Internet by employees and duly authorized Department representatives (consultants, contractors, etc.) is permitted where such use is both suitable for official purposes and supports the goals and objectives of the Department. The Internet is to be used in a manner consistent with the normal execution of an individual's job responsibilities. This policy applies to all persons accessing the Internet or using Internet e-mail or the intranet provided by CDI.

Responsibilities

Information Technology Division (ITD)

The ITD is responsible for the development, installation, management, monitoring, and security of CDI Internet and intranet services. The Information Security Officer will establish and maintain policies regarding the associated security. ITD will establish and maintain the policies and guidelines concerning use of the Internet/intranets including the use of the CDI e-mail systems. ITD will manage and monitor Internet traffic using network administration tools and notify management of any detected inappropriate use. All system users are reminded that they should have no expectation of privacy in using any departmental network, system, or application.

Supervisors and Managers

CDI supervisors and managers must be familiar with this policy and shall ensure that employees under their supervision are aware of, and adhere to, these guidelines. Day-to-day supervision of employees will include assuring that Internet/intranet usage is in compliance with these guidelines. Supervisors are responsible for initiating warnings or disciplinary actions for policy violations. Whenever Internet access is no longer necessary, the employee's supervisor must notify ITD by calling the local Help Desk. In those instances involving voluntary or promotional transfers or routine retirements, ITD must be notified within 5 working days. In the case of involuntary absences due to administrative adverse actions or criminal conduct, ITD must be notified within 24 hours. This notification process is necessary to update or remove the employee's on-line privileges in keeping with their individual need for access to confidential or sensitive departmental information. Upon receipt of either an interim or final disposition of the administrative or criminal action, the employee's access may be restored by contacting the local Help Desk.

CDI Employees, Consultants and Contract Employees

CDI employees, consultants, and contract employees must be familiar with this policy and are responsible for adhering to the standards and guidelines set forth herein. Employees should be aware that the use of Department computers and computer networks is subject to monitoring by the ITD and employees' supervisors. Authorized Internet/intranet users will comply with the following Internet access rules and guidelines. Violations of these guidelines may result in disciplinary action up to and including judicial action and/or dismissal from state service.

Standards and Guidelines

Because of its value as a research and communications tool, Internet/intranet access will be granted to all departmental employees. This will place the responsibility and accountability upon the employee and his/her supervisor for ensuring that the use of and time spent on the Internet is consistent with the Department's mission and within the employee's job description or current assignment. Internet access will be subject to the following:

- **General Use:** Employees may use the Internet for accessing advisory information, conducting research and analysis for business related subjects, and participating in professional society or development activities related to the normal execution of their job responsibilities.

- **File Downloads:** Only work-related files may be downloaded.
- **Copyrighted Material:** Users may download copyrighted material, but its use must be strictly consistent with the license and terms granted by the copyright owner.

Inappropriate use of the Internet/intranet including the use of Internet e-mail accounts for any of the following activities is prohibited (the following list is not intended to be all inclusive but representative of prohibited activities):

- Conducting any illegal activities;
- Accessing or downloading sexually oriented material;
- Gambling;
- Engaging in any activity for personal gain or profit;
- Revealing or publicizing proprietary or confidential information;
- Representing personal opinions as those of the Department;
- Making or posting improper remarks and/or proposals. Improper remarks are those which contain defamatory, false, inaccurate, abusive, obscene, pornographic, profane, sexually oriented, threatening, racially offensive, discriminatory, or illegal material;
- Uploading or downloading commercial software in violation of its copyright;
- Intentionally interfering with the normal operation of any Department Internet gateway;
- Participating in unauthorized "chat rooms";
- Violating departmental regulations prohibiting sexual harassment;
- Conducting any political activity;
- Making any unauthorized or personal purchases;
- Participating in chain letter or unauthorized promotional activities;
- On-line banking.

Sensitive Information

Department confidential, classified or proprietary information shall not be transmitted over the Internet without prior management consent and departmentally approved security measures in place. Employees must obtain approval from their Deputy Commissioner prior to sharing sensitive information outside of the department. It is the responsibility of each Deputy Commissioner to discuss these situations and methods of the appropriate sharing of information with the Information Security Officer to ensure that it is accomplished in a secure manner.

Internet Access Configuration

Networked PCs: The Teale Data Center is the primary provider for access to the Internet by PCs connected to the CDI network.

Internet Service Providers (ISP): Only CDI contracted and provided ISPs are to be used on CDI owned equipment. This includes the Teale access to the Internet or other ISPs provided to designated employees for use while traveling. Employees will not install, access or use personal ISPs, such as AOL, Prodigy, etc., on state-owned equipment. This applies whether accessing the Internet via the CDI network or through a separate internal/external modem. Additionally, the Department provides Internet access to e-mail services through Microsoft Exchange; therefore, other e-mail services such as "Hotmail," "Netzero," and "Juno" are not to be used to communicate to or from the CDI network.

Modems: Modem usage poses a high-level security risk to the network and must not be used except when prior approval is received from the Chief Information Officer. The following conditions are examples of situations where approval may be granted:

- Where a modem is the only means to transfer data and information between CDI and an outside party or organization;
- When installed on a stand-alone PC for investigative purposes;
- For remote use when required for travel, field and/or telecommute purposes.

Use of Modems While Connected to the CDI Network

The Department has purchased laptop computers which have modems installed as part of the factory configuration. This configuration creates a potential network security vulnerability when the computer is “docked” or otherwise connected in the office to the CDI network.

Consequently, laptops are prohibited from engaging in an active modem session while the computer is connected to the CDI network at the workplace. Internet or intranet access in CDI offices is provided via the Department’s network and should be the only route used. Using the modem to connect to the state provided ISP through a telephone line when away from the office is appropriate and does not represent connection to the CDI network.

Electronic Mail Policy

The purpose of this policy is to ensure the appropriate use of electronic mail (e-mail) sent via the CDI network. It applies to all correspondence and documents mailed electronically through Exchange, the Internet, intranet, or any other departmental mail system.

Policy

The CDI local and wide area networks represent valuable communications assets that are provided to enhance the efficiency and productivity of employees in carrying out the CDI mission. Employees are encouraged to utilize these resources to their maximum potential as appropriate for their departmentally authorized activities and assignments. Employees are reminded that e-mail traffic is to be restricted to activity that is consistent with their official duties or in keeping with activities normally sanctioned by the Department. Employees must be aware that, while the security of e-mail documents will be respected, there should be no expectation of privacy, as security or system administrators do monitor and log e-mail traffic.

The appropriate and acceptable use of e-mail includes all inter/intra-office memos, letters, correspondence and documents directly related to CDI’s mission and other activities permitted under a Collective Bargaining contract. In addition, acceptable use of e-mail may also include correspondence, memos or announcements relating to activities which have been approved by the appropriate supervisor or manager. This includes functions/activities such as:

- CDI holiday food drives;
- State or Department approved charitable fund raising programs; and
- Employee benefits and events.

The CDI Incompatible Activities Statements in conjunction with Government Code Section 19990 applies to the use of the CDI network. Therefore, network e-mail must not be used for inappropriate activities such as: any use for personal gain, political activity, illegal activities, chain letters or the malicious or sexual harassment of another individual. Recipients receiving inappropriate e-mail will notify their immediate supervisor and forward the document for appropriate action. Inappropriate e-mail which is received by an employee must not be retained in the CDI system or forwarded to anyone other than the supervisor. CDI employees who deliberately solicit, forward, or transmit data in violation of this policy are subject to disciplinary action.

Security and Document Management

Electronic documents require the same level of document management as their hard copy counterparts. Therefore, senders must be cognizant of the nature of the e-mail content and provide a commensurate level of handling, storage, retention and security.

The convenience and availability of e-mail should not override the need for supervisory review/approval of correspondence or documents that would otherwise be submitted for approval prior to transmission or dissemination. The review process may be accomplished electronically.

Confidential or sensitive hard copy documents are labeled as such when they are sent. If an electronic document is confidential, it must carry a confidential label as well. The classification must be typed on the document, or the employee may use the Exchange security feature which allows the sender to select a security label appropriate for the document being sent. Applying a confidential label to an e-mail is accomplished by clicking on the "Options" button in the toolbar when the message is open, then click on the "Sensitivity" button and drag down to "Confidential" and release the mouse button. When the reader opens the e-mail, a yellow banner will appear above the address fields that states "Please treat this as Confidential". This label does not protect or encrypt the document in any way. However, it does alert any employee who views the document as to the proper handling and disclosure restrictions.

Electronic documents sent over the CDI network, through Exchange, the intranet or Internet are considered at least as secure as any hard copy documents sent via courier, through CDI mail rooms or inter/intra agency mail. Correspondence or work products which are so sensitive that disclosure could result in loss of life or compromise a major criminal investigation should not be sent via e-mail. Routine or preliminary case and court work and non-sensitive investigative materials may be sent via the Internet but must be labeled appropriately with the Exchange function as described above.

E-Mail Message and Mailbox Size Limits

Attachments to e-mail messages can significantly impact the network's performance and should be limited in size and quantity when possible. Employee's mailboxes (In, Sent, Deleted and other special folders) that store e-mail messages and attachments occupy valuable resources on the Department's Exchange servers. Employees must limit the number and size of e-mail messages retained in their folders by deleting insignificant messages, saving attachments to a network or shared drive and archiving older e-mail messages. Employees should consult with the local Help Desk for assistance or refer to the Help Desk Home Page on the intranet site for additional tips.

Passwords

Employees should take precautions to prevent unauthorized access to their e-mail by logging off if their computer is unattended. Unauthorized entry to an individual's e-mail is a violation of security; however, a manager/supervisor may require an employee to report his/her current password to a designated individual as necessary for business purposes.

E-mail Broadcasts

The CDI network provides the functionality to disseminate information to select individuals, work groups (i.e. Bureaus, Divisions, etc.) or Department-wide to all employees with computers. Thus, mis-information or information which may be inappropriate for wide distribution can be easily disseminated. For this reason, review and approval must be obtained from the employee's supervisor or manager prior to the transmission of information or announcements Department-wide or to other work groups. Consideration must be given to the accuracy of the information and the intended audience. Global broadcasts should be avoided unless the information pertains to the vast majority of CDI employees.

V. INQUIRIES

If you have any questions regarding this Circular, please contact the Bureau Chief, Statewide Network Support Bureau.

Original signed by

Daniel K. Whetstone, Chief Information Officer

608 TELEPHONE USE AND VOICE MAIL

Please refer to the Telephone and Voice Mail instructions in the Field Claims Bureau Training Manual and local telephone and voice mail system instructions.

609 EQUIPMENT AND INVENTORY TRACKING

All equipment (i.e. lap top and desk top computers, printers), including credit cards, building access card, keys, etc. are the responsibility of the person to whom they are assigned. Please handle with care and take precautions to prevent loss, damage or theft of these.

In order to prevent the theft of state property while in the office or away on an exam the officer will take the following steps before leaving the lap top computer, printer, or related equipment on site. The officer will ask the insurer to provide a locking desk or file cabinet, if the examiners intend to leave their computers at the job site overnight. The examiners should make a copy of electronic spreadsheets and tables to a separate floppy disk. All documents that are particularly incriminating of insurer practices shall be taken off site each night so that the documentation can not be altered. If the officer is in the CDI office, these items referred to in this paragraph must be locked in a cubicle storage cabinet each night.

Additionally, all equipment assigned to Field Claims personnel will be recorded and tracked by serial number, credit card number etc. The Bureau Technical Support staff members are the Inventory Coordinators for Field Claims. The staff will contact field staff periodically to verify equipment assigned for inventory control purposes.

610 **QUALITY CONTROL**

Selected examinations will be chosen to enable the Bureau Chief or supervisory personnel to conduct a quality control review of examiner's spreadsheet data and insurer referrals and to review methods in use by the Officers.

The EIC will be advised of examinations that have been selected for review. All company files reviewed will be retained by the examination team until quality control review has been completed.

APPEALS

The Supervisor will discuss all files that have been reviewed with the Officer that originally reviewed the file(s) in question. Any difference of opinion involving the quality control work sheet should first be discussed with the Supervisor and then may be referred to the Bureau Chief.

611 CONFIDENTIALITY

All requests for confidential materials should be forwarded to the Bureau Chief for handling.

Reports of market conduct type examinations, other than the public reports posted on the Internet, and all exam materials and correspondence are considered confidential in California pursuant to CIC Sections 735.5 and 12919.

At no time should an officer provide exam materials, details, or analysis to anyone outside of the California Department of Insurance other than the designated examination coordinator for the company subject to examination.

Under no circumstances is any officer to furnish copies of any documents contained in a licensee's file to anyone outside of the department.

Under no circumstances is any person, not an employee of the licensee, to be furnished a copy of any Department correspondence with the licensee.

Under no circumstances is any officer to furnish a licensee with a copy of any Departmental correspondence (i.e. Legal Referral Memorandums) to any other person.

Under no circumstances is any company representative or any other person to be allowed to review the Department's complete file or the examiner's work papers. They may review only the material that they have submitted to the Department.

The only exception to the above is if the specific documents are subpoenaed.

Any exceptions to these procedures shall be authorized in writing by the Bureau Chief or, in his absence, by the Division Chief or Deputy Commissioner.

If a company wishes to receive a copy of its own exam report, an individual officially designated to represent that insurer must make that request in writing on company letterhead. The company will be asked to pay for copies of reports, and the transaction will be handled through the Bureau office.

If representatives of another state's insurance department, or another California state agency, request copies of an exam report or exam materials, that agency must agree to maintain the confidentiality of those materials pursuant to California code before any materials will be provided.

If any officer has any questions concerning these procedures or does not understand these procedures, please arrange for a conference with your Supervisor.

On the following page are samples of the confidentiality letter to be sent to outside agencies prior to the disclosure and sharing of confidential materials and the cover letter to be attached to the report copy when it is sent out.

SAMPLE CONFIDENTIALITY CORRESPONDENCE

STATE OF CALIFORNIA

John Garamendi, *Insurance Commissioner*

DEPARTMENT OF INSURANCE

FIELD CLAIMS BUREAU
RONALD REAGAN STATE OFFICE BUILDING
300 SOUTH SPRING STREET, 11TH FLOOR
LOS ANGELES, CA 90013
(213) 346-6510 - (OFFICE), (213) 897-9551 - (FAX)



Comment [COMMENT1]: REMEMBER!!!.. when you save your document, give it a NEW name.....

Re: California Market Conduct Examination Report Confidentiality

Dear Ms./Mr. State Representative:

In California, all market conduct examination reports and exam materials are considered privileged and confidential pursuant to California Insurance Code Sections 735.5 and 12919. An exception exists for public reports of examination of unfair or deceptive practices (as defined by California Insurance Code Section 790.03), and the insurer response to the public report, which are posted on the Department's Internet web-site at www.insurance.ca.gov.

You have requested that we provide you a copy of confidential material. In order for this to happen, we must receive a signed agreement from an authorized representative of your organization agreeing to hold the information confidential and in a manner consistent with CIC Section 735.5 and any other pertinent California law. If you are unable to ensure the confidentiality of the materials, we will not be able to provide them to you.

We await your response.

Thank you -- Bureau Chief

Administration

Following receipt of a signed agreement to maintain confidentiality, the following cover letter will be enclosed with the materials:

Re: California Market Conduct Examination Report Confidentiality – Report Enclosed

Dear Mr. Jones:

Enclosed is a copy of the market conduct examination report involving the captioned insurer that is domiciled in your state. Please be advised that California currently considers market conduct examination reports and working papers privileged and confidential pursuant to California Insurance Code Sections 735.5 and 12919.

If you have any questions or concerns, please let me know.

Sincerely -- Bureau Chief

612 SUBPOENAS

Procedure for Accepting and Processing of Subpoenas Duces Tecum; Service of Process; Public Records Act Requests; and other Legal Papers Served on the Commissioner

The Insurance Commissioner has designated a Deputy in the Legal Division, Sacramento Office, as Custodian of Records and Deputy Insurance Commissioner authorized to accept subpoenas and service of process on behalf of the Insurance Commissioner and the California Department of Insurance. Darrel Woo, is deputized to accept such service of process. Anyone attempting to serve the Commissioner, must be directed to serve Darrel Woo, at Legal Division, 300 Capitol Mall, 17th Floor, Sacramento, CA 95814, telephone (916) 492-3556.

Receptionists must refuse to accept service of any documents by persons attempting to serve the Commissioner, the Department of Insurance, or an employee of the Department in her or his official capacity, and must direct the process server to Darrel Woo, the Deputy authorized to accept service, in Sacramento.

Should any employee receive any legal document, even though he or she is not deputized to accept service, he or she must ***immediately*** check with his or her supervisor, and forward the document to the Legal Division, to the attention of Darrel Woo, Custodian of Records, by forwarding any documents to the address above. It is imperative that the legal documents and other requests be sent immediately because time is of the essence in most cases.

In the case of California Public Records Act Requests, we have ten (10) days in which to respond to the request, it is very important that the request be forwarded immediately for handling and/or coordination.

Remember, it is imperative that the Department responds quickly to subpoenas and requests for documents. As noted above, unless otherwise provided, all subpoenas and service of process must be forwarded immediately to **Darrel Woo, Custodian of Records, Legal Division, 300 Capitol Mall, 17th Floor, Sacramento, CA 95814.**

Darrel Woo Tel. (916) 492-3556 Fax (916) 324-1883

613 CONSUMER GROUP, MEDIA, LEGISLATIVE/ADMINISTRATIVE CONTACTS

Consumer Groups

All telephone and written inquiries from any consumer organizations (for example, Consumers Union) must be directed to the Bureau Chief or, in his/her absence, to a supervisor.

Media

A goal of the Department of Insurance is to provide the public it serves with accurate, timely information concerning its actions, policies and agenda.

The Insurance Commissioner is the chief spokesperson for the Department, and in his absence, the Chief Deputy. The Deputy Commissioner for Press, Communications and Publications is responsible for coordinating the Department's communications program and serves as the day-to-day spokesperson for the Department on behalf of the Commissioner.

Division and bureau chiefs are authorized to speak for the Department on matters that fall within their areas of responsibility and may delegate this responsibility to staff members with the understanding that deputy commissioners are accountable for the public statements of their subordinates.

When contacted by members of the media, consider anything you are asked to comment on as "on the record". Refer any contact from the media immediately to your bureau chief. The Bureau Chief will advise the press office of the contact. Never respond to questions from the media regarding the Department's position on issues.

Legislative/Administrative

This office periodically receives requests for technical information and/or our views on Department of Insurance policy from staff members of the Legislature and the Administration. The Field Claims staff member will advise the Bureau Chief about the contact. The Chief will forward the information on to the Legislative unit within the CDI. If our Legislative staff request that we respond, the Bureau Chief will coordinate the contact.

As for Department of Insurance policy recommendations, these need to be reviewed by the Executive Staff. No recommendations are to be made until they have been cleared by the Executive Staff. If you have any questions about what constitutes a policy recommendation, consult with your supervisor.

When the Bureau Chief delegates to an insurance compliance officer the writing of a letter to a California State Legislator, it is to be addressed using the instructions provided by J. Johnson, as follows:

All letters to State Legislators must have the approved (based on the Pocket Directory of the California Legislature - 28th Edition and our Leg Office) address and salutation.

Administration

For members of the Assembly:

The address is The Honorable John Doe
 California State Assembly
 (The remainder of the address)

Dear Assembly Member Doe:

For members of the Senate:

The address is The Honorable Jane Doe
 California State Senate
 (The remainder of address)

Dear Senator Doe:

Note: No letters are to be written or sent to legislators, unless instructed to do so by the Bureau Chief.