

ATTACHMENT "A"

FIRE INSURANCE EXCHANGE
FIRST AMENDED OSC
(Additional violations for period August 7, 2002 – August 6, 2004)

1. Regarding: TONY & KAREN FARRAR CSB-5403272
Claim Number: H3102480

In March 2000, a complaint was filed against Respondent alleging undue delay in adjusting claim.

An investigation by the Department has found Respondent to be in noncompliance with California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically Section 2695.5(a).

In reference to Section 2695.5(a), the Department sent a letter dated 11/12/02 to Respondent and a response would be considered late on 12/9/02. We received Respondent's response on 12/18/02. Therefore, a violation of this regulation has occurred.

On December 18, 2002, the Department notified Respondent of the violations noted above.

2. Regarding: JOSEPH A. MYER CSB-5522126
Policy Number: COOO34239

On 1/22/02, a complaint was filed against Respondent alleging that Respondent denied this claim in error.

An investigation by the Department has found Respondent to be in noncompliance with California Insurance Code Sections 790.03(h)(3), 880 and the Fair Claims Settlement Practices

1 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
2 Section 2695.5(a).

3
4 Section 790.03(h)(3) requires an insurer to adopt and implement standards for the prompt
5 investigation and processing of claims. Respondent sent letters dated 6/12/01, 6/27/01 and
6 6/29/01 to the insured which denied this claim. Each of these three (3) denial letters from
7 Respondent cited different provisions in the policy explaining why this claim was not covered.
8 The insured and the Department wrote to Respondent several times over the course of many
9 months, advising that the policy language was contradictory in areas of this policy about whether
10 coverage should apply for this loss or not. It was not until after the Department's legal division
11 contacted Respondent that Respondent determined that coverage would apply and that this claim
12 would be paid. Because Respondent did not promptly and correctly process this claim when it
13 was received by Respondent, a violation of this section has occurred.

14
15 Insurance Code Section 880 requires every insurer to conduct its business in this state in its own
16 name. Respondent sent letters to the Department dated 3/19/02, 4/9/02, 4/25/02, 5/2/02, 6/27/02
17 and to the insured dated 6/12/01, 6/27/01, 6/29/01, 7/16/01 and 1/8/03 which did not correctly
18 identify the name of Respondent that underwrote this policy of insurance (Respondent).
19 Therefore, ten (10) violations of this section have occurred.

20
21 Section 2695.5(a) requires a licensee, upon receiving any written or oral inquiry from the
22 Department concerning a claim, to immediately, but in no event more than twenty-one (21)
23 calendar days of receipt of that inquiry, furnish the Department with a complete written response
24 based on the facts as then known by licensee. A complete written response addresses all issues
25 raised by the Department in its inquiry and must include copies of any documentation and/or a
26 copy of the claim file requested. The Department sent inquiry letters to Respondent dated 1/2/02,
27 3/20/02 and 5/2/02, which required complete responses by 1/29/02, 4/16/02 and 5/29/02,
28 respectively. Complete responses to the 1/2/02, 3/20/02 and 5/2/02 letters were not received by

1 the Department until 3/20/02, 4/25/02 and 6/4/02, respectively. Therefore, three violations of this
2 section have occurred.

3
4 On January 15, 2003, the Department notified Respondent of the violations noted above.

5
6 3. Regarding: DAVID HOGAN CSB-5580942
7 Policy Number: 91363-44-70
8 Claim Number: 61-153432

9 On March 4, 2002, a complaint was filed against Respondent alleging a claim had been
10 improperly denied.

11
12 During our investigation the Department found Respondent to be in noncompliance with
13 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
14 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
15 Section 2695.3(b)(1).

16
17 Section 2695.3(b)(1) requires a licensee to maintain claim data that is accessible to the
18 Department for review. The files must contain all documents, notes and communication, etc. We
19 have been advised that the claim file was lost. Therefore, a violation of this regulation has
20 occurred.

21
22 On December 10, 2002, the Department notified Respondent of the violations noted above.

23
24 4. Regarding: WALTER KANTOR CSB-5607792
25 Policy Number: F91241-72-24
26 Claim Number: B1211425

27 On February 13, 2002, a complaint was filed against Respondent alleging undue delay in
28 processing of a claim.

1 An investigation by the Department has found Respondent to be in noncompliance with
2 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
3 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
4 Sections 2695.5(b) and 2695.5(a).

5
6 Section 2695.5(b) requires a licensee to respond to a claimant's communication that reasonably
7 suggests that a response is expected, immediately, but in no event more than 15 calendar days
8 after receipt of that communication. The claimant sent a communication to Respondent on March
9 3, 2002. A response to this communication was due no later than March 15, 2002. The response
10 to the communication was not sent until April 9, 2002. Therefore, a violation of this regulation
11 has occurred.

12
13 In reference to Section 2695.5(a), the Department sent a letter to Respondent on July 25, 2002
14 and a response was considered late on August 20, 2002. The response was not received by the
15 Department until September 27, 2002. Therefore, a violation of this regulation has occurred.

16
17 On October 1, 2002, the Department notified Respondent of the violations noted above.

18
19 5. Regarding: CAROLYN POMPEY CSB-5611408

20
21 On 2/10/02, a complaint was filed against Respondent alleging undue delay and lack of response
22 in handling this claim.

23
24 An investigation by the Department has found Respondent to be in noncompliance with
25 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
26 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
27 Section 2695.5 (b).

1 Section 2695.5 (b) requires a licensee to respond to a claimant's communication that reasonably
2 suggests that a response is expected, within 15 calendar days after receipt of that communication.
3 The claimant sent a communication to Respondent on 5/29/02. A response to this communication
4 was due no later than 6/13/02. No specific response was ever sent as per our file review.
5 The complainant sent another communication to Respondent on 6/26/02. A response to that
6 communication was due no later than 7/11/02. No specific response was ever sent as per our file
7 review. Therefore, there were two violations of this regulation that occurred.

8
9 On October 18, 2002, the Department notified Respondent of the violations noted above.

10
11 6. Regarding: JOE D. SUMPTER CSB-5625013
12 Policy Number: 913092272
13 Claim Number: U6089738

14 On March 1, 2002, a complaint was filed against Respondent undue delay in processing the
15 claim.

16 An investigation by the Department has found Respondent to be in noncompliance with
17 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
18 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
19 Section 2695.5(a).

20
21 In reference to Section 2695.5(a), the Department sent a letter to Respondent on January 15, 2003
22 and a response was considered late on February 10, 2003. No response was ever received. We
23 then sent a follow-up letter to Respondent dated February 14, 2003. The response was not
24 received by the Department until February 20, 2003. Therefore a violation of this regulation has
25 occurred.

26
27 On February 20, 2003, the Department notified Respondent of the violations noted above.
28

1 7. Regarding: LOUIS BALLAS CSB-5634345

2 Policy Number: 97-91099-63-51

3 Claim Number: X7-70906

4 Insured: MARK AND YANA BRIDLE

5 On 4/9/02, a complaint was filed against Respondent alleging that there was an undue delay in the
6 handling of this claim.

7 An investigation by the Department has found Respondent to be in noncompliance with
8 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
9 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
10 Sections 2695.5(e)(1), 2695.5(e)(2), 2695.5(e)(3), 2695.7(b), 2595.5(b) and 2695.7(b).

11
12 Section 2695.5(e)(1) requires an insurer to immediately, but in no more than 15 days from receipt
13 of the claim, acknowledge receipt of the claim to the claimant. This claim was received by
14 Respondent on 5/4/99 and was due to be acknowledged to the claimant, confirming its receipt by
15 Respondent, no later than 5/19/99. This claim was not acknowledged by Respondent to the
16 claimant until 6/7/99. Therefore, a violation of this section has occurred.

17
18 Section 2695.5(e)(2) requires an insurer to immediately , but in no more than 15 calendar days
19 upon receiving notice of claim, provide to the claimant necessary forms, instructions and/or any
20 reasonable assistance, including but not limited to, specifying the information the claimant must
21 provide for proof of claim. This claim was received by Respondent on 5/4/99 and any necessary
22 forms, instructions and/or any reasonable assistance was due to be provided to the claimant no
23 later than 5/19/99. Any necessary forms, instructions and/or any reasonable assistance were not
24 provided by Respondent to claimant by 5/19/99. Therefore, a violation of this section has
25 occurred.

26
27 Section 2695.5(e)(3) requires an insurer to immediately , but in no more than 15 calendar days
28 upon receiving notice of claim, begin any necessary investigation of the claim. This claim was

1 received by Respondent on 5/4/99 and any necessary investigation by Respondent regarding this
2 claim was due to have begun no later than 5/19/99. The first documentation in the copy of the
3 claim file Respondent provided to the Department that any investigation regarding this claim had
4 been started by Respondent was on 8/17/99. Therefore, a violation of this section has occurred.

5
6 Section 2695.7 (b) requires an insurer, upon receiving proof of claim, to immediately, but in no
7 more than forty (40) calendar days later, accept or deny the claim, in whole or in part. Respondent
8 received 'proof of claim' for the claimant's damages on 12/16/99 in the form of a building
9 damage repair estimate. The claim was due to be accepted, denied or notice sent explaining any
10 reasons for the delay in settlement by 1/25/00. Because this was not done, a violation of this
11 section has occurred.

12
13 Section 2695.5(b) requires a licensee, upon receiving any communication from a claimant,
14 regarding a claim that reasonably suggests that a response is expected shall immediately, but in
15 no event more than 15 calendar days after receipt of the communication, furnish the claimant with
16 a complete response based on the facts as then known by the licensee. There was no response to
17 correspondence received from claimant by Respondent on 2/1/00 and 6/5/00. Complete responses
18 were due, but were not sent by 2/16/00 and 6/20/00 respectively. Therefore, two (2) violations of
19 this section have occurred.

20
21 Section 2695.7(c)(1) requires every insurer to provide the claimant with written notice every 30
22 calendar days if more time is required than what is allotted in subsection 2695.7(b) to determine
23 whether a claim should be accepted or denied. The written notice shall specify any additional
24 information the insurer requires in order to make a determination and state any continuing reasons
25 for the insurer's inability to make a determination. Written notices were due, but not sent by
26 2/24/00, 3/26/00, 4/25/00, 5/25/00, 6/24/00, 7/24/00, 8/23/00, 9/22/00, 10/22/00, 11/21/00,
27 12/21/00, 1/20/01, 2/19/01, 3/21/01, 4/20/01, 5/20/01, 6/19/01, 7/19/01, 8/18/01, 9/17/01 and
28 10/17/01. Therefore, twenty-one (21) violations of this section have occurred.

1 On August 5, 2003, the Department notified Respondent of the violations noted above.

2
3 8. Regarding: LEONARD LEE CSB-5654127
4 Policy Number: 916133733
5 Claim Numbers: B1214092 & B1213904

6 On 4-9-02, a complaint was filed against Respondent alleging undue delay in the processing of
7 the above captioned claims.

8 An investigation by the Department has found Respondent to be in noncompliance with
9 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
10 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
11 Sections 2695.3(a) and 2695.5(a).

12
13 Section 2695.3(a) states that claim files shall contain all documents, notes and work papers
14 (including copies of all correspondence) which reasonably pertain to each claim in such detail
15 that pertinent events and the dates of the events can be reconstructed and the licensee's actions
16 pertaining to the claim can be determined. In this case, the correspondence to the Department
17 dated 7-22-02 acknowledges that Respondent is unable to produce either of the claim files in their
18 entirety. Therefore, two violations of this regulation have occurred.

19
20 In reference to Section 2695.5(a), the Department sent a letter to Respondent on 6-28-02 and a
21 complete response was considered late on 7-25-02. Our letter of 6-28-02 had requested that
22 Respondent send complete copies of both claim files. Respondent has acknowledged that they are
23 unable to produce the files in their entirety. Therefore, one violation of this regulation has
24 occurred.

25
26 On September 10, 2002, the Department notified Respondent of the violations noted above.

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1 9. Regarding: PAMELA GOMEZ CSB-5669731
2 Claim Number: T8-138568

3 On May 9, 2002, a complaint was filed against Respondent alleging a claim was improperly
4 denied.

5
6 An investigation by the Department has found Respondent to be in noncompliance with
7 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
8 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
9 Sections 2695.5(a), 2695.5(b) and 2695.3(a).

10
11 In reference to Section 2695.5(a), the Department sent an inquiry dated May 9, 2002 to
12 Respondent and a response was considered late on June 4, 2002. No response was ever received.
13 The Department then sent a follow-up letter to Respondent dated June 6, 2002. The response was
14 not received by the Department until June 24, 2002. A copy of the complete claim file was not
15 received until August 14, 2002. Therefore two violations of this regulation have occurred.

16
17 Section 2695.5(b) requires a licensee to respond to a claimant's communication that reasonably
18 suggests that a response is expected, within 15 calendar days after receipt of that communication.
19 The claimant sent a letter addressed to Respondent dated April 23, 2002 by certified mail and it
20 was signed and received by a representative of Respondent. No response was ever sent. The
21 complainant then sent a follow-up letter dated May 2, 2002 by Federal Express which was
22 received on May 3, 2002 by Respondent. A response to this letter was due no later than May 18,
23 2002. The response was not sent until June 10, 2002. Therefore, two violations of this
24 regulation have occurred.

25
26 Section 2695.3(a) requires the claim file to contain all documents. Information submitted by the
27 complainant indicates Respondent received her letter dated April 23, 2002. Supporting
28

1 documentation indicates the letter was received by an agent of Respondent by certified mail.
2 Therefore, a violation of this regulation has occurred.

3
4 On August 16, 2002, the Department notified Respondent of the violations noted above.

5
6 10. Regarding: MISU GREENBERG CSB-5675146
7 Claim Number: IC-795935

8 On April 24, 2002, a complaint was filed against Respondent alleging Respondent had not made a
9 reasonable offer of settlement on the claim.

10
11 An investigation by the Department has found Respondent to be in noncompliance with
12 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
13 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
14 Section 2695.5(a).

15
16 In reference to Section 2695.5(a), the Department sent a letter to Respondent on April 26, 2002
17 and a response was considered late on May 22, 2002. The response was not received by the
18 Department until July 27, 2002. Therefore a violation of this regulation has occurred.

19
20 On September 10, 2002, the Department notified Respondent of the violations noted above.

21 11. Regarding: PETER BALINGIT CSB-5703902
22 Policy Number: 90599-16-30
23 Claim Number: 61-161954

24 On May 14, 2002, a complaint was filed against Respondent alleging undue delay in the
25 processing of a claim.

26
27 An investigation by the Department has found Respondent to be in noncompliance with
28 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices

1 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
2 Sections 2695.5(e)(3), 2695.5(a) and 2695.3(b)(1).

3
4 Section 2695.5(e)(3) requires an insurer to begin the investigation no later than 15 calendar days
5 from "notice of claim". By the insurer's own admission in its May 30, 2002 letter to the
6 complainant, notice of claim was received by Respondent on March 10, 2002. Respondent was
7 required to take action under this regulation no later than March 25, 2002. The records indicate
8 an investigation of the claim did not begin until May 24, 2002 when Respondent received an
9 inquiry from the Department. Therefore, a violation of this regulation has occurred.

10
11 In reference to Section 2695.5(a), the Department sent an initial inquiry to Respondent on May
12 14, 2002 requesting a copy of the response to the complainant and a copy of the claim file. A
13 response was considered late on June 9, 2002. The insurer's May 30, 2002 response was received
14 on June 3, 2002; however, Respondent was unable to locate the claim file and advised the claim
15 file would be forwarded 30 days from the date of the letter with an update on the claim. The
16 claim file was not received in the Department until August 5, 2002. Therefore, a violation of this
17 regulation has occurred.

18
19 Section 2695.3(b)(1) requires insurers to maintain claims data that is accessible, legible and
20 retrievable for examination by the Department. Records indicate Respondent was unable to
21 locate the claims file when requested by the Department. Therefore, a violation of this regulation
22 has occurred.

23
24 On August 9, 2002, the Department notified Respondent of the violations noted above.

25
26 12. Regarding: JOANNE BOYETT RUS-5708272
POLICY NO.: 95 912846291

27
28 ///

1 Respondent's response dated June 25, 2002 states non renewal due to loss frequency. However
2 company states "we will not be defining renewal guidelines in response to this complaint".
3 Therefore, Respondent's failure to state or produce copy of guidelines used to substantiate
4 position is in violation of Section 1861.05(a) CIC, Section 2360.2 CCR and Section 2694(a)(5)
5 CCR.

6
7 On October 7, 2002, the Department notified Respondent of the violations noted above.

8
9 13. Regarding: ELIZABETH BROOKS CSB-5721262
10 Claim Number: B1-193809

11 On 6/5/02, a complaint was filed against Respondent alleging that Respondent unduly delayed the
12 handling of this claim.

13
14 An investigation by the Department has found Respondent to be in noncompliance with
15 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
16 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
17 Section 2595.5(a), 2695.7(b) and 2595.7(c)(1).

18
19 Section 2695.5(a) requires a licensee, upon receiving any written or oral inquiry from the
20 Department concerning a claim, to immediately, but in no event more than twenty-one (21)
21 calendar days of receipt of that inquiry, furnish the Department with a complete written response
22 based on the facts as then known by licensee. A complete written response addresses all issues
23 raised by the Department in its inquiry and includes copies of any documentation and claim files
24 requested. The Department sent inquiry letters to Respondent dated 6/5/02 and 6/25/02 which
25 requested complete responses regarding the status of this claim and a copy of the complete claim
26 file. Respondent replied in letters to the Department dated 6/20/02 and 7/8/02 that the complete
27 claim file could not be located. A copy of the claim file was due to be received in the Department
28 no later than 7/3/02, but was not provided. Therefore, a violation of this section has occurred.

1 Section 2695.7 (b) requires an insurer, upon receiving proof of claim, to immediately, but in no
2 more than forty (40) calendar days later, accept or deny the claim, in whole or in part. Respondent
3 received the proof of loss for this claim on 5/31/01 in the form of receipts for the extra living
4 expense the insured incurred for staying in a hotel and additional food expenses. Respondent was
5 required to accept, deny or send notice to the insured with any reasons for the delay in handling of
6 this claim no later than 7/10/01, but did not. Therefore, a violation of this section has occurred.

7
8 Section 2695.7(c)(1) requires every insurer to provide the claimant with written notice every 30
9 calendar days if more time is required than what is allotted in subsection 2695.7(b) to determine
10 whether a claim should be accepted or denied. The written notice shall specify any additional
11 information the insurer requires in order to make a determination and state any continuing reasons
12 for the insurer's inability to make a determination. Written notices were due to be sent to the
13 insured by 8/9/01, 9/9/01, 10/9/01, 11/8/01, 12/8/01, 1/7/02, 2/6/02, 3/8/02, 4/7/02, 5/7/02 and
14 6/6/02, but were not. Therefore, eleven (11) violations of this section have occurred.

15
16 On July 31, 2003, the Department notified Respondent of the violations noted above.

17
18 14. Regarding: JOHN & WANDA STRONGOSKY CSB-5736532
19 Policy Number: 990911893767
Claim Number: B1-200585

20 On 6/6/02, a complaint was filed against Respondent alleging that Respondent had not made a
21 reasonable settlement regarding this claim and that Respondent had unduly delayed the handling
22 of this claim.

23
24 An investigation by the Department has found Respondent to be in noncompliance with
25 California Insurance Code Section 790.03(h)(5) and the Fair Claims Settlement Practices
26 Regulations 2695.7(b), 2695.7(c)(1) and 2695.7(h).

27
28 ///

1 Section 790.03(h)(5) requires an insurer, in good faith, to effectuate prompt, fair, and an equitable
2 settlement of a claim in which liability has become reasonably clear. This loss occurred on
3 7/21/01 and Respondent received notice of this loss on 7/31/01. An estimate for building repairs
4 for the covered property was received on 9/25/01 by Respondent. The 9/25/01 repair estimate that
5 Respondent received was from a contractor that Respondent contacted to estimate the damage
6 from this loss. Respondent's claim representative determined that the 9/25/01 estimate was too
7 high and Respondent contacted another contractor for another estimate. The next repair estimate
8 for the covered damages was received by Respondent on 11/20/01. The insured believed it was
9 questionable that the covered damages could be repaired for less than 50% of what originally had
10 been estimated. Respondent did not settle this claim or pay an amount that was believed was
11 owed. The claim file was closed by the claim representative on 1/14/02, without any
12 correspondence notifying the insured of this action. The insured then contacted Respondent on
13 2/5/02 and the claim was reopened. A new estimate for the covered damages was completed on
14 3/10/02, in the amount of \$28,034.75. On 3/17/02, Respondent advised the insured it would settle
15 the claim based on the estimate completed on 3/10/02. Because Respondent did not promptly
16 settle this claim based on estimates originally received, closed the claim file without any
17 settlement paid and subsequently ended up paying this claim several months later, for an amount
18 very similar to the first repair estimate received by Respondent, a violation of this section has
19 occurred.

20
21 Section 2695.7 (b) requires an insurer, upon receiving proof of claim, to immediately, but in no
22 more than forty (40) calendar days later, accept or deny the claim, in whole or in part. Respondent
23 received a building estimate for covered repairs on 9/25/01. This claim was due to be accepted,
24 denied or written notice sent with any reasons for delay by 11/4/01, but was not. Therefore, a
25 violation of this section has occurred.

26
27 Section 2695.7(c)(1) requires every insurer to provide the claimant with written notice every 30
28 calendar days if more time is required than what is allotted in subsection 2695.7(b) to determine

1 whether a claim should be accepted or denied. The written notice shall specify any additional
2 information the insurer requires in order to make a determination and state any continuing reasons
3 for the insurer's inability to make a determination. Written notices were due, but were not sent by
4 12/4/01, 1/3/02 and 2/2/02. Therefore, three (3) violations of this section have occurred.

5
6 Section 2695.7(h) requires an insurer to tender payment of claims no later than 30 calendar days
7 from acceptance of claim. Here, the claim was accepted on 3/21/02 as evidenced by the claim file
8 activity log notes. Payment of this claim was required no later than by 4/20/02. This claim was
9 not paid until 5/15/02. Therefore, a violation of this section has occurred.

10
11 On September 5, 2003, the Department notified Respondent of the violations noted above.

12
13 15. Regarding: HERBERT CONRAD CSB-5746594
14 Policy Number: 97 0920468175
15 Claim Number: B1-216054

16 On 8-8-02 a complaint was filed against Respondent alleging the claim was unfairly denied.

17
18 An investigation by the Department has found Respondent to be in noncompliance with
19 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
20 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
21 Section 2695.7(c)(1) for failure to advise the insured in writing every 30 calendar days when
22 additional time was required to investigate the claim. Proof of claim, the adjuster's inspection,
23 was received 3-29-02. A letter was sent to the insured 4-18-02. The claim was denied 6-5-02. An
24 additional letter should have been sent to the insured 5-18-02. This constitutes one violation of
25 2695.7(c)(1).

26
27 On September 16, 2002, the Department notified Respondent of the violations noted above.
28

1 16. Regarding: WARREN AND PATRICIA TURNER CSB-5750952

2 Policy Number: F91386-56-96

3 Claim Number: 61160579

4 On 6-12-02 a complaint was filed against Respondent alleging undue delay in processing a
5 portion of the claim.

6
7 An investigation by the Department has found Respondent to be in noncompliance with
8 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
9 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
10 Section 2695.3(a) because the claim file does not contain all documents. The file does not contain
11 a copy of the insured's electric bill or the supplemental carpenter bill. However, these documents
12 were in the possession of Respondent as supplemental checks were issued 6-3-02 and 6-6-02 as a
13 result of the bills. This constitutes one violation of 2695.3(a).

14
15 In addition, the Department found noncompliance with 2695.7(d) because the letter of 7-1-02
16 requested copies of documents, as described in the above paragraph, already in the possession.
17 This constitutes one violation of 2695.7(d).

18
19 On August 19, 2002, the Department notified Respondent of the violations noted above.

20
21 17. Regarding: PATSY BOLDEN CSB-5778252

22 Policy Number: 96-0920456530

23 Claim Number: 07136626

24 Regarding: BERAH MC SWAIN

25 On July 22, 2002, a complaint was filed against Respondent alleging improper claim denial.

26 An investigation by the Department has found Respondent to be in noncompliance with
27 California Insurance Code Sections 880 and 790.03(h), and the Fair Claims Settlement Practices
28

1 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
2 Section 2695.3(a).

3
4 In reference to the California Insurance Code Section 880 requires that each insurance company
5 do business in its own name. Respondent sent a letter to complainant and to the Department on
6 August 5, 2002. The letters did not identify the full legal name of Respondent, who underwrote
7 the insurance on this claim. Therefore, two violations of this statute have occurred.

8
9 Section 2695.3(a) requires an insurer's file must contain all documents. Respondent failed to send
10 the Department a copy of the complete claim file, and the Department was unable to find all
11 correspondence from Respondent to the complainant. Therefore, a violation of this regulation has
12 occurred.

13
14 On August 8, 2002, the Department notified Respondent of the violations noted above.

15
16 18. Regarding: RISA KASUYA RUS-5802656
17 REGARDING: LYLE T. JACKSON
18 POLICY NO.: 910171362

19 Forty five days notice was not sent to the insured regarding the nonrenewal that took place
20 regarding the above policy. Also eligibility guidelines were not sufficiently provided in order to
21 determine the appropriate rating plan for the insured. As a result of this insurance transaction
22 Section 678 of the California Insurance Code was violated, which requires that an insurer provide
23 either an offer to renew or a notice of non-renewal at least 45 days prior to the expiration of the
24 policy in question.

25
26 On March 18, 2003, the Department notified Respondent of the violations noted above.

27
28 ///
19. Regarding: LINDA MINAMOTO CSB-5820493

1 Policy Number: 96 090651-78-02
2 Claim Number: A8189332

3
4 On 8/1/02, a complaint was filed against Respondent alleging that there was undue delay in the
5 handling of this claim, that there had not been a reasonable offer of settlement and that phone
6 messages that the insured left for the claim representative were not always returned.

7
8 An investigation by the Department has found Respondent to be in noncompliance with
9 California Insurance Code Section 790.03(h)(3) and the Fair Claims Settlement Practices
10 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
11 Section 2695.7(c)(1) and 2695.7(h).

12
13 Section 790.03(h)(3) requires an insurer to adopt and implement standards for the prompt
14 investigation and processing of claims. Respondent completed an estimate for building repairs for
15 the insured's home on 5/1/02, in the amount of \$144, 260. The insured contacted two contractors
16 from a list of contractors that Respondent provided to them. One contractors estimate was
17 completed on 5/28/02, in the amount of \$204,934.87 and the next estimate, dated 7/2/02, from
18 another contractor, whose name Respondent also provided to the insured, was provided to
19 Respondent and building repair were estimated in the amount of \$211,204.40. Both estimates
20 were approximately \$50,000.00 higher than the one that Respondent originally estimated and
21 provided to the insured. Respondent's claim representative did not appear to make diligent
22 attempts to reconcile the differences in the three different building repair estimates. Payment for
23 the building portion of this loss was not made until 8/22/02, when Respondent sent a draft in the
24 amount of \$172,403.74. Because Respondent did not promptly investigate, estimate, settle and
25 reconcile any differences between the building repairs estimates regarding this claim, a violation
26 of this section has occurred.

1 Section 2695.7(c)(1) requires every insurer to provide the claimant with written notice every 30
2 calendar days if more time is required than what is allotted in subsection 2695.7(b) to determine
3 whether a claim should be accepted or denied. Respondent received proof of loss in the form of a
4 building repair estimate that Respondent completed on 5/1/02. Respondent's representative sent a
5 status letter on 5/22/02. Status letters were due, but not sent, by 6/22/02 and 7/22/02. Therefore,
6 two violations of this regulation have occurred.

7
8 Section 2695.7(h) requires an insurer to tender payment of claims no later than 30 calendar days
9 from acceptance of claim. Here, the claim was accepted on until 5/1/02 as evidenced by the
10 building repair estimate that Respondent completed and then provided to the insured. Payment
11 was due to be sent no later than 6/1/02. The building damage part of this claim was not paid
12 until 8/22/02. Therefore, a violation of this section has occurred.

13
14 On September 10, 2002, the Department notified Respondent of the violations noted above.

15
16 20. Regarding: JUDY PRIVETTE CSB-5836432
17 Policy Number: 0916754134
18 Claim Number: P4 217106

19 On July 22, 2002, a complaint was filed against Respondent alleging that the claim had been
20 improperly denied.

21 An investigation by the Department has found Respondent to be in noncompliance with
22 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
23 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
24 Section 2695.5(a).

25
26 In reference to Section 2695.5(a), the Department sent a letter to Respondent on July 24, 2002
27 and a response was considered late on August 19, 2002. The response was not received by the
28

1 Department until September 9, 2002. Therefore a violation of this regulation has occurred.

2
3 On September 16, 2002, the Department notified Respondent of the violations noted above.

4
5 21. Regarding: LOREEN MCCORD CSB-5841055
6 Claim Number: 61-164217

7 On 7/29/02, a complaint was filed against Respondent alleging that there was an undue delay in
8 the handling of this claim.

9
10 An investigation by the Department has found Respondent to be in noncompliance with
11 California Insurance Code Section 790.03(h)(3) and the Fair Claims Settlement Practices
12 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
13 Sections 2695.8(k) and 2695.7(g).

14
15 Section 790.03(h)(3) requires an insurer to adopt and implement standards for the prompt
16 investigation and processing of claims. The insured sent Respondent an estimate for the
17 replacement of the roof on her home on 5/30/02. A settlement payment was made to the insured,
18 based on an estimate prepared by the claim representative, not the estimate submitted to
19 Respondent by the insured. A claim representative did not explain the basis of the settlement
20 amount to the insured. Therefore, a violation of this section has occurred.

21
22 Section 2695.8 (k) requires that when the amount claimed is adjusted because of betterment,
23 depreciation, or salvage, all justification shall be contained in the claim file. Any adjustments
24 shall be discernable, measurable, itemized and specified as to dollar amount and shall accurately
25 reflect the value of the betterment, depreciation or salvage. The claim representative depreciated
26 the estimate she prepared and applied the policy deductible. However, it was not documented in
27 the claim file how the depreciation amount was determined. Therefore, a violation of this section
28 has occurred.

1 Section 2695.7(g), requires that no insurer shall attempt to settle a claim by making a settlement
2 offer that is unreasonably low. The insured sent Respondent an estimate from a roofing contract
3 for the replacement of the insured roof on 5/30/02. Despite the fact that the estimate that the
4 insured sent Respondent on 5/30/02 was higher than the estimate the claim representative
5 calculated, Respondent did not explain to the insured why the higher estimate from the contractor
6 was not payable. The insured sent Respondent another roof replacement estimate and this
7 estimate also was higher than the estimate calculated from the claim representative. Respondent
8 then sent a supplemental check to the insured for the additional cost estimated to replace the
9 insured roof. The estimate received from the roofing contractor on 7/19/02 was approximately
10 \$4,500.00 higher than what Respondent originally estimated the replacement cost to be.
11 Therefore, a violation of this section has occurred.

12
13 On August 13, 2002, the Department notified Respondent of the violations noted above.

14
15 22. Regarding: HOWARD MADISON CSB-5849353
16 Claim Number : P4-221888

17 On 7/23/02 a complaint was filed against Respondent alleging undue delay in having a claim
18 processed.

19
20 An investigation by the Department has found Respondent to be in noncompliance with
21 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
22 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
23 Section 2695.7(b).

24
25 Section 2695.7(b) requires every insurer, upon receiving proof of claim, immediately but in no
26 event more than 40 calendar days later accept or deny the claim. The Department's inquiry
27 indicates the last inspection of the insured's residence was completed on 6/13/02. The claim
28

1 should have been denied in writing by 7/23/02. The claim however was not denied until 7/26/02.
2 This is a violation of Section 2695.7(b) of the Fair Claims Settlement Practices Regulation.

3

4 On August 22, 2002, the Department notified Respondent of the violations noted above.

5

6 23. Regarding: JIM VICKNAIR CSB-5855756

7 Policy Number: 000466 33 76

8 Claim Number: A8186683

9

10 On 8/1/02, a complaint was filed against Respondent alleging an improper denial of a claim.

11

12 An investigation by the Department has found Respondent to be in noncompliance with

13

14 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices

15

16 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically

17

18 Section 2695.5(a).

19

20

21 In reference to this section, the Department sent a letter to Respondent on 9/13/02 and the

22

23 response was received 10/2/02 without supporting documentation. The response was considered

24

25 incomplete because the documentation was not provided as requested. Therefore, a violation of

26

27 Section 2695.5(a) occurred.

28

29

30 On October 24, 2002, the Department notified Respondent of the violations noted above.

31

32

33 24. Regarding: Michelle Savanyo RUS-5856640

34

35 POLICY #: 91620-43-75

36

37 The proof of mailing provided is not in compliance with California Insurance Code Section 38.

38

39

40 On September 26, 2002, the Department notified Respondent of the violations noted above.

41

42

43

44 25. Regarding: ROBERT D. BLACK, SR. CSB-5857348

45

46 Policy Number: 91407 74 61

47

48 Claim Number: 1C823930

49

50

1 On 8-7-02 a complaint was filed against Respondent alleging an unfair settlement offer on the
2 claim.

3
4 An investigation by the Department has found Respondent to be in noncompliance with
5 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
6 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
7 Section 790.03(h)(1) for misstating facts. The letter of 5-16-02 told the insured the cost of repairs
8 or replacement was less than the \$500 deductible. In fact, an immediate payment of \$14.89, the
9 cost of depreciated repairs after applying the deductible, should have been made. This constitutes
10 one violation of 790.03(h)(1).

11
12 The department found noncompliance with 2695.7(h) for failure to pay the \$14.89 due on the
13 claim within 30 days. Although Respondent knew this amount was due on 5-15-02, payment was
14 not released until 8-2-02. This constitutes one violation of 2695.7(h).

15
16 On November 4, 2002, the Department notified Respondent of the violations noted above.

17
18 26. Regarding: CINDI KRAMER CSB-5859051
19 Policy Number: 913850490
20 Claim Number: 61-167599

21 On 8-14-02, a complaint was filed against Respondent alleging undue delay in processing a
22 claim.

23 An investigation by the Department has found Respondent to be in noncompliance with
24 California Insurance Code Section 790.03(h)(3) and the Fair Claims Settlement Practices
25 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
26 Sections 2695.3(a) and 2695.5(e)(2).

27
28 ///

1 Section 2695.3(a) requires an insurer's claim files to contain all documents, notes and work
2 papers (including copies of all correspondences) which reasonably pertain to each claim in such
3 detail that pertinent events and the dates of the events can be reconstructed and the licensee's
4 actions pertaining to the claim can be determined. Documentation provided to the Department
5 did not include the claimant's completed and notarized Proof of Loss claim form with the
6 supporting documentation on which Respondent based its claim settlement. Therefore, a
7 violation of the section has occurred.

8
9 Section 2695.5(e)(2) requires an insurer to immediately, but no more than 15 calendar days upon
10 receiving notice of claim, provide to the claimant necessary forms, instructions and reasonable
11 assistance, including but not limited to specifying the information the claimant must provide for
12 proof of claim. The claim was discussed with the claimant on 7-8-02. However, documentation
13 in the claim file did not reflect that reasonable assistance was provided to the claimant as
14 Respondent did not provide the claimant with any forms or instructions regarding the claim
15 handling process until 8-27-02. Therefore, a violation of this section has occurred.

16
17 Section 790.03(h)(3) requires an insurer to adopt and implement standards for the prompt
18 investigation and processing of claims arising under insurance policies. Respondent received this
19 claim on 6-26-02, and made contact with the claimant on 7-8-02. A proof of loss claim form was
20 mailed to the claimant on 8-27-02. No additional claim file handling activity was documented in
21 the claim file until the claim was assigned to a new adjuster on 9-30-02. Respondent's claim file
22 documents that the claim representative was aware that the claimant's property had been
23 vandalized as a result of the burglary on 7-8-02, however, an inspection of the damages did not
24 occur until 10-5-02. Respondent's overall handling of this loss which involved adjuster changes,
25 includes several incidents of a failure to follow through on standard claims settlement activities.
26 Therefore, a violation of this section has occurred.

27
28 On December 24, 2002, the Department notified Respondent of the violations noted above.

1 27. Regarding: EDWARD L. GOLDENHERSH CSB-5863831

2 Policy Number: 2992009-38-82
3 Claim Number: 1001741415-1-1

4 On November 14, 2002, a complaint was filed against Respondent alleging delay in claims
5 processing.

6
7 An investigation by the Department has found Respondent to be in noncompliance with
8 California Insurance Code Section 790.03(h)(5).

9
10 Complainant alleged severe water damage as a result of water discharge from the condominium
11 unit above her. The insured reported the loss, and Respondent's representative inspected the loss
12 and wrote a repair estimate on July 22, 2002. According to the letter of December 6, 2002, the file
13 was closed in error at that time.

14
15 Under Section 790.03 (h)(5) the California Insurance Code defines not attempting to effectuate
16 prompt, fair and equitable settlements of claims in which liability has become clear as an unfair
17 claims settlement practice. In this case, the loss was paid on January 8, 2003, after receipt of an
18 inquiry from the Department.

19
20 On January 15, 2003, the Department notified Respondent of the violations noted above.

21
22 28. Regarding: ROSA CALDERON CSB-5866909

23 Policy Number: 92195-73-56
24 Claim Number: 1001902357

25 On October 29, 2002, a complaint was filed against Respondent alleging that a claim had been
26 improperly denied.

27
28 An investigation by the Department has found Respondent to be in noncompliance with

1 California Insurance Code Section 790.03(h)5.

2
3 After an inquiry by the Department, additional investigation was conducted which led to the
4 acceptance of a portion of the claim.

5
6 On July 29, 2003, the Department notified Respondent of the violations noted above.

7
8 29. Regarding: CARL MC CLOUD CSB-5867014
9 Policy Number: F-91764-94-40
Claim Number: 100-195-94-58

10 On 9-25-02, a complaint was filed against Respondent alleging Respondent did not make a
11 reasonable offer of settlement on the claim.

12
13 An investigation by the Department has found Respondent to be in noncompliance with
14 California Insurance Code Section 790.03(h)(1).

15
16 Section 790.03(h)(1) requires an insurer not to misrepresent to the claimants any pertinent facts or
17 insurance policy provisions relating to any coverage at issue. In letters from Respondent to the
18 claimant and to the Department dated 10-14-02 and 11-22-02, Respondent partially denied the
19 insured's claim by stating his stolen tools and spare parts were business property and subject to
20 the business maximum coverage under the policy, thereby reducing the amount payable.

21 However, after intervention by the Department and additional investigation by Respondent,
22 Respondent discovered its original interpretation was incorrect and paid the additional benefits
23 owed on the claim. Therefore, a violation of this regulation has occurred.

24
25 On February 18, 2003, the Department notified Respondent of the violations noted above.

26
27 30. Regarding: LYNN STACK CSB-5872711
28 Policy Number: F-90930-67-42

1 Claim Number: B-1206611

2
3 On 10-1-02 a complaint was filed against Respondent alleging undue delay in having portions of
4 the claim processed.

5
6 An investigation by the Department has found Respondent to be in noncompliance with
7 California Insurance Code Section 790.03(h)(3), for failure to adopt and implement standards for
8 the prompt investigation and processing of claims, and the Fair Claims Settlement Practices
9 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
10 Section 2695.7(b)(1), for failure to deny claims in writing.

11
12 On 8-19-02 the claimant provided her electric bill for reimbursement. Unfortunately it was
13 overlooked. After intervention by the Department payment was processed 10-17-02. This
14 constitutes one violation of 790.03(h)(3).

15
16 In addition, the insured's claim to have her furnace repaired was only denied telephonically. After
17 intervention by the Department the claim was appropriately denied in writing. This constitutes
18 one violation of 2695.7(b)(1).

19
20 On March 3, 2003, the Department notified Respondent of the violations noted above.

21 31. Regarding: SALLIE VRAVIS CSB-5873932
22 Policy Number: 10262496
23 Claim Number: B1-220183

24 On September 23, 2003, a complaint was filed against Respondent alleging, amongst other things,
25 undue delay in processing of a claim.

26
27 An investigation by the Department has found Respondent to be in noncompliance with
28 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices

1 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
2 Section 2695.7(c)(1).

3
4 Section 2695.7(c)(1) requires an insurer to provide notice to a claimant whenever the insurer is
5 unable to accept or deny the claim within the timeframe required in Section 2695.7(b). In this
6 case, Respondent received proof of claim on June 26, 2002. The claim was required to be
7 accepted or denied (or notice sent) by August 5, 2002. Notice was sent to the claimant advising
8 of the delay on July 2, 2002. However, continuing notices were required every 30 calendar days.
9 Here, the first continuing notice was required no later than August 3, 2002. Notice was not sent
10 until August 19, 2002. Respondent sent its next notice on September 17, 2002. Therefore, the
11 next 30-day notice was due by October 17, 2002. Respondent notice was not sent until October
12 24, 2002. Therefore, two violations of this regulation have occurred.

13
14 On March 24, 2003, the Department notified Respondent of the violations noted above.

15
16 32. Regarding: TELOKJAN GILL CSB-5877670
17 Policy Number: 91634-00-83
18 Claim Number: 61-161100

19 On October 28, 2002, a complaint was filed against Respondent alleging undue delay in
20 processing a claim.

21 An investigation by the Department has found Respondent to be in noncompliance with
22 California Insurance Code Section 790.03(h), specifically Section 790.03(h)(5).

23 Section 790.03(h)(5) states " Not attempting to effectuate prompt, fair, and equitable settlements
24 of claims in which liability has become clear" is an unfair claims handling practice. The insured
25 complained about a delay in settling the claim. Mr. Wilfong's November 15, 2002 letter states
26 that the file was worked on until June 2002. Then the handling was overlooked until the
27 Department contacted Farmers in November 2002. Therefore, a violation of this statute has
28

1 occurred.

2
3 On December 9, 2002, the Department notified Respondent of the violations noted above.

4
5 33. Regarding: KARI STERN CSB-5879427
6 Policy Number: 917651744
7 Claim Number: 1001753933

8 On 10-29-02, a complaint was filed against Respondent alleging undue delay in the processing of
9 the above captioned claim.

10
11 An investigation by the Department has found Respondent to be in noncompliance with
12 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
13 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
14 Section 2695.7(b). We have also found Respondent to be in noncompliance with California
15 Insurance Code Section 790.03(h)(5).

16
17 Section 2695.7(b) requires an insurer to accept or deny a claim no later than 40 days from "proof
18 of claim". Here, proof of claim was received by Respondent on 9-6-02 when Respondent
19 received American Leak Detection's report following their inspection of the complainant's
20 property on 9-4-02. The claim was required to be accepted or denied, or notice sent per
21 2695.7(c)(1), no later than 10-17-02. The claim was not denied until 11-2-02, as according to the
22 reevaluation letter to the complainant dated 11-12-02, Respondent sent a denial letter to the
23 complainant on 11-2-02. Therefore, one violation of this regulation {2695.7(b)} has occurred.

24
25 California Insurance Code Section 790.03(h)(5) requires licensees to attempt to effectuate
26 prompt, fair, and equitable settlements of claims in which liability has become reasonably clear.
27 In this case, the complainant has alleged undue delay in the processing of her claim. The
28 Department found that Respondent did not accept or deny the claim within the required

1 timeframe. Therefore, one violation of this statute has occurred.

2
3 On November 22, 2002, the Department notified Respondent of the violations noted above.

4
5
6 34. Regarding: MARY CANNONS CSB-5880344

7 Policy Number: 090419124

8 Claim Number: 61164322

9 On 11-1-02 a complaint was filed against Respondent alleging the claim was unfairly denied.

10
11 An investigation by the Department has found Respondent to be in noncompliance with
12 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
13 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
14 Section 2695.7(b) for failure to accept or deny liability or notify the claimant in writing within 40
15 days of receiving proof of claim. Proof of claim, the adjuster's inspection, was obtained 4-30-02.
16 The claim should have been accepted or denied or a letter sent to the claimant by 5-8-02. This did
17 not occur. This constitutes one violation of 2695.7(b).

18
19 The Department also find noncompliance with 2695.7(c)(1) for failure to notify the insured in
20 writing every thirty calendar days when additional time was required to investigate the claim. The
21 claim was denied 10-3-02. Therefore, letters should have been sent to the insured 6-7-02, 7-7-02,
22 8-6-02 and 9-5-02. This constitutes four violations of 2695.7(c)(1).

23
24 On November 21, 2002, the Department notified Respondent of the violations noted above.

25 35. Regarding: AMY BRANDT CSB-5880498

26 Policy Number: T8 141506

27 Claim Number: 99 091620300

28

1 On November 26, 2002, a complaint was filed against Respondent alleging an undue delay in the
2 processing of the above-captioned claim.

3
4 An investigation by the Department has found Respondent to be in noncompliance with
5 California Insurance Code Section 790.03(h)(3) and the Fair Claims Settlement Practices
6 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
7 Sections 2695.3(a) and 2695.5(b).

8
9 CIC Section 790.03(h)(3) is designated as failing to adopt and implement reasonable standards
10 for the prompt investigation and processing of claims arising under insurance policies. In
11 reviewing the claim file documentation provided to the Department by Respondent, there appears
12 to be a period of time between June 25, 2002 and October 9, 2002, where no action is shown to
13 have taken place. After the checks were issued under the Building portion of the policy, no
14 further mention and/or follow-up is made regarding the Contents claim until an October 9, 2002
15 entry recorded in the Investigation Log. Therefore, a violation of this statute has occurred.

16
17 Section 2695.3(a) confirms that every licensee's claim files shall be subject to examination by the
18 Commissioner or by his or her duly appointed designees. These files shall contain all documents,
19 notes, and work papers (including copies of any/all correspondence) which reasonably pertain to
20 each claim in such detail that pertinent events and the dates of the events can be reconstructed and
21 the licensee's actions can be determined. However, in this matter no reference is made to a
22 telephone conversation that took place between the adjuster and the complainant sometime
23 between October 10th and October 28th 2002. Additionally, no record was found in reference to
24 the date the recorded statement was taken. As such, a violation of this regulation did occur.

25
26 Section 2695.5(b) requires a licensee to a respond to a claimant's communication that reasonably
27 suggests that a response is expected, within 15 calendar days after receipt of that communication.
28 The complainant sent a communication to Respondent on September 9, 2002, via facsimile and

1 the document was stamped as "received" by Respondent on the same date. A response to this
2 communication was due no later than September 24, 2002. No response was provided so she sent
3 a follow-up to her agent's office and they then forwarded the proof of claim accordingly, which is
4 stamped as "received" by the claims office on October 10, 2002. Again, the only recognition of a
5 response is referenced in the complainant's fax of October 28, 2002 regarding a phone call that
6 took place between herself and the adjuster sometime between October 10th and October 28th
7 2002. Therefore, a violation of this regulation did occur.

8
9 On February 18, 2003, the Department notified Respondent of the violations noted above.

10
11 36. Regarding: JOHN ROBINO CSB-5890481
12 Policy Number: 95 9021211 28
13 Claim Number: B9-193354

14 On 12/3/02, a complaint was filed against Respondent alleging that there was an undue delay in
15 the processing of this claim and that an offer of settlement was not made regarding this claim.

16
17 An investigation by the Department has found Respondent to be in noncompliance with
18 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
19 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
20 Sections 2695.7(c)(1), 2695.5(b) and 2695.3(a).

21
22 Section 2695.7(c)(1) requires every insurer to provide the claimant with written notice every 30
23 calendar days if more time is required than what is allotted in subsection 2695.7(b) to determine
24 whether a claim should be accepted or denied. The written notice shall specify any additional
25 information the insurer requires in order to make a determination and state any continuing reasons
26 for the insurer's inability to make a determination. Respondent sent a written notice to the insured
27 on 11/1/99. Additional written status letters were due, but not sent by 12/1/99 and 1/1/00.

28 Therefore, two (2) violations of this section have occurred.

1 Section 2695.5(b) requires a licensee, upon receiving any communication from a claimant,
2 regarding a claim that reasonably suggests that a response is expected shall immediately, but in
3 no event more than 15 calendar days after receipt of the communication, furnish the claimant with
4 a complete response based on the facts as then known by the licensee. Respondent received
5 written letters from the insured on 9/30/02 and 10/18/02. Complete responses were due no later
6 than 10/15/02 and 11/2/02, respectively. Since complete responses were not sent within fifteen
7 (15) days from the date Respondent received the written requests, two (2) violations of this
8 section have occurred.

9
10 Section 2695.3(a) requires every licensee's claim files to include all documents, notes and work
11 papers (including copies of all correspondence) which reasonably pertain to each claim in such
12 detail that pertinent events and the dates of the events can be reconstructed and the licensee's
13 actions pertaining the claim can be determined. The 12/16/02 letter to the Department from
14 Gregory Ramsay, Customer Relations Manager at Respondent advised that Respondent received
15 a letter from the insured dated 10/13/02. There was no copy of that letter in the copy of the claim
16 file Respondent provided to the Department. Also, Respondent sent a letter to this insured dated
17 11/1/99. Only "Page 4" of what appears to be at least a five (5) page letter dated 11/1/00 sent to
18 the insured was included in the copy of the claim file Respondent sent to the Department.
19 Therefore, a violation of this section has occurred.

20
21 On December 19, 2002, the Department notified Respondent of the violations noted above.

22
23 37. Regarding: JODIE EDWARDS CSB-5892960
24 Claim Number: 1002050193
25 Loss Date: 09/20/02

26 On 1/14/03, a complaint was filed against Respondent alleging that Respondent had not made a
27 reasonable offer of settlement regarding this claim and had unduly delayed the handling of this
28 claim.

1 An investigation by the Department has found Respondent to be in noncompliance with
2 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
3 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
4 Sections 2695.7(b), 2695.7(b)(1), 2695.7(c)(1) and 2695.3(a).

5
6 Section 2695.7 (b) requires an insurer, upon receiving proof of claim, to immediately, but in no
7 more than forty (40) calendar days later, accept or deny the claim, in whole or in part. On
8 11/21/02, Respondent received "proof of claim" in the form of receipts and invoices for the
9 Additional Living Expense (ALE) portion of this claim. This portion of the claim was due to be
10 accepted or denied no later than 12/31/02. This part of this claim was not paid until 1/2/03.
11 Therefore, a violation of this section has occurred.

12
13 Section 2695.7(b)(1) requires all claim denials to be in writing. The letter must provide a detailed
14 description of all factual and legal basis for denial. Where an insurer's denial of a first party
15 claim, in whole or in part, is based on a specific policy provision, condition or exclusion, the
16 written denial shall include reference thereto and provide an explanation of the application of the
17 provision, condition or exclusion to the claim. Upon review of the claim file, it is documented
18 that the insured inquired with Respondent claim representative(s) about coverage for the
19 following areas: medical payments, cracks in the walls of the insured structure and possible mold
20 and/or mildew damage to the insured structure. The activity log notes reflect that coverage was
21 not provided under this policy for these areas. However, there is no evidence on the claim file that
22 Respondent sent a written denial letter to the insured for these areas that were claimed, but were
23 denied. Therefore, a violation of this section has occurred.

24
25 Section 2695.7(c)(1) requires every insurer to provide the claimant with written notice every 30
26 calendar days if more time is required than what is allotted in subsection 2695.7(b) to determine
27 whether a claim should be accepted or denied. The written notice shall specify any additional
28 information the insurer requires in order to make a determination and state any continuing reasons

1 for the insurer's inability to make a determination. On 9/30/02, Respondent sent a written notice
2 to the insured regarding the status of the investigation and settlement of the water damage to real
3 property portion of this claim. Additional written notices were due regarding this portion of the
4 claim, but were not sent, by 10/30/02 and 11/30/02. Therefore, two (2) violations of this section
5 have occurred.

6
7 Section 2695.3(a) requires every licensee's claim files to include all documents, notes and work
8 papers (including copies of all correspondence) which reasonably pertain to each claim in such
9 detail that pertinent events and the dates of the events can be reconstructed and the licensee's
10 actions pertaining the claim can be determined. There is evidence in the claim file that
11 Respondent hired an expert to inspect the insured structure for mold, mildew and/or asbestos and
12 to provide Respondent with a report regarding their findings. A copy of the invoice was on the
13 claim file, showing that this service was completed by the expert on 10/4/02. However, a copy of
14 the actual expert report was not included with the copy of the claim file. Also, it was not
15 discernable, when reviewing the claim file activity log notes, what the names were of the claim
16 representatives from Respondent that were actually documenting the claim activity on this loss on
17 a particular date. Therefore, a violation of this section has occurred.

18
19 On January 30, 2002, the Department notified Respondent of the violations noted above.

20
21 38. Regarding: MARTIN ROGERS CSB-5894680
22 Policy Number: 0912061767
23 Claim Number: 1001724840

24 On 12/17/02, a complaint was filed against Respondent alleging that Respondent unduly delayed
25 the handling of this claim and that Respondent had not made a reasonable offer of settlement.

26
27 An investigation by the Department has found Respondent to be in noncompliance with
28 California Insurance Code Section 790.03(h)(3) and the Fair Claims Settlement Practices

1 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
2 Section 2695.5(a).

3
4 Section 790.03(h)(3) requires an insurer to adopt and implement standards for the prompt
5 investigation and processing of claims. Respondent received this claim on 7/15/02 and contact
6 was made with the insured on 7/19/02. There was no further documented claim activity on this
7 claim file until 8/29/02. Because this claim was not promptly investigated and processed, a
8 violation of this section has occurred.

9
10 Section 2695.5(a) requires a licensee, upon receiving any written or oral inquiry from the
11 Department concerning a claim, to immediately, but in no event more than twenty-one (21)
12 calendar days of receipt of that inquiry, furnish the Department with a complete written response
13 based on the facts as then known by licensee. A complete written response addresses all issues
14 raised by the Department in its inquiry and includes copies of any documentation and claim files
15 requested. The Department sent an inquiry letter to Respondent dated 1/9/03 which requested a
16 complete written response regarding the status of this claim. A complete written response was
17 due, but was not received by 2/5/03. The written response was not received in the Department
18 until 2/13/03. Therefore, a violation of this section has occurred.

19
20 On January 30, 2002, the Department notified Respondent of the violations noted above.

21
22 39. Regarding: JOHN EDAKARA CSB-5895605

23 Policy Number: 96-0911284746
24 Claim Number: 1001999422

25 On December 24, 2002, a complaint was filed against Respondent alleging that a claim has been
26 improperly denied.

27
28 ///

1 An investigation by the Department has found Respondent to be in noncompliance with
2 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
3 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
4 Section 2695.5(b).

5
6 Section 2695.5(b) requires a licensee to respond to a claimant's communication that reasonably
7 suggests that a response is expected, immediately, but in no event more than 15 calendar days
8 after receipt of that communication. The claimant sent a communication to Respondent on
9 November 4, 2002. A response to this communication was due no later than November 19, 2002.
10 No response was ever sent. Therefore, a violation of this regulation has occurred.

11
12 On June 11, 2002, the Department notified Respondent of the violations noted above.

13
14 40. Regarding: MERELENE CHAND CSB-5895956
15 Policy Number: 91915-59-54
16 Claim Number: A8-186125

17 On December 24, 2002, a complaint was filed against Respondent alleging improper claim denial.

18
19 An investigation by the Department has found Respondent to be in noncompliance with
20 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
21 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
22 Section 2695.5(b).

23
24 Section 2695.5(b) requires a licensee to a respond to a claimant's communication that reasonably
25 suggests that a response is expected, within 15 calendar days after receipt of that communication.
26 The claimant sent a communication to Respondent on February 4, 2002. A response to this
27 communication was due no later than February 19, 2002. The response was not sent until
28 February 27, 2002. Therefore, a violation of this regulation has occurred.

1 On January 8, 2003, the Department notified Respondent of the violations noted above.

2
3 41. Regarding: SHARINE HILL CSB-5897029
4 Claim Number: 1002029154

5 On December 30, 2002, a complaint was filed against Respondent alleging undue delay in
6 processing of a claim.

7
8 An investigation by the Department has found Respondent to be in noncompliance with
9 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
10 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
11 Sections 2695.7(b) and 2695.7(c)(1).

12
13 Section 2695.7(b) requires an insurer to accept or deny a claim no later than 40 days from "proof
14 of claim". Here, Respondent received proof of claim on October 22, 2002 in the form of an
15 estimate of repairs dated September 17, 2002. This claim was required to be accepted or denied,
16 or notice sent per 2695.7(c)(1), no later than December 1, 2002. The claim was not denied until
17 January 15, 2003 as evidenced by the letter. Therefore, a violation of this regulation has
18 occurred.

19
20 Section 2695.7(c)(1) requires an insurer to provide notice to a claimant whenever the insurer is
21 unable to accept or deny the claim within the timeframe required in Section 2695.7(b). In this
22 case, Respondent received proof of claim on October 22, 2002 in the form of an estimate. The
23 claim was required to be accepted or denied (or notice sent) by December 1, 2002. No notice was
24 ever sent to the claimant advising of the delay. Also, continuing notice was required every 30
25 calendar days. Here, the continuing notice was required no later than December 31, 2002. No
26 continuing notice was ever sent to the claimant. Therefore, a violation of this regulation has
27 occurred.
28

1 On January 22, 2003, the Department notified Respondent of the violations noted above.

2

3 42. Regarding: DIANE CARRE CSB-5897666
4 Policy Number: F920770894

5

6 On January 9, 2003, a complaint was filed against Respondent alleging that the above-captioned
7 claim had been improperly denied.

8

9 An investigation by the Department has found Respondent to be in noncompliance with
10 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
11 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
12 Section 2695.3(b)(2).

13

14 Section 2695.3(b)(2) states that a licensee must record in the file the date the licensee received,
15 date(s) the licensee processed, and date the licensee transmitted or mailed every material and
16 relevant document in the file. Documentation received by the Department in response to our
17 inquiry to Respondent included a correspondence dated September 7, 2000 on the front page and
18 July 20, 2000 referenced on the following two pages. Since the claim did not even occur until
19 March 25, 2001, the dates are obviously incorrect and therefore a violation of this regulation has
20 occurred.

21

22 On June 24, 2003, the Department notified Respondent of the violations noted above.

23

24 43. Regarding: ELIOT FINKELSTEIN CSB-5897940
25 Policy Number: 91764-96-41
26 Claim Number: 1002122785

27

28 On January 6, 2003, a complaint was filed against Respondent alleging improper claim denial.

29

30 An investigation by the Department has found Respondent to be in noncompliance with

1 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
2 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
3 Section 2695.7(b)(3).

4
5 Section 2695.7(b)(3) requires that the California Department of Insurance can review claim
6 denials. The notification must include the address and telephone number of the unit of the
7 Department, which reviews the claims practices. The November 8, 2002 denial did not
8 adequately include this information. Therefore, a violation of this regulation has occurred.

9
10 On January 24, 2003, the Department notified Respondent of the violations noted above.

11
12 44. Regarding: RANDY AND SUSAN MENDEZ CSB-5899437
Policy Number: 918903540

13
14 On 1-10-03 a complaint was filed against Respondent alleging a portion of the claim was unfairly
15 denied and the claim was delayed.

16
17 An investigation by the Department has found Respondent to be in noncompliance with
18 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
19 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
20 Section 2695.7(b) for failure to accept or deny liability within 40 days. Proof of claim, the
21 adjuster's inspection, was received 9-27-02. Liability was determined 1-14-03. The claim should
22 have been accepted or denied or a letter sent to the insured by 11-6-02. This constitutes one
23 violation of 2695.7(b).

24
25 The Department found noncompliance with 2695.7(c)(1) for failure to notify the insured in
26 writing every 30 calendar days when additional time was required to investigate the claim. Letters
27 should have been sent 12-6-02 and 1-5-03. This constitutes two violations of 2695.7(c)(1).

28

1 On February 3, 2003, the Department notified Respondent of the violations noted above.

2
3 45. Regarding: LUZ MASHAL CSB-5899804
4 Policy Number: 92234-60-03
5 Claim Number: 1C-871702

6 On 2-10-03 a complaint was filed against Respondent alleging an unfair settlement offer on the
7 claim.

8 An investigation by the Department has found Respondent to be in noncompliance with
9 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
10 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
11 Section 2695.3(a) because the file must contain all documents.

12
13 The claim file does not contain a copy of the original adjuster's information from 11-18-02. This
14 constitutes one violation of 2695.3(a).

15
16 On March 6, 2003, the Department notified Respondent of the violations noted above.

17
18 46. Regarding: MARJI GOLDSMITH CSB-5904195
19 Policy Number: F90913266
20 Claim Number: B1179989

21 On 1-29-03 a complaint was filed against Respondent alleging a claim was handled incorrectly.

22
23 An investigation by the Department has found Respondent to be in noncompliance with
24 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
25 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
26 Section 2695.3(b)(1) for failure to maintain a retrievable claim file. Respondent is unable to
27 locate the claim file for examination by the Department. This constitutes one violation of
28 2695.3(b)(1).

1 On July 14, 2003, the Department notified Respondent of the violations noted above.

2
3 47. Regarding: THERLANDA SINGLETON CSB-5905585

4 Policy Number: 911066044

4 Claim Number: P4224293

5
6 On February 10,2003, a complaint was filed against Respondent alleging undue delay in
7 processing the above claim.

8
9 An investigation by the Department has found Respondent to be in noncompliance with
10 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
11 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
12 Sections 2695.7(c)(1) and 2695.7(b).

13
14 Section 2695.7(b) requires an insurer to accept or deny a claim no later than 40 days from "proof
15 of claim". Here, proof of claim was received by Respondent on September 23, 2002 in the form
16 of an estimate and scope of damage. The claim was required to be accepted or denied, or notice
17 sent per 2695.7(c)(1), no later than November 2, 2002. The claim was not accepted until February
18 14,2003, therefore, a violation of this regulation has occurred.

19
20 Section 2695.7(c)(1) requires an insurer to provide notice to a claimant whenever the insurer is
21 unable to accept or deny the claim within the timeframe required in Section 2695.7(b). In this
22 case, proof of claim was received September 23, 2002 in the form of an estimate and scope of
23 damage. Here, the continuing notice of delay was required October 23, 2002. No continuing
24 notice was ever sent to the claimant, therefore, four (4) violations occurred for the months of
25 October, November, December,2002 and January, 2003.

26
27 On May 1, 2003, the Department notified Respondent of the violations noted above.

28

1 48. Regarding: JOSE AGUAYO CSB-5909039
2 Policy Number: 2 0916232064
3 Claim - 03-155809

4 On February 21,2003, a complaint was filed against Respondent alleging undue delay in the
5 processing of the above claim.

6 An investigation by the Department has found Respondent to be in noncompliance with
7 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
8 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
9 Section 2695.5(a).
10

11 In reference to Section 26795.5(a), the Department sent a letter to Respondent on February
12 24,2003 and a response was considered late on March 22,2003. The response was not received by
13 the Department until April 8,2003,therefore, a violation of this regulation has occurred.
14

15 On June 4, 2003, the Department notified Respondent of the violations noted above.
16

17 49. Regarding: MICHAEL DUNAGAN CSB-5909509
18 Policy Number: 09085209533
19 Claim Number: 1001991342

20 On 4/17/03, a complaint was filed against Respondent alleging undue delays in the processing of
21 the claim and improper denial of a portion of the claim.

22 An investigation by the Department has found Respondent to be in noncompliance with
23 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
24 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
25 Sections 2695.3(a), 2695.7(b)(1) and 2695.7(h).
26

27
28 Section 2695.3(a) requires an insurer to maintain claim files that contain all documents, notes and

1 work papers. A recorded statement was taken on 10/25/02 as evidenced by the claim file log note
2 dated 10/25/02. Based on Respondent's 8/4/03 letter to the insured, the recorded statement could
3 not be located. Therefore, a violation of this regulation has occurred.

4
5 Section 2695.7(b)(1) requires an insurer to accept or deny a claim in writing no later than 40 days
6 from 'proof of claim'. The writing must provide a detailed description of all factual and legal
7 bases for denial. Here, proof of claim was received by Respondent on 9/23/02 in the form of an
8 estimate of repairs dated 9/23/02. The claim was paid on 10/30/02 however, the detailed written
9 description was not sent until 12/30/02 as evidenced by the claims file documents. Therefore, a
10 violation of this regulation has occurred.

11
12 Section 2695.7(h) requires an insurer to tender payment of claims no later than 30 calendar days
13 from acceptance of claim. Here, the claim was accepted on 10/18/02 as evidenced by the claim
14 file log note dated 10/18/02. The bill from Aladdin Emergency & Restorative Services was
15 received by Respondent on 9/25/02. Payment of this claim was required by 11/18/02. The claim
16 was not paid until 2/11/03. Therefore, a violation of this regulation has occurred.

17
18 On January 30, 2003, the Department notified Respondent of the violations noted above.

19
20 50. Regarding: CHARLES MOLZEN RUS-5909560
21 POLICY NO.: 30916306396

22 The facts of the complaint were: insured's policy was surcharged for a loss erroneously placed on
23 insured's file.

24
25 The complaint was justified because: the rate charged to the insured was excessive and unfairly
26 discriminatory in violation of 1861.05(a) due to the removal of claim free discount for an
27 erroneous claim.

28 On March 21, 2003, the Department notified Respondent of the violations noted above.

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51. Regarding: PATRICIA DELGADO CSB-5913923

Policy Number: F-91267-04-58
Claim Number: U6089978

On April 8, 2003, a complaint was filed against Respondent alleging that repairs were not satisfactorily completed.

An investigation by the Department has found Respondent to be in noncompliance with California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically Section 2695.3(b)3.

Section 2695.3(b)3 requires an insurer to maintain hard copy files or maintain claim files that are accessible, legible and capable of duplication to hard copy; files shall be maintained for the current year and the preceding four years. In this case, the claim file could not be located for duplication and submission to the Department. Therefore, a violation of this regulation has occurred.

On June 30, 2003, the Department notified Respondent of the violations noted above.

52. Regarding: LAKEISHA BISHOP CSB-5915663
Claim Number: A8174282

On 3-18-02 a complaint was filed against Respondent alleging the claim was unfairly denied.

An investigation by the Department has found Respondent to be in noncompliance with California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically

1 Section 2695.7(c)(1) for failure to send the insured and/or their attorney a letter every 30 calendar
2 days when additional time was required to investigate the claim.

3
4 The claim was denied 9-25-02. Letters were sent to the insured and/or their attorney at least every
5 30 calendar days until 5-7-01. Letters should also have been sent 6-6-01, 7-6-01, 8-5-01, 9-4-01,
6 10-4-01, 11-3-01, 12-2-01, 1-2-02, 2-1-02, 3-3-02, 4-2-02, 5-2-02, 6-1-02, 7-1-02, 7-31-02 and 8-
7 30-02. This constitutes sixteen violations of 2695.7(c)(1).

8
9 On April 1, 2003, the Department notified Respondent of the violations noted above.

10
11 53. Regarding: Paul Golembiewski CSB-5917981
12 Policy Number: 0913808740
13 Claim Number: 1002714562

14 On March 27, 2003 a complaint was filed against Respondent alleging unsatisfactory settlement
15 offer.

16
17 An investigation by the Department has found Respondent to be in noncompliance with
18 California Insurance Code Section 790.03(h)(3).

19
20 Section 790.03(h)(3) requires insurance companies to adhere to standards of prompt investigation
21 and processing of claims. As a result of Farmers incomplete investigation, payment was
22 unreasonably delayed. Therefore, a violation of this code has occurred.

23
24 On November 20, 2003, the Department notified Respondent of the violations noted above.

25
26 54. Regarding: LEE NASH CSB-5922026
27 Policy Number: 91035-58-48
28 Claim Number: 1002411411
Insured: RICHARD CARTMELL

1 On May 16, 2003, a complaint was filed against Respondent alleging undue delay in claim
2 processing.

3
4 An investigation by the Department has found Respondent to be in noncompliance with
5 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
6 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
7 Section 2695.5(b).

8
9 Section 2695.5(b) requires a licensee to respond to a claimant's communication that reasonably
10 suggests that a response is expected, within 15 calendar days after receipt of that communication.
11 The claimant sent a communication to Respondent on January 15, 2003. A response to this
12 communication was due no later than January 30, 2003. No response was ever sent. Therefore, a
13 violation of this regulation has occurred.

14
15 On June 2, 2003, the Department notified Respondent of the violations noted above.

16
17 55. Regarding: SHAWN GILES CSB-5925071
18 Policy Number: 0916154661
19 Claim Number: 1002836575

20 On May 8, 2003, a complaint was filed against Respondent alleging improper denial of a claim.

21
22 An investigation by the Department has found Respondent to be in noncompliance with
23 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
24 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
25 Section 2695.7(c)1.

26
27 Section 2695.7(c)1 requires an insurer to provide notice to a claimant whenever the insurer is
28 unable to accept or deny the claim within the timeframe required in Section 2695.7(b). In this

1 case, proof of claim was received upon inspection of the property on March 20, 2003. A notice of
2 delay was sent on April 3, 2003. Also, a continuing notice was required every 30 calendar days.
3 Here, continuing notice was required no later than May 2, 2003. No continuing notice was sent
4 until May 22, 2003 when a letter was sent indicating a portion of the loss would be covered.
5 Therefore a violation of this regulation has occurred.

6
7 On July 3, 2003, the Department notified Respondent of the violations noted above.

8
9 56. Regarding: LIANNNA MARTIROSSIAN CSB-5926134
10 Policy Number: 91631 25 59
11 Claim Number: 61-160871

12 On October 14, 2003, a complaint was filed against Respondent alleging undue delay in
13 processing a homeowner loss, and overall improper handling of the claim.

14 An investigation by the Department has found Respondent to be in noncompliance with
15 California Insurance Code Section 790.03(h)(3), and the Fair Claims Settlement Practices
16 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
17 Sections 2695.3(a), 2695.5(a), 2695.5(b) and 2695.7(h).

18
19 Section 2695.3(a) requires that a claim file must contain all documents, notes and work papers
20 which reasonably pertain to each claim in such detail that the claim can be reconstructed and the
21 licensee's actions on the claim can be determined. In its October 17, 2003 letter, Respondent
22 advises that the loss was reviewed by its Specialty Property Claims Center, and a decision was
23 made to cover the replacement of the roof. However, the file does not contain any documentation
24 on the activities on this loss since August 25, 2003. Therefore, a violation of this regulation has
25 occurred.

26
27 Fair Claims Regulation Section 2695.5(a) requires an insurer to comply with Department requests
28 for documentation within 21 days. On October 03, 2003, a copy of Respondent's complete claim

1 file was requested by the Department. However, the documentation provided did not include the
2 complete notes and logs of the activities of Respondent adjusters assigned to the loss prior to
3 those of the independent adjuster hired April 28, 2003. As this material was omitted from the
4 documentation provided to the Department, a violation of this regulation has occurred.

5
6 Section 2695.5(b) requires an insurer to respond to communications from a claimant within 15
7 days. However, Respondent did not respond to letters sent by the insured's attorney on
8 November 25, 2002 and February 07, 2003, until April 2003. In addition, the insured's ongoing
9 efforts to discuss Respondent's denial and request for a further review, first documented on April
10 17, 2002, were not followed up on until a March 2003 conversation with a supervisor. Therefore,
11 three violations of this Section have occurred.

12
13 Section 2695.7(h) states an insurer must pay a claim within 30 days of accepting a claim. The file
14 documentation indicates the payment for the repair of the roof and interior damage was approved
15 on June 24, 2003 by the file manager and the loss site was re-inspected on June 30, 2003.
16 However, the check for the roof repair was not issued until August 25, 2003, with payment for the
17 interior damages issued at a later date. The file notes indicate delays due to other business and
18 personal activities by Respondent's representatives. Therefore, a violation of this Section has
19 occurred.

20
21 Insurance Code Section 790.03(h)(3) states an insurer must adopt and implement standards for
22 the prompt investigation and processing of claims. In this instance, Respondent has
23 acknowledged that it did not respond in a timely manner to communications from the insured and
24 her representatives, and that there were undue delays in the handling of the claim to its final
25 resolution.

26
27 During a 20-month period commencing on February 20, 2002, Respondent utilized the services of
28 its experts to first deny the entire loss, then afforded coverage for partial roof repairs and some

1 damages, before finally stating on October 17, 2003 that it was reversing its previous
2 determinations and would cover the damages and replace the roof. During this period, three
3 company adjusters, an independent adjuster, and finally, Respondent's Specialty Property Claims
4 Center staff were assigned to the loss. Due to the myriad delays in Respondent's overall
5 investigation and handling of this matter, including the several staff and position changes,
6 Respondent is also being cited for violation of Code Section 790.03(h)(3).

7
8 On December 30, 2003, the Department notified Respondent of the violations noted above.

9
10 57. Regarding: KIMBERLY MIMMS CSB-5931189
11 Policy Number: C916-191-75C
12 Claim Number: 75-A599-500

13 On 5-20-03, a complaint was filed against Respondent alleging undue delay in the processing of
14 the above-captioned claim.

15 An investigation by the Department has found Respondent to be in noncompliance with
16 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
17 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
18 Sections 2695.3(a) and 2695.5(a).

19
20 Section 2695.3(a) states that claim files shall contain all documents, notes and work papers
21 (including copies of all correspondence) which reasonably pertain to each claim in such detail
22 that pertinent events and the dates of the events can be reconstructed and the licensee's actions
23 pertaining to the claim can be determined. In this case, according to the correspondence dated 6-
24 17-03 signed by Mary Lou Rhyan, Claim Team Manager, and addressed to the complainant (a
25 copy of which Respondent provided to the Department), Mary Lou Rhyan spoke with the
26 complainant on 5-29-03. Also, according to the same letter, Claim Representative Lana Oliver
27 spoke with the complainant on an unspecified date (apparently prior to Mary Lou Rhyan's
28

1 conversation with the complainant). However, neither conversation is documented in the claim
2 file Respondent provided to the Department. We had requested a complete copy of the claim file
3 via our correspondence dated 6-11-03. Therefore, one violation of this regulation has occurred.

4
5 In reference to Section 2695.5(a), the Department sent a letter to State Farm Mutual Automobile
6 Insurance Company on 5-22-03 and a complete response was considered late on 6-18-03.

7 Although we received the reevaluation letter dated 6-3-03 on 6-5-03, the response was not
8 complete. This is because the correspondence failed to address all the allegations the complainant
9 alleged on her completed Request for Assistance form. For example, although the letter discusses
10 the matter of the complainant's medical bill from MVEP Medical Group and the fact that the bill
11 was paid on 5-20-03, the letter does not elaborate on when Respondent actually received the bill
12 or the alleged undue delay in paying the bill. The complete response was not received until 6-24-
13 03, when we received a copy of the correspondence to the complainant dated 6-17-03, which fully
14 addressed all the allegations. Therefore, one violation of this regulation has occurred.

15
16 On June 26, 2003, the Department notified Respondent of the violations noted above.

17
18 58. Regarding: NICOLAS MUNIZ CSB-5939306
19 Policy Number: 916397013
Claim Number: 1002420352

20 On July 3, 2003, a complaint was filed against Respondent alleging an undue delay in processing
21 as well as a portion of the claim being disallowed unfairly.

22
23 An investigation by the Department has found Respondent to be in noncompliance with
24 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
25 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
26 Sections 2695.3(a), 2695.5(b) and 2695.5(e)(2).
27
28

1 Section 2695.3(a) states that every licensee's claim files shall be subject to examination by the
2 Commissioner or by his or her duly appointed designees. These files shall contain all documents,
3 notes, and work papers (including copies of any/all correspondence) which reasonably pertain to
4 each claim in such detail that pertinent events and the dates of the events can be reconstructed and
5 the licensee's actions can be determined. In reviewing the complete claim file as provided, there
6 are references made in the Claim Activities section where the complainant had sent
7 correspondence to Respondent, but not all copies were included as required. In fact, only a
8 January 13, 2003 copy was included and therefore a violation of this regulation did occur.

9
10 Section 2695.5(b) requires a licensee to respond to a claimant's communication that reasonably
11 suggests that a response is expected, within 15 calendar days after receipt of that communication.
12 The claimant sent communications to Respondent on January 13, 2003 and May 2, 2003, among
13 others. A response to these communications was due no later than January 30, 2003 and May 17,
14 2003 respectively. The required responses were not sent until May 20, 2003, and therefore two
15 (2) violations of this regulation did occur.

16
17 Section 2695.5 (e)(2) requires an insurer to provide necessary claim forms no later than 15
18 calendar days from 'notice of claim'. Notice of claim was received by Respondent on December
19 23, 2002, and Respondent was required to take action under this regulation no later than January
20 7, 2003. The required action was not done until January 11, 2003, therefore causing a violation of
21 this regulation.

22
23 On October 20, 2003, the Department notified Respondent of the violations noted above.

24
25 59. Regarding: ELIZABETH KANTER CSB-5943120

26
27 On July 15, 2003, a complaint was filed against Respondent alleging an undue delay in
28 processing the above-captioned claim.

1 An investigation by the Department has found Respondent to be in noncompliance with
2 California Insurance Code Sections 790.03(h)(15) and 880.

3
4 In reference to the California Insurance Code section 880, please see attached Bulletin No. 69-7
5 which requires that each insurance company do business in its own name. A letter was sent to the
6 third party claimant on July 17, 2002, referencing Respondent as the named underwriter on the
7 policy. Because the correspondence did not identify the full legal name of Respondent which
8 actually underwrote the insurance on this particular claim, a violation of this statute has occurred.

9
10 CIC Section 790.03(h)(15) refers to an insurer misleading a claimant as to the applicable statute
11 of limitations. On March 4, 2003, a correspondence was sent to the third party claimant who
12 attempted to notify him of his rights and timeframes pertaining to the statute of limitations.
13 However, the information provided was inconclusive and confusing at best. Therefore, a
14 violation of this statute has occurred.

15 On October 20, 2003, the Department notified Respondent of the violations noted above.

16
17 60. Regarding: ANN ALEXANDER CSB-5946949
18 Policy Number: 09038-52-37
19 Claim Number: 1001993541

20 On August 14, 2003, a complaint was filed against Respondent alleging that the above-captioned
21 claim had been improperly denied.

22
23 An investigation by the Department has found Respondent to be in noncompliance with
24 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
25 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
26 Section 2695.5(b).

27
28 Section 2695.5(b) requires a licensee to respond to a claimant's communication that reasonably

1 suggests that a response is expected, within 15 calendar days after receipt of that communication.
2 The claimant sent a communication to Respondent dated January 25, 2003, which the log records
3 show was not received until March 11, 2003. A response to this communication was therefore
4 due no later than March 26, 2003; however, there is no record of a response ever being sent thus
5 causing a violation of this regulation to occur.

6
7 On October 28, 2003, the Department notified Respondent of the violations noted above.

8
9 61. Regarding: EDWARD MARGHOOSIAN CSB-5947265
10 Policy Number: 30-0909096790
11 Claim Number: 61-144427,

12 On 7/23/03, a complaint was filed against Respondent alleging undue delay in having the claim
13 processed and a lack of a written claim determination by Respondent.

14 An investigation by the Department has found Respondent to be in noncompliance with
15 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
16 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
17 Sections 2695.3(b)1 and 2695.7(b).

18
19 Respondent admitted its inability to locate the claim file and provide the Department with a
20 complete copy. Section 2695.3(b)1 requires licensees to maintain claim data for all open and
21 closed files for the current year and the four preceding years. Therefore, a violation of Section
22 2695.3(b)1 occurred.

23
24 In addition, Respondent was in receipt of the engineering report on which the denial was based on
25 7/27/01. Only after intervention by the Department did the insured receive a written denial letter.
26 This letter was dated 12/15/03. Section 2695.7(b) requires that upon receiving proof of claim,
27 every insurer shall immediately, but in no event more that forty (40) days, accept or deny the
28

1 claim in whole or in part. Therefore, a violation of Section 2695.7(b)1 occurred.

2
3 On February 2, 2004, the Department notified Respondent of the violations noted above.

4
5 62. Regarding: MARIAN HOLM CSB-5949651
6 Claim Number: 1003182772

7 On August 5, 2003, a complaint was filed against Respondent alleging undue delay in processing
8 of a claim.

9
10 An investigation by the Department has found Respondent to be in noncompliance with
11 California Insurance Code Section 790.03(h)(3).

12
13 Section 790.03(h)(3) requires insurance companies to adhere to standard of prompt investigation
14 and processing of claim. Here, delays were caused by Farmers inability to generate an estimate
15 within a reasonable time. Therefore, a violation of this code has occurred.

16
17 On October 17, 2003, the Department notified Respondent of the violations noted above.

18
19 63. Regarding: COLLEEN COLBERT CSB-5965706
20 Policy Number: F-90851-89-01
21 Claim Number: 1002830960

22 On October 29, 2003, a complaint was filed against Respondent alleging among other things, an
23 undue delay in processing the above-captioned claim.

24
25 An investigation by the Department has found Respondent to be in noncompliance with
26 California Insurance Code Section 790.03(h)(4) and the Fair Claims Settlement Practices
27 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
28 Sections 2695.5(b) and 2695.7(c)(1).

1 Section 2695.5(b) requires a licensee to respond to a claimant's communication that reasonably
2 suggests that a response is expected, within 15 calendar days after receipt of that communication.
3 The claimant's tenant/father telephoned Respondent on May 23, 2003, regarding status. A
4 response to this communication was due no later than June 9, 2003. A response was not
5 provided until June 14, 2003, when a return call was made by a new claims representative.
6 Therefore, a violation of this regulation did occur.

7
8 Section 2695.7(c)(1) requires an insurer to provide notice to a claimant whenever the insurer is
9 unable to accept or deny the claim within the timeframe required in Section 2695.7(b). In this
10 case, proof of claim was received by Respondent on March 21, 2003 in the form of a site
11 inspection/ damage estimate. The claim was required to be accepted or denied (or notice sent) by
12 April 30, 2003. Notice was in fact sent to the claimant advising them of the delay on April 30,
13 2003, as well as May 7, 2003, respectively. However, continuing notice was required every 30
14 calendar days until such time as a decision on the claim was made. Here, the continuing notice
15 was required no later than June 6, 2003, but no continuing notice was ever sent to the claimant
16 due to the fact that the file had been closed in error as mentioned in Mr. Joseph Wilfong's letter
17 dated November 11, 2003. As such, a violation of this regulation did occur.

18
19 CIC Section 790.03(h)(4) is in reference to an insurer failing to affirm or deny coverage of claims
20 within a reasonable time after proof of loss requirements have been completed and submitted by
21 the insured. The file documentation shows that after the investigation had been completed and
22 the independent adjuster had submitted his closing report on May 7, 2003, no decisive action was
23 taken by Respondent until July 1, 2003. Therefore, a violation of this statute did occur.

24
25 On January 20, 2004, the Department notified Respondent of the violations noted above.

26
27 64. Regarding: MARY BREFLIN CSB-5971566
Policy Number: 0159454262
28 Claim Number: 2C-040712

1 On 12-9-03, a complaint was filed against Respondent alleging undue delay in the processing of
2 the above-captioned claim. The complainant also alleges Respondent improperly denied part of
3 the claim.

4
5 An investigation by the Department has found Respondent to be in noncompliance with
6 California Insurance Code Section 880.

7
8 In reference to the California Insurance Code Section 880, please see the attached Bulletin No.
9 69-7 which requires that each insurance company do business in its own name. In this case, as
10 confirmed by the correspondence to the Department dated 12-22-03, Respondent underwrote this
11 coverage. However, with respect to this claim, Respondent sent three (3) letters (dated 11-18-03,
12 12-3-03 and 12-12-03, respectively) that failed to clearly show the complete name of the
13 underwriting carrier (i.e., Respondent). Please see the attached copies of the letters discussed
14 above. Therefore, three violations of this statute have occurred.

15 On December 31, 2003, the Department notified Respondent of the violations noted above.

16
17
18 65. Regarding: LOUIS SUN CSB-5973307
19 Policy Number: 95-915632533
Claim Number: 03-155978

20 On November 18, 2003, a complaint was filed against Respondent alleging that the above-
21 captioned claim had been improperly denied as well as transcripts of his statement were delayed.

22
23 An investigation by the Department has found Respondent to be in noncompliance with
24 California Insurance Code Section 790.03(h)(1).

25
26 CIC Section 790.03(h)(1) refers to misrepresenting to claimants pertinent facts or insurance
27 policy provisions relating to any coverage at issue. In the letter of denial dated March 24, 2003,
28 the third paragraph references December 31, 2001, as the date the claim was first tendered.

1 However, the Property Loss Report and the diary notation pages reference January 21, 2002 as
2 the actual date the claim was first reported. Therefore, a violation of this statute did occur.

3
4 On December 18, 2003, the Department notified Respondent of the violations noted above.

5
6 66. Regarding: JOHN & PAM YEISER CSB-5973317
7 Policy Number: 99-0914023268
8 Claim Number: T8-133207

9 On 11/12/03, a complaint was filed against Respondent alleging undue delay in processing and
10 unfair settlement offer.

11 An investigation by the Department has found Respondent to be in noncompliance with
12 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
13 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
14 Sections 2695.3(b)(3), and 2695.7(f).

15
16 Section 2695.3(b)(3) requires every licensee assist the Insurance Commissioner or his or her duly
17 appointed designees in the examination of the licensee's claim files by maintaining hard copy files
18 or maintain claim files that are accessible, legible and capable of duplication to hard copy; files
19 shall be maintained for the current year and the preceding four years. Respondent could not locate
20 the original claim file or claim information on the system from the San Diego Property Field
21 Claims Center. Therefore, a violation of this section has occurred.

22
23 Section 2695.7(f), except where a claim has been settled by payment, requires an insurer to
24 provide written notice of any statute of limitation or other time period requirement upon which
25 the insurer may rely to deny a timely claim. Such notice must be given to the claimant not less
26 than sixty (60) days prior to the expiration date. Respondent sent a letter to the insured on 3/11/03
27 advising the insured of their one year statute rights. The date of loss was 2/5/01 and a notice of
28 this nature was due by 12/7/01. Therefore, a violation of this regulation has occurred.

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On March 4, 2004, the Department notified Respondent of the violations noted above.

67. Regarding: CAROLYN SCALES CSB-5973926
Policy Number: 91-608-17-59
Claim Number: 2C-041449

On 2/24/04, a complaint was filed against Respondent alleging that Respondent denied a portion of this claim in error.

An investigation by the Department has found Respondent to be in noncompliance with California Insurance Code Section 880.

Insurance Code Section 880 requires every insurer to conduct its business in this state in its own name (please see the attached copy for information regarding Section 880). Respondent provided correspondence to the insured dated 11/3/03, 11/14/03 and 11/19/03 that did not identify the Respondent as the insurer. Therefore, three (3) violations of this section have occurred.

On March 16, 2004, the Department notified Respondent of the violations noted above.

68. Regarding: ROBERT AND NANCY HOWE CSB-5980048
Policy Number: 910077694
Claim Number: 1003476775

On 12/18/03, a complaint was filed against Respondent alleging that Respondent unduly delayed the payment of the loss of rents part of this claim to the insured.

An investigation by the Department has found Respondent to be in noncompliance with California Insurance Code Section 790.03(h)(3) and the Fair Claims Settlement Practices Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically Sections 2695.7(b) and 2695.7(c)(1).

1
2 Section 790.03(h)(3) requires an insurer to adopt and implement standards for the prompt
3 investigation and processing of claims. This loss occurred on 7/8/03 and Respondent was notified
4 of this water damage claim on 7/19/03. Respondent conducted an investigation and wrote a
5 building repair estimate. Because Respondent's review of the CCR's for this condominium
6 association showed that the association was responsible for repairing any building damages that
7 occurred to covered building units, Respondent denied this claim in a letter to the insured dated
8 8/18/03. However, on 10/30/03, Respondent was notified that the deductible for the master policy
9 of the condominium association was \$2500.00 and that the insured's covered building repairs to
10 their unit were under the \$2500.00 deductible. Respondent decided to pay the building damage
11 claim under the insured's unit owner policy at that time. However, it is noted that Respondent
12 also insured the master policy for this condominium association. With very little extra effort,
13 Respondent could have investigated and determined much earlier in the claim process, what the
14 master policy deductible was, therefore, providing coverage much sooner for the insured. Because
15 Respondent did not complete a prompt and thorough investigation before denying, then accepting
16 this claim, a violation of this section has occurred.

17
18 Section 2695.7 (b) requires an insurer, upon receiving proof of claim, to immediately, but in no
19 more than forty (40) calendar days later, accept or deny the claim, in whole or in part. Respondent
20 claim representative documented on 8/23/03 that the insured was claiming loss of rents. The
21 amount of amount of rent was \$1500 per month. This was documented in the 8/8/03 claim log
22 notes. Respondent was required to accept, deny or to send a written status letter regarding the loss
23 of rents claim by 10/3/03, but did not. Respondent did not pay the loss of rents claim until
24 12/29/03. Therefore, a violation of this section has occurred.

25
26 Section 2695.7(c)(1) requires every insurer to provide the claimant with written notice every 30
27 calendar days if more time is required than what is allotted in subsection 2695.7(b) to determine
28 whether a claim should be accepted or denied. The written notice shall specify any additional

1 information the insurer requires in order to make a determination and state any continuing reasons
2 for the insurer's inability to make a determination. Written notices were due to be sent regarding
3 the status of the handling of the loss of rents portion of this claim by 11/2/03 and 12/2/03, but
4 were not. Therefore, two violations of this section have occurred.

5
6 On February 13, 2004, the Department notified Respondent of the violations noted above.

7
8 69. Regarding: ELENA MILKOVA CSB-5982901
9 Policy Number: 0916541698
Claim Number: 1004005775

10 On 1/6/04, a complaint was filed against Respondent alleging Respondent denied this claim in
11 error.

12
13 An investigation by the Department has found Respondent to be in noncompliance with
14 California Insurance Code Sections 790.03(h)(3), 880 and the Fair Claims Settlement Practices
15 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
16 Section 2695.3(a).

17
18 Section 790.03(h)(3) requires an insurer to adopt and implement standards for the prompt
19 investigation and processing of claims. Even though Respondent also insured the condominium
20 homeowners association where this insured's condo unit was located, Respondent did not
21 investigate and determine what the master policy of insurance would or would not cover, before
22 denying this claim. After Respondent reviewed the master policy of insurance, it was determined
23 that floor and wall coverings were excluded from coverage and therefore, the unit owner's policy
24 would provide coverage for those items. Because Respondent did not complete a prompt and
25 adequate investigation before originally denying this claim, a violation of this section has
26 occurred.

27
28

1 Insurance Code Section 880 requires every insurer to conduct its business in this state in its own
2 name. Respondent sent a letter to the insured dated 12/22/03, which did not identify Respondent
3 as the insurer. Therefore, a violation of this section has occurred.

4
5 Section 2695.3(a) states that every licensee's claim files shall be subject to examination by the
6 Commissioner or by his or her duly appointed designees. These files shall include all documents,
7 notes and work papers (including copies of all correspondence) which reasonably pertain to each
8 claim in such detail that pertinent events and the dates of the events can be reconstructed and the
9 licensee's actions regarding the handling of the claim can be determined. There was no copy of
10 the denial letter that Respondent reportedly sent to the insured, in the copy of this claim file that
11 Respondent sent to the Department. Therefore, a violation of this section has occurred.

12
13 On February 2, 2004, the Department notified Respondent of the violations noted above.

14
15 70. Regarding: PENN LENSON CSB-5985791
16 Policy Number: 908904579
Claim Numbers: 2C-040069/1004150101

17 On 1-21-04, a complaint was filed against Respondent alleging undue delay in the processing of
18 the above-captioned claims. The complainant also alleges he was given conflicting information
19 with regard to the status of liability claims filed against his policy.

20
21 An investigation by the Department has found Respondent to be in noncompliance with
22 California Insurance Code Section 790.03(h)(1), as well as 790.03(h) and the Fair Claims
23 Settlement Practices Regulations (California Code of Regulations, Title 10, Chapter 5,
24 Subchapter 7.5), specifically Section 2695.7(b).

25
26 Section 790.03(h)(1) prohibits licensees from misrepresenting to claimants pertinent facts or
27 insurance policy provisions relating to any coverage at issue. In this case, via the reevaluation
28

1 letter to the complainant dated 2-6-04, Respondent have acknowledged that the complainant and
2 several claimants were advised that various personal property claims were covered under the
3 complainant's policy and would be paid. Respondent later reversed the decision and declined the
4 claims based on the same information available to Respondent at the time of the initial
5 determination. Respondent again changed course after the Department's intervention, once again
6 agreeing to honor and pay the claims. However, it is clear from this sequence of events that
7 Respondent initially misinformed the complainant and misrepresented the pertinent coverage at
8 issue on this claim. Therefore, one violation of this statute has occurred.

9
10 Section 2695.7(b) requires an insurer to accept or deny a claim no later than 40 days from proof
11 of claim. Here, with respect to the claim for contents loss presented by the complainant,
12 Respondent has acknowledged (via the reevaluation letter) receiving proof of claim (the contents
13 list) on 11-7-03. The claim for contents loss was required to be accepted or denied, or notice sent
14 per 2695.7(c)(1), no later than 12-17-03. However, Respondent did not accept the claim until
15 after this date. Respondent also failed to send a status letter to the complainant within the 40-day
16 period after proof of claim for the contents loss was received. Therefore, one violation of this
17 regulation {2695.7(b)} has occurred.

18
19 On February 9, 2004, the Department notified Respondent of the violations noted above.

20
21 71. Regarding: RICH & CONNYE PARIS CSB-5953604

22 Policy Number: 96-0916174883

23 Claim Number: 1003540064-1-1

24 On September 18, 2003 a complaint was filed against Respondent alleging that the incorrect
25 amount was applied to the tree removal and improper denial of part of the claim.

26
27 An investigation by the Department has found Respondent to be in noncompliance with
28 California Insurance Code Section 790.03(h)(5)(h) and the Fair Claims Settlement Practices

1 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
2 Sections 2695.5(a), 2695.5(b), 2695.7(b)(1), 2695.7(b)(3) and 2695.6(b).

3
4 Regarding Section 790.03(h)(5), the California Insurance Code considers a licensee's failure to
5 attempt effectuating prompt, fair and equitable settlements of claims in which liability has
6 become reasonably clear as an unfair settlement practice. Here, Respondent received a claim in
7 July 31, 2003, paid part of the claim and denied another part of the claim (tree removal from
8 tenant's vehicle). Again Respondent denied coverage for the tree removal on October 7, 2003 and
9 one more time on December 17, 2003 (tree removal from tenant's vehicle and damage to vehicle
10 caused by falling tree as evidenced by the letters of the same dates addressed to complainant. In
11 the letter to the Department (DOI) dated March 29, 2004, Respondent still insists that Mr. Paris
12 was properly compensated for the removal of the tree from his property; Respondent reversed the
13 opinion and accepted the liability claim for damage to the tenant's vehicle. One violation of this
14 statute has occurred.

15
16 With regard to 2695.5(a), Respondent responded to the Department on October 7, 2003. The
17 response was incomplete in that it did not address the issue of denial of part of the claim. One
18 violation of this regulation has occurred.

19
20 Regarding 2695.5(b), complainant sent Respondent a fax which required a response by August
21 27, 2003. The Department did find a response. One violation of this regulation has occurred.

22
23 Section 2695.7(b)(1) states that claim denials must include all bases for such rejection or denial
24 and the factual and legal bases for each reason given. Here, a denial letter was sent in September
25 9, 2003 without explaining why the damage to the vehicle is not a covered loss. One violation of
26 this regulation has occurred.

27
28 2695.7(b)(3) requires claim denials to include a statement that the file and denial may be

1 reviewed by the Department. The denial letter of September 9, 2003 does not include such a
2 statement. Therefore, one violation of this regulation has occurred.

3
4 Section 2695.6(b) requires that all licensees provide thorough and adequate training to claim
5 handlers. Here, the violation is evidenced by Respondent's repeated refusal to look for coverage
6 under the liability part of the policy. Therefore, one violation of this regulation has occurred.

7 On June 2, 2004, the Department notified Respondent of the violations noted above.

8
9 72. Regarding: MARYAM DAMAVANDI CSB-5974292
10 Policy Number: 91757-78-30
Regarding: MOHAMMAD SAGHEBI

11 An investigation by the Department has found Respondent to be in noncompliance with
12 California Insurance Code Section 790.03(h) (3) for failing to adopt and implement standards for
13 the prompt investigation and processing of claims.

14
15 The letter of 2-19-04 stated Respondent did not have a telephone number for the complainant. In
16 fact, the Compliance Officer provided Respondent with her telephone number 1-23-04. This
17 constitutes one violation of 790.03(h) (3).

18
19 On April 16, 2004, the Department notified Respondent of the violations noted above.

20
21 73. Regarding: DOUGLAS WILSON CSB-5984088
22 Policy Number: 0050283474
23 Claim Number: 1003882504-1-2
Regarding: RICHARD L MCATEE

24
25 On 1-22-04 a complaint was filed against Respondent alleging undue delay in processing the
26 claim.

27
28 An investigation by the Department has found Respondent to be in noncompliance with

1 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
2 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
3 Section 2695.7(b), for failure to accept or deny liability within 40 days of receiving proof of
4 claim. Proof of claim, medical bills for the claimant, was received 12-11-03. Coverage was
5 extended 3-3-04. The claim should have been accepted or denied or a letter explaining the delay
6 sent to the claimant by 1-20-04. However, a letter was not sent until 2-4-04. This constitutes one
7 violation of 2695.7(b).

8
9 On May 6, 2004, the Department notified Respondent of the violations noted above.

10
11 74. Regarding: DARWIN E. WILLIAMS CSB-5996658
12 Policy Number: 0090775283
13 Claim Number: 1003200651

14 On 2/20/04, a complaint was filed against Respondent alleging undue delay in processing.

15
16 An investigation by the Department has found Respondent to be in noncompliance with
17 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
18 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
19 Section 2695.7(c)(1).

20
21 Section 2695.7(c)(1) requires every insurer to provide the claimant with written notice every 30
22 calendar days if more time is required than what is allotted in subsection 2695.7(b) to determine
23 whether a claim should be accepted or denied. The written notice shall specify any additional
24 information the insurer requires in order to make a determination and state any continuing reasons
25 for the insurer's inability to make a determination. A written notice was due, but not sent by
26 7/10/03. Therefore, a violation of this regulation has occurred.

27
28 On April 26, 2004, the Department notified Respondent of the violations noted above.

1 75. Regarding: SU JEN CHIANG CSB-5997370

2 Policy Number: 91280-76-60

3 Claim Numbers: 1002970009, 1002970768 and 1003149382

4 On March 9, 2004, a complaint was filed against Respondent alleging improper handling
5 procedures including a lack of communication regarding the outcome of the claims investigation.

6 An investigation by the Department has found Respondent to be in noncompliance with
7 California Insurance Code Section 790.03(h)(3) and the Fair Claims Settlement Practices
8 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
9 Section 2695.3(b)(1).

10
11 Section 790.03(h)(3) CIC is designated as failing to adopt and implement reasonable standards
12 for the prompt investigation and processing of claims arising under insurance policies. The claim
13 activity notes for claim number 1002970009 showed that there was an initial delay in getting the
14 claim assigned as it was transferred from one territory to another and then after the claim was
15 supposedly resolved, no notice was ever provided to the insured regarding outcome and/or
16 payments made. Therefore, a violation of this statute has occurred.

17
18 Section 2695.3(b)(1) states that a licensee must maintain claim data that are accessible, legible
19 and retrievable for examination so that an insurer will be able to provide the claim number, line of
20 coverage, date of loss and date of payment of the claim, date of acceptance, denial or date closed
21 without payment. Although the proof of claim was faxed to the adjuster on May 2, 2003, there is
22 no other documentation to show that a response was provided whether it be a payment or denial.
23 Therefore, a violation of this regulation has occurred.

24
25 On April 29, 2004, the Department notified Respondent of the violations noted above.

26
27 76. Regarding: DAVID OROZCO CSB-6001385

28 Policy Number: 917059786

1 Claim Number: 1003987960

2 On 4-2-04, a complaint was filed against Respondent alleging Respondent failed to pay for all
3 loss-related repairs following a reported loss.
4

5 An investigation by the Department has found Respondent to be in noncompliance with
6 California Insurance Code Section 790.03(h)(3), as well as 790.03(h) and the Fair Claims
7 Settlement Practices Regulations (California Code of Regulations, Title 10, Chapter 5,
8 Subchapter 7.5), specifically Section 2695.5(b).
9

10 California Insurance Section 790.03(h)(3) states that a licensee is not in compliance with this
11 statute if they fail to adopt and implement reasonable standards for the prompt investigation and
12 processing of claims arising under insurance policies. In this case, according to the reevaluation
13 letter dated 4-21-04, Respondent had an independent adjuster inspect the complainant's kitchen
14 and write an estimate for damages caused by a vendor (ServiceMaster) that Respondent had
15 called to the scene of the loss in 10-03. Payment in the amount of \$811.16 was issued to the
16 complainant on 4-21-04 for the additional damages found. Although Respondent has now issued
17 payment for the last of the covered damages, it was not until the Department intervened that
18 Respondent reinspected the insured's property and paid for damage caused by the vendor
19 Respondent hired. Therefore, one violation of this statute has occurred.
20

21 Section 2695.5(b) requires a licensee to provide a complete response to a claimant's
22 communication that reasonably suggests that a response is expected, within 15 calendar days after
23 receipt of that communication. In this case, Respondent provided the Department with a copy of
24 a letter from the complainant (dated 2-21-04) that Respondent received from the complainant's
25 agent on 2-23-04 via fax. In his letter, the complainant discusses his concerns about the damage
26 done to his home by ServiceMaster. He also makes a demand for additional payment. However,
27 Respondent has not provided us with any documentation evidencing that Respondent provided
28

1 the complainant with a specific, complete response to his correspondence within the required 15-
2 day timeframe. Respondent conceded in the reevaluation letter to the complainant dated 4-21-04
3 that 'it appears the inquiry as to the damages caused by ServiceMaster during their time in the
4 residence was not properly addressed in a timely manner and Respondent apologizes.' Therefore,
5 one violation of this regulation has occurred.

6
7 On April 22, 2004, the Department notified Respondent of the violations noted above.

8
9 77. Regarding: RAPHAEL H. GALLIVAN CSB-6002964
10 Policy Number: 0918481011
11 Claim Number: 1004194751

12 On March 29, 2004, a complaint was filed against Respondent alleging a portion of the claim has
13 been improperly denied.

14 An investigation by the Department has found Respondent to be in noncompliance with
15 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
16 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
17 Section 2695.5(b).

18
19 Section 2695.5(b) requires a licensee to respond to a claimant's communication that reasonably
20 suggests that a response is expected, within 15 calendar days after receipt of that communication.
21 The records indicate Respondent received e-mail messages on January 7, 2004 and January 17,
22 2004 and a letter sent by facsimile on February 29, 2004. The response was not sent until April 5,
23 2004. Therefore, three violations of this regulation have occurred.

24
25 On June 16, 2004, the Department notified Respondent of the violations noted above.

26
27 78. Regarding: KANG TSAU CSB-6005809
28 Policy Number: 0917271807
Claim Number: 1004490708

1 On 4-29-04, a complaint was filed against Respondent alleging Respondent improperly denied the
2 above-captioned claim. The complainant also alleges a representative of Respondent, who
3 conducted an on-site inspection, advised him initially that the claim was accepted, only to be told
4 shortly thereafter that the loss was not covered.

5
6 An investigation by the Department has found Respondent to be in noncompliance with
7 California Insurance Code Section 790.03(h)(1).

8
9 Section 790.03(h) (1) prohibits licensees from misrepresenting to claimants pertinent facts or
10 insurance policy provisions relating to any coverage at issue. On this claim, Respondent initially
11 advised the complainant that at least of portion of his water-damage claim was accepted when
12 Respondent sent him a letter dated 3-12-04. In the correspondence (issued by claims
13 representative Reggie Craig), Respondent stated ‘If we are unable to get the flooring contractors
14 (sic) estimate this week I will send the information to a different contractor so that we can get
15 Respondent paid on the damages to the wood floor.’ However, Mr. Craig had earlier inspected the
16 complainant’s premises (on 2-22-04) and thus should have known that the loss was not covered.
17 Indeed, the denial letter to the complainant, dated 3-29-04 and issued by Mike A. Aleman,
18 describes the fact that Mr. Craig conducted an on-site investigation and explains that the claim
19 was denied due to “the report from Rooter Man Plumbing and our own evaluation of this loss.”
20

21 Further evidence to support that the complainant was improperly led to believe that the claim was
22 covered includes a log note dated 3-15-04, in which Mr. Craig documents the fact that he spoke
23 with the complainant over the telephone and “reviewed the estimates and settlement; explained
24 deductible and recovery of depreciation.” Finally, Mr. Craig’s caption report of 3-30-04 (created
25 after the denial letter), states that the loss is covered and the fact that he had ‘agreed with
26 contractors (sic) repairs to wood floor and cabinet repair.’ Based on the above, it is clear the
27 complainant was led to believe there was coverage for this loss although Respondent had
28 information in the possession to the contrary. Therefore, one violation of this statute has

1 occurred.

2

3 On May 11, 2004, the Department notified Respondent of the violations noted above.

4

5 79. Regarding: CLARA HANSON CSB-6007449

6 Policy Number: 00051-16-34

6 Claim Number: 2C-055982

7

8 On 4/30/04, a complaint was filed against Respondent alleging undue delay in processing, and
9 unsatisfactory offer to settle claim.

10

11 An investigation by the Department has found Respondent to be in noncompliance with
12 California Insurance Code Section 880.

13

14 Insurance Code Section 880 requires every insurer to conduct its business in this State in its own
15 name. Respondent sent letters to the insured on 3/3/04 and the Department on 6/1/04 which did
16 not identify Respondent as the insurer. Therefore, two violations of this section have occurred.

17

18 On June 4, 2004, the Department notified Respondent of the violations noted above.

19

20 80. Regarding: ALBERT VAN LUND CSB-6008827

21 Policy Number: 29-02917680881 ETAL

21 Claim Number: E1024036

22

23 On 4-27-04, a complaint was filed against Respondent alleging undue delay in processing with
24 respect to the above-captioned claim. The complainant also alleges the claim was improperly
25 processed.

26

27 An investigation by the Department has found Respondent to be in noncompliance with
28 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices

28

1 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
2 Section 2695.7(c)(1).

3
4 Pursuant to Section 2695.7(c)(1), after Respondent received proof of claim, continuing notices
5 were required to be sent to the complainant every 30-calendar days until a determination was
6 reached on the claim. Regarding this claim, the insured reported a claim to Respondent after a
7 laborer he hired was reportedly injured at one of his rental houses. Respondent acknowledged via
8 the reevaluation letter to the complainant dated 5-13-04 that Respondent failed to communicate
9 the status of the claim to the complainant during the same periods of time he alleges no claim-
10 status communication was received from Respondent.

11
12 The Department's review concluded that following the status letter to the third-party claimant's
13 attorney dated 6-17-03 (on which Respondent copied the complainant in order to keep him
14 informed on the status of the claim), Respondent failed to send the complainant another status
15 letter until 11-25-03. Specifically, after the status letter dated 6-17-03, continuing notices
16 pursuant to this regulation were required to be sent no later than 7-17-03, 8-16-03, 9-15-03, 10-
17 15-03 and 11-14-03. Respondent did not send another status letter to the complainant until 11-25-
18 03. Further, after the status letter of 11-25-03, Respondent again failed to send timely status
19 letters. Continuing notices pursuant to this regulation were due no later than 12-25-03, 1-24-04
20 and 2-23-04. Respondent did not send another status letter to the complainant until 2-26-04,
21 when Respondent copied him on the denial letter to the claimant. Therefore, eight violations of
22 this regulation have occurred.

23
24 On May 17, 2004, the Department notified Respondent of the violations noted above.

25
26 81. Regarding: JOHN R. AND CATHY MUELLER CSB-6010471
27 Policy Number: 905855409
28 Claim Number: 2C-040044

1 On 4/30/04, a complaint was filed against Respondent alleging that Respondent unduly delayed
2 the handling of this claim and had not made a reasonable settlement regarding portions of this
3 claim.

4
5 An investigation by the Department has found Respondent to be in noncompliance with
6 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices
7 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
8 Sections 2695.5(a) and 2695.3(b)(2).

9
10 Section 2695.5(a) requires a licensee, upon receiving any written or oral inquiry from the
11 Department concerning a claim, to immediately, but in no event more than twenty-one (21)
12 calendar days of receipt of that inquiry, furnish the Department with a complete written response
13 based on the facts as then known by the licensee. A complete written response addresses all issues
14 raised by the Department in its inquiry and includes copies of any documentation and claim files
15 requested. The Department sent an inquiry letter to Respondent dated 4/30/04 which required
16 Respondent to provide a complete response to the complainant (or in this case, their attorney) as
17 well as a current, claim loss statement worksheet. That information was required to be provided to
18 the Department by 5/27/04, but was not provided to the Department. Therefore, a violation of this
19 section has occurred.

20
21 Section 2695.3(b)(2) requires every insurer to assist the Department in the review of claim files
22 by recording in the file the date that the licensee received, date(s) the licensee processed and date
23 the licensee transmitted or mailed every material and relevant document in the file. The date that
24 Respondent processed the attached 'building loss worksheet' was not documented on that
25 particular item. Therefore, a violation of this section has occurred.

26
27 On July 29, 2004, the Department notified Respondent of the violations noted above.
28

1 82. Regarding: DEBRA GAMAGE CSB-6010639

2 Policy Number: 91846-50-53

3 Claim Number: 2C-042369

4 On 7/21/04, a complaint was filed against Respondent alleging Respondent failed to issue full
5 payment for the claimed personal property/contents.

6
7 An investigation by the Department has found Respondent to be in noncompliance with
8 California Insurance Code Sections 2071 and 2083.

9
10 Section 2071 of the California Insurance Code outlines the adopted standard form of fire
11 insurance for the state of California. Specifically, Section 2071 provides the mandated policy
12 provisions and verbiage to be used in all fire insurance policies issued in California. As an
13 example, one provision is entitled "Adjusters." This provision mandates the required actions on
14 the part of licensees when three or more primary adjusters have been assigned to a claim. This is
15 just one of many provisions that are required to be included in fire insurance policy forms.

16 However, our review of the specimen policy Respondent provided has revealed that this provision
17 is not shown in the policy. Therefore, one violation of this statute has occurred.

18
19 Section 2083 of the California Insurance Code states that it is a misdemeanor for any insurer or
20 any agent to countersign or issue a fire policy covering in whole or in part property in California
21 and varying from the California standard form. As discussed above, our review of the specimen
22 policy Respondent provided to us has revealed that it is lacking required provisions/verbiage,
23 such as the "Adjusters" provision. Therefore, one violation of this statute has occurred.

24
25 On August 4, 2004, the Department notified Respondent of the violations noted above.

26
27 83. Regarding: REGINALD K. & SUSAN BOWEN CSB-6011100

28 Policy Number: 0917063216

Claim Number: 2C-040491

1 On 4/30/04, a complaint was filed against Respondent alleging a host of claims-handling issues,
2 including undue delay in the processing of the above-captioned claim.

3
4 An investigation by the Department has found Respondent to be in noncompliance with
5 California Insurance Code Sections 2071 and 2083.

6
7 Section 2071 of the California Insurance Code outlines the adopted standard form of fire
8 insurance for the state of California. Specifically, Section 2071 provides the mandated policy
9 provisions and verbiage to be used in all fire insurance policies issued in California. As an
10 example, one provision is entitled "Adjusters." This provision mandates the required actions on
11 the part of licensees when three or more primary adjusters have been assigned to a claim. This is
12 just one of many provisions that are required to be included in fire insurance policy forms.

13 However, our review of the specimen policy Respondent provided has revealed that this provision
14 is not shown in the policy. Therefore, one violation of this statute has occurred.

15
16 Section 2083 of the California Insurance Code states that it is a misdemeanor for any insurer or
17 any agent to countersign or issue a fire policy covering in whole or in part property in California
18 and varying from the California standard form. As discussed above, our review of the specimen
19 policy Respondent provided to us has revealed that it is lacking required provisions/verbiage,
20 such as the "Adjusters" provision. Therefore, one violation of this statute has occurred.

21
22 On July 6, 2004, the Department notified Respondent of the violations noted above.

23
24 84. Regarding: ROBERT PLATT CSB-6011201
25 Policy Number: 0913109778
26 Claim Number: 2C-039795

27 On 5-1-04, a complaint was filed against Respondent alleging a number of service issues,
28 including undue delay in processing the claim.

1 An investigation by the Department has found Respondent to be in noncompliance with
2 California Insurance Code Sections 2071 and 2083.

3

4 Section 2071 of the California Insurance Code outlines the adopted standard form of fire
5 insurance for the state of California. Specifically, Section 2071 provides the mandated policy
6 provisions and verbiage to be used in all fire insurance policies issued in California. As an
7 example, one provision is entitled "Adjusters." This provision mandates the required actions on
8 the part of licensees when three or more primary adjusters have been assigned to a claim. This is
9 just one of many provisions that are required to be included in fire insurance policy forms.
10 However, our review of the specimen policy Respondent provided has revealed that this provision
11 is not shown in the policy. Therefore, one violation of this statute has occurred.

12

13 Section 2083 of the California Insurance Code states that it is a misdemeanor for any insurer or
14 any agent to countersign or issue a fire policy covering in whole or in part property in California
15 and varying from the California standard form. As discussed above, our review of the specimen
16 policy Respondent provided to us has revealed that it is lacking required provisions/verbiage,
17 such as the "Adjusters" provision. Therefore, one violation of this statute has occurred.

18

19 On May 19, 2004, the Department notified Respondent of the violations noted above.

20

21 85. Regarding: SARAH GILBERT CSB-6015258
22 Policy Number: 99-0922238852
23 Claim Number: 1004414628-1-1

23

24 On May 21, 2004, a complaint was filed against Respondent alleging unsatisfactory settlement
25 offer.

25

26

27 An investigation by the Department has found Respondent to be in noncompliance with
28 California Insurance Code Section 790.03(h) and the Fair Claims Settlement Practices

28

1 Regulations (California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5), specifically
2 Section 2695.3(b)(2).

3

4 Section 2695.3(b)(2) requires that a licensee, record in the file, the date all correspondence was
5 sent or received. After reviewing the claim file, the Department was unable to determine the date
6 Respondent received complainant's correspondence dated April 2, 2004. Therefore, a violation of
7 this regulation has occurred.

8

9 On June 9, 2004, the Department notified Respondent of the violations noted above.

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