

CAIIA

Founded in 1947

2016-2017

MEMBERSHIP DIRECTORY

CALIFORNIA
ASSOCIATION OF INDEPENDENT
INSURANCE ADJUSTERS, INC.

2016-2017



Founded in 1947

**California Association of Independent
Insurance Adjusters, Inc.**

PRESIDENT'S OFFICE

Telephone..... 714-998-8387

Email..... steve.washington@sbcglobal.net

Website..... www.caiia.com

Mailing AddressCAIIA

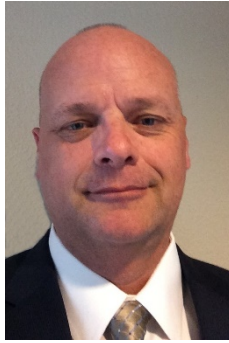
PO Box 168

Burbank, CA 91503-0168

818-953-9200

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Founded in 1947, the California Association of Independent Insurance Adjusters is comprised of licensed independent insurance adjusters who service the entire state of California. In this directory you will find a group of dedicated professional adjusting firms who are committed to providing you a top-notch claims adjusting experience.

The CAIIA promotes excellence amongst its devoted members and claim professionals at large. We offer educational courses throughout California which address the continuing education requirements for Independent Insurance Adjusters imposed by the California Department of Insurance.

I am honored to be the 2016-2017 President, and to be a part of this distinguished membership.

Steve Washington, EGA
CAIIA President, 2016-2017

PAST PRESIDENTS:

2015-16.....**Paul Camacho**—South Lake Tahoe
2014-15.....**Kimberley Hickey**—Los Angeles
2013-14.....**Tanya Gonder** – Oakland
2012-13..... **William McKenzie** (RPA) – La Mesa
2011-12..... **Jeff Caulkins** (AMIM, AIC, RPA) – Glendale
2010-11..... **Phil Barrett** (CPCU, AIC) - Ukiah
2009-10.....**Sam Hooper** - Cerritos
2008-09.....**Pete Vaughan** (RPA) - Benicia
2007-08.....**Peter Schiffrin** (RPA) - Chatsworth
2006-07.....**Sharon Glenn** – San Ramon
2005-06.....**Steve Wakefield** (RPA) - Fresno
2004-05.....**Douglas Jackson** (RPA) – Chatsworth
2003-04.....**Lee W. Collins** (ARM) - Roseville
2002-03***Steven W. Tilghman** (RPA) – San Francisco
2001-02.....**Sterrett Harper** - Burbank
2000-01.....**Lorrie Ware** – San Bernardino
1999-00.....**Peter Evans** (RPA) - Novato
1998-99.....**Stephen Anderson** – San Ramon
1997-98.....**Daniel A. Blanquie** (RPA) - Petaluma
1996-97***Daniel G. Price** (RPA, CPCU) – San Diego
1995-96.....**John Joiner** - Eureka
1994-95.....**Larry Hunt** (ARM) - Glendale
1993-94.....**Gil Malmgren** (RPA) - Oakland
1992-93.....**Bill Grace** - Anaheim
1991-92.....**Ron Blanquie** - Petaluma
1990-91.....**Don Gordon** – Thousand Oaks
1989-90.....**Dean K. Beyer** – Mill Valley
1988-89***Gene Riggs** (AIC, RPA) - Napa
1987-88***A. Glenn Bailey** – San Diego
1986-87.....**Robert L. “Bob” Gresham Jr.** (CPCU) – Las Vegas
1985-86.....**Don Ferguson** - Salinas
1984-85***Bob Sieber** – Rancho Cucamonga
1983-84.....**George “Bud” Hills** - Oakland
1982-83***Charles E. Carstensen** – Los Angeles
1981-82***Donald Glaze** – San Francisco
1980-81***Richard Watkins, Jr.** – Los Angeles
1979-80***John Glenn** - Oakland
1978-79***H.E. “Hap” Hardies** – Los Angeles
1977-78***Arnold Miller** – San Francisco

PAST PRESIDENTS:

1976-77***Lew Ross** – Santa Ana
1975-76***George Hunt** - Salinas
1974-75***A.L. “Jack” Harman** – Los Angeles
1973-74***Orlo Hill** – San Francisco
1972-73.....**Bill Suter** – Los Angeles
1971-72***Larry Anderson** - Sacramento
1970-71***Earl Guse** - Long Beach
1969-70***Warren Michael** - Sacramento
1968-69***L.F. “Bud” Gianelli** - Modesto
1967-68***Clement C. Baker** - Santa Barbara
1966-67***Vernon Neufeld** - San Francisco
1965-66***Fred Cliby** - San Jose
1964-65***G.W. Moore** - Los Angeles
1963-64***Willard E. Mayer** - Sacramento
1962-63***Jack Ward** - Los Angeles
1961-62***Jay Wright** - Oakland
1960-61***Elmer L. Barr** - San Bernardino
1959-60***Bruce Murray** - Bakersfield
1958-59***Max H. Seeger** - San Diego
1957-58***C.C. Thompson** - Oakland
1956-57***Randy F. Howorth** - Los Angeles
1955-56***John Latta** – Santa Rosa
1954-55***L.G. Hagebush** - San Francisco
1953-54***H.H. Chalmers** - San Francisco
1952-53***I.G. Olsen** - Bakersfield
1951-52***N.P. Baldwin** - Stockton
1950-51***Ted Hay** - Los Angeles
1949-50***W.H. Bockius** - San Francisco
1948-49***Charles Green** - Los Angeles
1947-48***Earle Wright** - San Francisco

*Deceased

HONORARY MEMBERS

A Glenn Bailey*	George Hunt*
Dean Beyer	Warren Michael*
Ted D Brown*	Arnold Miller*
James E Dalton*	Monte Reid*
HE "Hap" Hardies*	Gene Riggs*
George Hills*	Richard Watkins, Jr.

LIFETIME ACHIEVEMENT AWARD

Don Ferguson	Gene Riggs*	Bill Suter
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*Deceased

OFFICERS & DIRECTORS

PRESIDENT

Steve Washington
Washington & Finnegan, Inc.
PO Box 28148
Anaheim, CA 92809-0138
Tel: 714-998-8387
Fax: 714-998-8387
steve.washington@sbcglobal.net

IMMEDIATE PAST PRESIDENT

Paul Camacho, RPA
Mission Adjusters
PO Box 18444
So Lake Tahoe, CA 96151
Tel: 530-541-5051
Fax: 530-541-5069
paul@missionadjusters.com

PRESIDENT-ELECT

Steve Washington
Washington & Finnegan, Inc.
PO Box 28148
Anaheim, CA 92809-0138
Tel: 714-998-8387
Fax: 714-998-8387
steve.washington@sbcglobal.net

VICE PRESIDENT

Patricia Bobbs
Claims Review & Consulting Services, Inc.
18736 Avenida Cordillera
San Diego, CA 92128
Tel: 858-386-2614
Fax: 800-505-7908
pat@reviewandconsulting.com

SECRETARY-TREASURER

John Ratto
Reliant Claims Service, Inc.
PO Box 1120
Oakland, CA 94611
Tel: 510-420-1053
Fax: 510-420-1176
mail@reliantclaims.com

COUNSEL

Mark S. Hall
Hall Law Firm
24881 Alicia Parkway, Ste. E-500
Laguna Hills, CA 92653
Tel: 949-297-8444
Fax: 949-855-6531
mark@halllawfirm.org

DIRECTORS One Year

Keith Hillegas
Keith A. Hillegas Co., Inc.
khillegas@aol.com

Pete Vaughan
Vaughan & Associates Adjusting Services, Inc.
pvaughan@pacbell.net

DIRECTORS Two Years

Neil Thornhill
Thornhill & Associates, Inc.
neal@thornhillandassociates.com

Eric Sieber
E.J. Sieber & Co
esieberco@gmail.com

COMMITTEES

The following are **Standing Committees** (mandated by the By-laws) which shall consist of two or more voting members, unless otherwise indicated, chaired by an Officer, or Director:

Membership	John Ratto (chair), Phil Barrett, Peter Schiffrin
Legislative	Patricia Bobbs, Peter Schiffrin, Steve Washington
Public Relations	(includes CCC and CCNC) Kim Hickey, Sterrett Harper, Steve Washington
Grievance	Steve Washington, Paul Camacho, Sterrett Harper Mark Hall, of Counsel
By-Laws	Steve Washington, Sterrett Harper, Mark Hall of counsel
Nominating	Peter Schiffrin, Steve Washington, Paul Camacho
Executive	Steve Washington (chair), Patricia Bobbs, John Ratto, Paul Camacho
Internal Management	Steve Washington, Sterrett Harper, John Ratto
Education	Patricia Bobbs(chair) Rick Kern, Doug Jackson

SPECIAL COMMITTEES

Directory	Steve Washington, Douglas Jackson
Mid-Term Bus Mtg.	Steve Washington, Patricia Bobbs, Kim Hickey
Fall Convention	Patricia Bobbs, Steve Washington, Paul Camacho
Social Networks	Tanya Gonder, Patricia Bobbs
Scholarship Fund	Douglas Jackson, Patricia Bobbs
Status Report	Sterrett Harper
Website/IT	Douglas Jackson, Pete Vaughan, Paul Camacho

CODE OF ETHICS

1. To conduct ourselves at all times so as to command respect within the industry of insurance and with the insuring public.
2. To approach investigations and adjustments with an unprejudiced and open mind and a determination to be fair with insured and insurer.
3. To make truthful and unbiased reports of facts as we find them.
4. To assume an unvarying attitude of fairness and by competence, integrity and respect for the person with whom we have dealings, to promote goodwill toward the business of insurance.
5. To resist influence tending to promote improper extravagant settlements.
6. To avoid improper alliances.
7. To refrain from improper solicitation of business.
8. To be alert to changes in policy forms and methods in order to render the highest quality of service.
9. To work for economy of expense and equitable bills for service.
10. To serve the business of insurance with loyalty and to cooperate with their designated representatives in the proper handling of claims and losses.
11. To work in harmony with one another and our clients so as to foster cordial relationships among ourselves and with the insurance fraternity.

Rancho Cucamonga

San Bernardino

E.J. Sieber and Company (HO)

1998

Eric J. Sieber, RPA, CPCU, AIC, Owner

Location : 9650 Business Center Drive Ste 120, Rancho Cucamonga, CA 91730
Mailing: PO Box 627, Lake Havasu City, AZ 86406
Telephone: 866-987-6112
Fax #: 909-987-5781
E-mail: EJSieberCo@gmail.com
Website:
License: 2607640 (CA)
Services: Claims Investigation and litigation support for all: Automobile, Casualty, Environmental, SIU/Fraud, Liability & Product Liability. Also handle Settlement Conferences, Mediation & Arbitration.
Specialty: Claims Investigation, Litigation Support, Trial Preparation, Witness Locates, Jury Debriefing
Area Served: CA, AZ (Lic 1040774), NV (Lic 880169)

Downey

Los Angeles

James M. Humber Company (HO)

1987

Jim Humber, President

Location : 8103 3rd Street, S-1, Downey, CA 90241
Mailing: 8103 3rd Street, S-1, Downey, CA 90241
Telephone: 562-869-1027
Fax #: 562-869-5609
E-mail: humberco@aol.com
Website: www.humberco.com
License: 2H07431
Services: Fire and Allied Lines, including Time Element losses
Specialty: Commercial and Residential Property Losses
Area Served: Los Angeles, Orange, Riverside and San Bernardino Counties

Lake Tahoe

El Dorado County

Mission Adjusters (HO)

1995

Paul R. Camacho (RPA, ARM), Owner

Location :

Mailing: PO Box 18444, So Lake Tahoe, CA 96151

Telephone: 530-541-5051

Fax #: 530-541-5069

E-mail: mail@missionadjusters.com

Website: www.missionadjusters.com

License: 2B19564 and NV 9142

Services: Multi-Lines

Specialty:

Area Served: Lake Tahoe Basin CA - NV, surrounding areas, Sierra Nevada rural areas by request

Carpinteria

Santa Barbara

Schifrin, Gagnon and Dickey, Inc. (dba: SGD, Inc.) 1979

Peter Schifrin, RPA, President

Location :

Mailing: Corporate HO, 9171 Gazette Ave., Chatsworth, CA 91311

Telephone: 800-743-2524

Fax #: 866-749-7932

E-mail: sgdsb@sgdinc.com

Website: www.sgdinc.com

License: 2607896

Services: All Lines except aircraft and hull;

Specialty: All Lines

Area Served: Carpinteria, Santa Barbara

Burbank

Los Angeles

Harper Claims Service, Inc.

1994

Sterrett Harper, President

Location : 1022 Groton Dr., Burbank, CA 91504
Mailing: PO Box 168, Burbank, CA 91503-0168
Telephone: 818-953-9200
Fax #: 818 414-2675 (voice cell), 818-953-9316 (fax)
E-mail: harperclaims@hotmail.com
Website: www.harperclaimsservice.com
License: 2B01491 & 2H473512
Services: All Lines, Fire, Casualty, AOE and COE Investigations
Specialty:
Area Served: Southern California

Los Angeles

Los Angeles

Nomura Insurance Services, Inc. (HO)

1996

Marilyn Nomura, President

Location : 12121 Wilshire Blvd., Ste. 1100, Los Angeles, CA 90025
Mailing: 12121 Wilshire Blvd., Ste. 1100, Los Angeles, CA 90025
Telephone: 310-996-1100
Fax #: 310-996-1106
E-mail: marilyn@mnomura.com
Website:
License: 2802545
Services: Auto, Casualty, and Liability
Specialty: Fraud, Heavy Bodily Injury Cases, Commercial and Personal Lines
Area Served: Los Angeles, Orange, San Bernardino, and Riverside Counties

Los Angeles

Los Angeles

Sam Hooper and Associates, Inc.

2001

Sam Hooper, President; Tom Hooper, Vice President

Location : 17316 Edwards Road, Suite 100, Cerritos, CA 90703

Mailing: PO Box 5154, Cerritos, CA 90703

Telephone: 562-802-7822

Fax #: 562-926-6337

E-mail: sam@hooperandassociates.com

Website: www.hooperandassociates.com

License: 2B19551

Services: All Lines

Specialty: Construction Defect, Environmental, General
Liability, Workers Compensation, Property,
Automobile

Area Served: Los Angeles, Orange, Ventura, San Bernardino and
Riverside Counties

Mill Valley

Marin

Evans Adjusters

2003

Peter Evans, Owner

Location : 119 Underhill Road, Mill Valley, CA 94941

Mailing: 119 Underhill Road, Mill Valley, CA 94941

Telephone: 415-381-9223

Fax #: 415-388-6510

E-mail: psevans@comcast.net

Website:

License: 2D26665

Services: Property and Bond

Specialty: Commercial Property and Business Interruption

Area Served: U.S. and Worldwide

Walnut Creek

Contra Costa

Eaton & Johnson, Inc. (HO)

1994

Thad E. Eaton, Owner and David M. Johnson, Owner

Location : 70 Doray Drive #20, Pleasant Hill, CA 94523

Mailing: 1547 Palos Verdes Mall #168, Walnut Creek, CA
94597-2228

Telephone: 925-946-9440

Fax #:

E-mail: thade@ejclaims.com; davidjohnson@ejclaims.com

Website: www.ejclaims.com

License: 2683438

Services: Casualty & Property: Construction Defect, General Liability, Product Liability, Fire, Fraud, Professional Liability, Inland Marine, Trial Preparation

Specialty: Property, Casualty, Construction Defects, Ins. Code 2071 Appraisal, ADR, Settlement Conferences

Area Served: Alameda, Contra Costa, Marin, Napa, Sacramento, San Francisco, San Joaquin, San Mateo, San Joaquin, Santa Clara, and Solano Counties

Rancho Cucamonga

San Bernardino

American Claim Experts

2000

Meredith Gilstrap, Claims Manager; Renae Freeman, General Manager

Location : 8300 Utica Ave., Suite 250, Rancho Cucamonga, CA
91730

Mailing: PO Box 697, Rancho Cucamonga, CA 91729

Telephone: 800-897-6532

Fax #: 909-944-3412

E-mail: info@aceadjusting.com

Website: www.aceadjusting.com

License: 2B73885

Services: Property

Specialty: Catastrophe

Area Served: California, Nevada and Arizona

Rancho Cucamonga

San Bernardino

Universal Insurance Services (HO)

2000

Demian Roese, Mgr/Owner and Les Wechter, Mgr/Owner

Location : 7211 Haven Av. #E-330. Alta Loma CA 91701
Mailing: 7211 Haven Ave. #E-330, Alta Loma CA 91701
Telephone: 877-361-1112
Fax #: 888-396-1555
E-mail: demian@pacbell.net & droese@piagency.com
Website: www.piagency.com
License: 2B19574 and PI14173 and 934 N
Services: All Lines, Property and Casualty (including Workers Compensation)
Specialty: Litigation Prep and Surveillance
Area Served: California and Nevada

Riverside

Riverside

Adam's Adjusting

2000

Janis Adam-Thayer, Owner/Operator

Location : 23905 Clinton Keith Rd., Suite 114-510, Wildomar, CA 92595
Mailing: 23905 Clinton Keith Rd., Suite 114-510, Wildomar, CA 92595
Telephone: 951-288-1942
Fax #:
E-mail: adamsadjustingco@gmail.com
Website:
License: 2737595
Services: Property and Casualty
Specialty: Property and Casualty
Area Served: Riverside, San Bernardino, Orange and North San Diego Counties

Sacramento

Sacramento

Heritage Property Adjusters, Inc.

1996

Ron Oates (RPA), President

Location : 6215 S. Walnut St., Suite A, Loomis, CA 95650

Mailing: 6215 S. Walnut St., Suite A, Loomis, CA 95650

Telephone: 916-652-1155 and 855-331-4247

Fax #: 916-652-1205

E-mail: ron@cis4contents.com

Website: www.cis4contents.com

License: 2B53493

Services: Property, Inland Marine and Construction Defect

Specialty: Large Residential and Commercial Fires, Mold and Sewage

Area Served: Northern California

San Diego

San Diego

Schiffrin, Gagnon and Dickey, Inc. (dba: SGD, Inc.) 1979

Richard Kern, Partner

Location : 3530 Camino Del Rio North, Suite 204, San Diego, CA 92108-1743

Mailing: 3530 Camino Del Rio North, Suite 204, San Diego, CA 92108-1743

Telephone: 619-280-7702

Fax #: 619-280-1267

E-mail: sgdsd@sgdinc.com

Website: www.sgdinc.com

License: 2607896

Services: All Lines

Specialty:

Area Served: San Diego and surrounding Areas

San Diego

San Diego

Walsh Adjusting Co. (HO)

1947

W.L. McKenzie (RPA), President

Location : 7839 University Avenue #106, La Mesa, CA 91942-0478

Mailing: 7839 University Avenue #106, La Mesa, CA 91942-0478

Telephone: 619-282-6822

Fax #: 619-282-2637

E-mail: walshadj@sbcglobal.net

Website:

License: 2607458

Services: Fire, Inland Marine, Marine, Allied Lines, Time Element Contracts, Property, Trial Prep, Claims Administration

Specialty: Large Commercial Fire Losses

Area Served: San Diego, Riverside, Orange, San Bernardino and Imperial Counties

San Jose

Santa Clara

Schiffrin, Gagnon and Dickey, Inc. (dba: SGD, Inc.) 1979

Kimberley Hickey, Branch Manager

Location :

Mailing: Corporate HO, 9171 Gazette Ave., Chatsworth, CA 91311

Telephone: 800-743-2524

Fax #: 866-749-7932

E-mail: khickey@sgdinc.com

Website: www.sgdinc.com

License: 2607896

Services: All Lines Property and Casualty, Workers compensation, AOE-COE

Specialty: Bonds (Fidelity and Surety), Public Entity, Litigation

Area Served: Santa Clara, Santa Cruz, San Mateo, Monterey, San Benito and S. Alameda Counties

San Leandro

Alameda

Keith A. Hillegass Co. Inc. (HO)

1977

Keith A. Hillegass, President

Location : 151 Callan Ave., Ste. 307, San Leandro, CA 94577
Mailing: 151 Callan Ave., Ste. 307, San Leandro, CA 94577
Telephone: 510-351-1600
Fax #: 510-351-1612
E-mail: khillcompany@aol.com
Website:
License: 2607336
Services: Multi-Lines
Specialty: Bi-lingual - Spanish
Area Served: All Bay Area Counties

San Francisco

Alameda

Schifrin, Gagnon and Dickey, Inc. (dba: SGD, Inc.) 1979

Kim Bierce, Manager

Location : 2520 Stanwell Drive, Suite 240, Concord, CA 94520-4853
Mailing: 2520 Stanwell Drive, Suite 240, Concord, CA 94520-4853
Telephone: 925-482-2380; 800-743-2524
Fax #: 925-849-1599
E-mail: kbierce@sgdinc.com
Website: www.sgdinc.com
License: 2607896
Services: All Lines
Specialty: Property
Area Served: San Francisco and Surrounding Area

Santa Clara

Santa Clara

John Fontana Adjusters (HO)

1971

John Fontana (RPA), Owner

Location : 1960 Homestead Rd., Santa Clara, CA 95050-6936
Mailing: PO Box 2833, Santa Clara, CA 95055-2833
Telephone: 408-241-6003
Fax #: 408-296-8857
E-mail: coldell@att.net
Website:
License: 2129403 and PI 9877
Services: General Liability, Workers Compensation, Trial Prep,
MET and PROF MAL, Casualty, TR, CARGO and
FIDELITY
Specialty: Liability Claims
Area Served: San Francisco, San Mateo, Santa Clara, San Benito,
Monterey, Santa Cruz and Alameda Counties

Ukiah

Mendocino

Barrett Claims Service

2005

Phil Barrett, CPCU, AIC

Location : 1280 S. Dora St., Ukiah, CA 95482-6337
Mailing: P.O. Box 282, Ukiah, CA 95482
Telephone: 707-462-5647
Fax #: 707-313-1343
E-mail: phil@barrettclaims.com
Website: www.barrettclaims.com
License: 2B43125
Services: Multi Lines
Specialty: Large Property Losses
Area Served: Mendocino, Lake, Sonoma, Marin, Napa, Colusa,
Humboldt and Del Norte Counties

Vallejo

Solano

Vaughan and Associates Adjusting Services, Inc 1996

Pete Vaughan, RPA

Location : 1060 Grant St., Benicia, CA 94510
Mailing: 836-B Southampton Rd., #301, Benicia, CA 94510
Telephone: 707-745-2462
Fax #: 707-747-0889
E-mail: pvaughan@pacbell.net
Website: vaughanadjusting.com
License: 2B56617 & 2E75371-plus nine other States
Services: Commercial Property, Equipment Breakdown, Builder's Risk, General Liability with property damage
Specialty: Losses involving large institutions including Hospitals, Universities, High Rises.
Area Served: Licensed in 10 Western States

Chatsworth

Los Angeles

Schifrin, Gagnon and Dickey, Inc. (dba: SGD, Inc.) (HO) 1979

Peter Schifrin (RPA) President; Douglas Jackson (RPA) VP

Location : 9171 Gazette Avenue, Chatsworth, CA 91311-5918
Mailing: 9171 Gazette Avenue, Chatsworth, CA 91311-5918
Telephone: 800-743-2524
Fax #: 866-749-7932
E-mail: pschifrin@sgdinc.com
Website: www.sgdinc.com
License: 2607896
Services: All Lines except Aircraft and Hull over 50'
Specialty: All Lines
Area Served: Southern California

Granite Bay

Placer

Adjust In Time, LLC

2005

Frank B. Gullum, President/Owner

Location : 4762 Olive Ranch Road, Granite Bay, CA 95746-9496
Mailing: 4762 Olive Ranch Road, Granite Bay, CA 95746-9496
Telephone: 916-797-5591
Fax #: 916-797-5592
E-mail: adjust@mindsync.com
Website:
License: 2C37438
Services: AU, CA, EO, IM, LI, M/DM, PL, PROD LI
Specialty: Commercial General Liability, E&O, Medical/Dental
Malpractice, Professional Liability & Commercial
Trucking
Area Served: Northern California--Sacramento & San Joaquin
Valleys (Fresno to Redding); San Francisco Bay Area;
Wine Country; Placer County to So. Lake Tahoe

Glendale

Los Angeles

John S. Rickerby Company

2004

Jeff S. Caulkins, AMIM AIC, RPA President

Location : 3401 Ocean View Blvd, Glendale, CA 91208
Mailing: 3401 Ocean View Blvd, Glendale, CA 91208
Telephone: 818-507-7873
Fax #: 818-507-0527
E-mail: jeff.c@johnsrickerby.com
Website: www.johnsrickerby.com
License: 2E11334
Services: Property & Casualty
Specialty: Xactimate Trainer, Property , Casualty, Marine &
Course of Construction
Area Served: Southern California, Northern Nevada with licenses
in Arizona, California, Nevada, Oregon and
Washington

Concord, CA

Contra Costa County

Schifrin, Gagnon and Dickey, Inc. (dba: SGD, Inc.) 1979

Kimberly Bierce, Assistant Manager/General Adjuster

Location : 2520 Stanwell Drive, Suite 240, Concord, CA 94520-4853

Mailing: 2520 Stanwell Drive, Suite 240, Concord, CA 94520-4853

Telephone: 925-482-2380

Fax #: 925-849-1599

E-mail: kbierce@sgdinc.com

Website: www.sgdinc.com

License: 2607896

Services: All Lines except aircraft and hull;

Specialty: Property & Casualty

Area Served: San Francisco Bay Area and surrounding cities

Redding

Shasta

North State Investigations 1997

Rick Beers, Owner

Location : 4167 Alta Mesa Drive, Redding, CA 96002

Mailing: PO Box 491964, Redding, CA 96049

Telephone: 530-221-0604

Fax #: 530-223-0230

E-mail: NSI632@charter.net

Website:

License: 2B53466

Services: Personal/Commercial Property & Liability Investigations

Specialty: Property

Area Served: Oroville, CA to Grants Pass Oregon, Weaverville, CA to Susanville, CA

Oakland

Alameda

Reliant Claims Service, Inc.

2006

John Ratto, Catherine Naumann

Location : 5332 College Ave., Suite 202, Oakland, CA 94618
Mailing: PO Box 11200, Oakland, CA 94611
Telephone: 510-420-1053
Fax #: 510-420-1176
E-mail: mail@reliantclaims.com
Website: www.reliantclaims.com
License: 2D53161
Services: Multi-Lines
Specialty: Property, Casualty, Litigation Management, Ocean
and Inland Marine, Construction Defect, Expert
Witness
Area Served: Northern California

Orange

Orange

IAS Services Group, LLC; dba: IAS Claim Services, Inc.

2005

Larry Cochran, CEO

Location : 333 City Blvd. West, Suite 1410, Orange, CA 92868
Mailing: 333 City Blvd. West, Suite 1410, Orange, CA 92868
Telephone: 714-282-6100
Fax #: 888-522-6686
E-mail: dstephens@iasclaims.com; jgomez@iasclaims.com
Website: www@iasclaims.com
License: 2100174
Services: P & C
Specialty: All P & C, Personal Lines, and Commercial Lines
Area Served: California

Irvine

Orange

Bailee Adjusters

2003

Scott Henderson, President

Location : 2222 Michelson Drive, Suite 1600, Irvine, CA 92612
Mailing: 2222 Michelson Drive, Suite 1600, Irvine, CA 92612
Telephone: (888) 754-9880
Fax #: (888) 979-8069
E-mail: shenderson@baileeadjusters.com
Website: www.baileeadjusters.com
License: 2B01411
Services: Bailee/Customer Goods Losses
Specialty: Cleaner & Laundry 3rd Party Bailee
Area Served: Nationwide

Sacramento

Sacramento

IAS Claim Services, Inc.

2005

Larry Cochran, CEO

Location : 980 9th Street, 16th Floor, Sacramento, CA 95814
Mailing: 333 City Blvd. West, Suite 1410, Orange, CA 92868
Telephone: 714-282-6100
Fax #: 888-522-6686
E-mail: jgomez@iasclaims.com
Website: www.iasclaims.com
License: 2100174
Services: P&C
Specialty: All P & C, Personal Lines, and Commercial Lines
Area Served: California

Chatsworth

Los Angeles

Washington & Finnegan

2006

Scott Washington, President

Location : 21953 Plummer Street, Chatsworth, CA 91311
Mailing: 21953 Plummer Street, Chatsworth, CA 91311
Telephone: 818-717-0344
Fax #: 818-717-0807
E-mail: scottfinnegan@washington-finnegan.com
Website: www.washington-finnegan.com
License: 2E53333
Services: Multiple Lines, Auto/BI, Liability, Inland Marine,TPA Services
Specialty: Homeowners, Commercial Property, GL/CD, Casualty
Area Served: Central and Southern California

Chino Hills

San Bernardino

SoCal Adjusters LLC

2006

Art Stromer RPA CGA JD

Location : 14686 River Ridge Court, Chino Hills, CA 91709
Mailing: P. O. Box 2441 Chino Hills, CA 91709
Telephone: 909-348-7534
Fax #: 909-348-7274
E-mail: artstromer@hotmail.com
Website:
License: 2E25191
Services: Commercial & residential property building & contents. Property damage liability. Appraisal & expert witness. Over 40 years experience.
Specialty: Commercial and residential property. Contents FMV specialist. Fidelity.
Area Served: San Bernardino, Riverside, Los Angeles & Orange Counties primarily. Also all of Southern California upon request.

Burbank

Los Angeles

Schneider & Associates Claim Services (HO)

2007

Brian Schneider

Location : 2205 W. Olive Ave., Burbank, CA 91506
Mailing: 2205 W. Olive Ave., Burbank, CA 91506
Telephone: 888-95 CLAIM (25246)
Fax #: 818-566-3091
E-mail: bschneider@schneiderclaims.com
Website: www.schneiderclaims.com
License: 2F05633
Services: Independent Insurance Adjusters - General Liability -
Auto Liability- Homeowners Property - Homeowners
Liability - Commercial Property - Trucking Claims -
Construction Defect - Product Liability - Tria
Specialty: Homeowners and Commercial Property - General
Liability - Personal & Commercial Auto, Trucking,
Construction Defect,
Area Served: All Cities in CA, AZ and NV

Oakland

Alameda

Casualty Claims Consultants

2007

Tanya Gonder, Owner

Location : 6114 LaSalle Ave., #266 Oakland, CA 94611
Mailing: 6114 LaSalle Ave., #266 Oakland, CA 94611
Telephone: 510-339-1053
Fax #: 510-339-0406
E-mail: tanya@casualtyclaimsconsultants.com
Website: www.casualtyclaimsconsultants.com
License: 2F05684
Services: Casualty
Specialty: Mediation, Products Liability, Construction Defec
Area Served: Monterey to Sacramento

Tustin

Orange

Carter Insurance Claims Services, Inc.

2007

Michael Hale, President; Harvey Lightstone, VP, Crystal Cunningham, Office Mgr.

Location : 17742 Irvine Blvd., Suite 102, Tustin, CA 92780
Mailing: P. O. Box 3598, Tustin, CA 92781
Telephone: 714-731-1236
Fax #: 714-731-4605
E-mail: cics@carterclaims.com
Website: www.carterclaims.com
License: 2702732
Services: Auto, Casualty/OL&T, Claims Audits, Property and Professional Liability
Specialty: Professional Liability
Area Served: All of California, Nevada, Oregon and Arizona

Anaheim

Orange

Washington & Finnegan, Inc.

2006

Steve Washington, Manager

Location : 265 So. Loganberry St., Anaheim, CA 92808
Mailing: PO Box 28148, Anaheim, CA 92809-0138
Telephone: 714-998-8387
Fax #: 714-998-8387
E-mail: steve.washington@sbcglobal.net
Website: www.washington-finnegan.com
License: 2E53333
Services: Multiple Lines. Third Party Administration. Private Investigation.
Specialty: Homeowners, Commercial Property, GL/CD, Casualty
Area Served: Southern California

San Rafael

Marin

Einhaus Adjusting Services

2008

Stephen Einhaus, Owner

Location : 588 Cedarberry Lane, San Rafael, CA 94903
Mailing: 454 Las Gallinas Avenue #138, San Rafael, CA 94903
Telephone: 415-238-8767
Fax #:
E-mail: steveeinhaus@gmail.com
Website: www.einhausadjusting.com
License: 2E11354
Services: Commercial & Personal Lines P&C, Fidelity,
Settlement Conferences Representative, &
Mediations. Wine & Restaurant Claims
Specialty: Multi-Line
Area Served: Counties of Marin, Sonoma, Napa, Solano, Contra
Costa, Alameda, San Francisco & San Mateo

Redding

Shasta

Western Claims & Appraisers of Redding & Chico

2009

Steven Richards

Location : 8432 Whispering Oaks Road, Redding, CA 96002
Mailing: PO Box 491780, Redding, CA 96049-1780
Telephone: 530-547-5896
Fax #: 530-547-5895
E-mail: sdr@clearwire.net
Website: www.westernappraisersofredding.com
License: 2802557
Services: Property, Inland Marine, Physical Damage, Auto &
Heavy Equipment, Statements, Investigations
Specialty: Property, Inland Marine, Physical Damage, Auto &
Heavy Equipment, Statements, Investigations
Area Served: North of Sacramento to Oregon Border

Shingle Springs

El Dorado

Potter Adjusting

2009

Dan Potter

Location : 4015 Sunflower Lane, Shingle Springs, CA 95682
Mailing: 4015 Sunflower Lane, Shingle Springs, CA 95682
Telephone: 530-350-7565
Fax #: 916-226-1292
E-mail: potteradjusting@comcast.net
Website:
License: 2C66041
Services: Residential Property Adjusting, Lender Placed & REO.
Specialty: Fire & Water Damage
Area Served: Northern California

Fullerton

Orange

Buxbaum, Loggia & Associates, Inc.

2009

Joseph Loggia and Paul Buxbaum

Location : 101 E. Commonwealth Ave., Ste. A, Fullerton, CA 92832
Mailing: 101 E. Commonwealth Ave., Ste. A, Fullerton, CA 92832
Telephone: 714-449-2899
Fax #: 714-449-2890
E-mail: jloggia@buxbaumloggia.com
Website: www.buxbaumloggia.com
License: 2C81921
Services: Property, casualty & workers' compensation claims, claims audits, Insurance Code 2071 dispute appraisals, expert witness on claims adjusting
Specialty: Reinsurance Audits & Claims Administration
Area Served: California & Worldwide

Castaic

Los Angeles

M.T.I Insurance claims consulting

2011

William Maxon

Location :
Mailing: P.O. Box 220190. Santa Clarita, California 91322
Telephone: 661-702-0034
Fax #: 805-933-2842
E-mail: N8206M@sbcglobal.net
Website:
License: 2607601
Services: Policy Appraisals, Expert Witness
Specialty:
Area Served: California

Carlsbad

San Diego

CD Claims, Inc.

2011

Chuck Deen

Location : PO Box 2002, Carlsbad, Ca. 92018
Mailing: PO Box 2002, Carlsbad, Ca. 92018
Telephone: 760-859-7380
Fax #: 760- 875-4240
E-mail: chuck@cdclaims.net
Website:
License: 2772944
Services: Property & Casualty
Specialty: Personal/Commercial Property & Casualty
Area Served: So. Cal

Woodland Hills

Los Angeles

USA Express Claims Management & Investigative Services

2012

H. Harry Kazakian, President/CEO

Location : 21031 Ventura Blvd Suite 920, Woodland Hills, CA 91364
Mailing: PO Box 260412, Encino, CA 91425
Telephone: 877-872-3977
Fax #: 800-861-5311
E-mail: harry@usaexpressinc.com
Website: <http://www.usaexpressinc.com/services/insurance-claims/>
License: 2G93529
Services: Liability Claims and Investigations
Specialty: Bodily Injury; Attending Mediations, Arbitrations, Settlement Conferences; Evaluating Major Injury and High exposures cases. Witness interviews, field investigations,
Area Served: Los Angeles, Ventura, Orange, San Bernardino and Riverside Counties

Porter Ranch

Los Angeles

Thornhill & Associates, Inc.

2012

Neal Thornhill, President

Location : 19300 Rinaldi St. #7307, Porter Ranch, CA 91326-9988
Mailing: 19300 Rinaldi St. #7307, Porter Ranch, CA 91326-9988
Telephone: 866-888-2280
Fax #: 866-888-2280
E-mail: neal@thornhillandassociates.com
Website: www.thornhillandassociates.com
License: 2D89843
Services: Auto, Fire, Commercial Liability
Specialty: Auto, Fire, Commercial Liability
Area Served: Southern California and the Bay Area

Rohnert Park

Sonoma

DB Claims Services Group, Inc.

2013

Daniel A. Blanquie, RPA, President

Location : 6050 Commerce Blvd., Ste. 211, Rohnert Park, CA 94928
Mailing: P.O. Box 1544, Rohnert Park, CA 94927
Telephone: 707-588-8215
Fax #: 707-588-9731
E-mail: corporate@dbclaims.com
Website: www.dbclaims.com
License: 2D89819
Services: SIU Investigations, Property & Casualty, Commercial & Personal Lines, Inland Marine, AOE/COE, Public Entity
Specialty: SIU Investigations, Property & Casualty, Public Entity
Area Served: Northern and Southern California

Redlands

San Bernardino

M3K Business Services, Inc.

2013

Christopher D. Harris

Location :
Mailing: PO Box 1217, Redlands, CA 92373
Telephone: 909-496-4312
Fax #: 909-494-5431
E-mail: charris@m3kbusiness.com
Website: www.m3kbusiness.com
License: 2B01455
Services: All Except Worker's Comp
Specialty: Fire, Homeowner's
Area Served: South Half of California, Southern Arizona

Temecula

Riverside

Pioneer Insurance Consultants

2013

Robert L. Lobato

Location : POST Box 2677, Temecula, CA 92593-2677
Mailing: PO Box 2677, Temecula, CA 92593-2677
Telephone: 951-694-4683
Fax #: 951-303-8509
E-mail: bobpioneer@msn.com
Website:
License: 2A97328
Services: Personal Lines, Auto, Auditing, Consulting, Mediation
Services, General Liability, Trial Preparation,
Appraisal, Settlement Conferences, Expert Witness
on Property Related Cases
Specialty: Property
Area Served: Southern California

San Francisco

San Francisco

Washington & Finnegan, Inc.

2006

Steven Jones

Location : 237 Kearny Street, #233, San Francisco, CA 94108
Mailing: 237 Kearny Street, #233, San Francisco, CA 94108
Telephone: 415-527-8648
Fax #:
E-mail: stevenjones@washington-finnegan.com
Website: www.washington-finnegan.com
License: 2E53333
Services: Multiple Lines, Property, Auto, Libability
Specialty: Homeowners, Commercial Property, GL/CD, Casualty
Area Served: Northern California

Sacramento

Sacramento

Schiffrin, Gagnon and Dickey, Inc. (dba: SGD, Inc.) 1979

Kim Bierce, Manager

Location :

Mailing: 2520 Stanwell Drive, Suite 240, Concord, CA 94520-4853

Telephone: 800-743-2524

Fax #: 866-749-7932

E-mail: sgdsac@sgdinc.com

Website: www.sgdinc.com

License: 2607896

Services: All lines

Specialty: Property & Casualty; Commercial/Residential

Area Served: Sacramento and surrounding areas

San Diego

San Diego

Claims Review and Consulting Services, Inc. 2015

Patricia Bobbs--Owner/Operator

Location : 18736 Avenida Cordillera, San Diego, CA 92128

Mailing: 18736 Avenida Cordillera, San Diego, CA 92128

Telephone: 858-386-2614

Fax #: 800-505-7908

E-mail: pat@reviewandconsulting.com

Website:

License: 2H28454

Services: Property Structure, Large Loss, Commercial, GL, Investigations, Consultant, Expert Witness

Specialty: Residential Property Structure & Commercial Including Business Interruption

Area Served: San Diego & Orange Counties; Riverside, Imperial City; Catastrophe Worldwide



FAIR CLAIMS SETTLEMENT PRACTICES
REGULATIONS

CALIFORNIA CODE OF REGULATIONS,
TITLE 10, CHAPTER 5
AMEND SUBCHAPTER 7.5 TO READ:

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SUBCHAPTER 7.5 FAIR CLAIMS SETTLEMENT PRACTICES
REGULATIONS

CALIFORNIA CODE OF REGULATIONS, TITLE 10. CHAPTER 5
AMEND SUBCHAPTER 7.5 TO READ:

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RH05044124/RH05044134

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Section 2695.1. Preamble

(a) Section 790.03(h) of the California Insurance Code enumerates sixteen claims settlement practices that, when either knowingly committed on a single occasion, or performed with such frequency as to indicate a general business practice, are considered to be unfair claims settlement practices and are, thus, prohibited by this section of the California Insurance Code. The Insurance Commissioner has promulgated these regulations in order to accomplish the following objectives:

(1) To delineate certain minimum standards for the settlement of claims which, when violated knowingly on a single occasion or performed with such frequency as to indicate a general business practice shall constitute an unfair claims settlement practice within the meaning of Insurance Code Section 790.03(h);

(2) To promote the good faith, prompt, efficient and equitable settlement of claims on a cost effective basis;

(3) To discourage and monitor the presentation to insurers of false or fraudulent claims; and,

(4) To encourage the prompt and thorough investigation of suspected fraudulent claims and ensure the prompt and comprehensive reporting of suspected fraudulent claims as required by Insurance Code Section 1872.4.

(b) These regulations are not meant to provide the exclusive definition of all unfair claims settlement practices. Other methods, act(s), or practices not specifically delineated in this set of regulations may also be unfair claims settlement practices and subject to California Insurance Code Section 790.03(h) and/or California Insurance Code Section 790.06. These regulations are applicable to the handling or settlement of all claims subject to Article 6.5 of Division 1, Part 2, Chapter 1 of the California Insurance Code, commencing with Section 790, except as specifically provided below:

(1) Workers' compensation insurance;

(2) Liability insurance for the professional malpractice of health care providers as defined in California Code of Civil Procedure Section 364(f)(1);

(3) Self-insured or self-funded plans which are bona fide Employee Retirement Income Security Act ("ERISA") plans which are not also multiple employer welfare arrangements, to the extent that these ERISA plans are not covered by insurance;

(4) Any other self-funded or self-insured plan, to the extent it is not covered by insurance, which is lawfully conducting business in this state.

(c) In recognition of both the unique relationship which exists under a surety bond between the surety, the obligee or beneficiary, and the principal, and the fact that the processing of surety claims is subject to the Unfair Practices Act, beginning with California Insurance Code Section 790, only sections 2695.1 through 2695.6, inclusive, section 2695.10, and sections 2695.12, 2695.13 and 2695.14, inclusive, shall apply to the handling or settlement of claims brought under surety bonds.

(d) These regulations apply to home protection contracts and home protection companies defined in California Insurance Code Section 12740.

(e) All licensees, as defined in these regulations, shall have thorough knowledge of the regulations contained in this subchapter.

(f) Policy provisions relating to the investigation, processing and settlement of claims shall be consistent with or more favorable to the insured than the provisions of these regulations.

(g) The California Insurance Code provides the commissioner with access to all records of an insurer and the power to examine the affairs of every person engaged in the business of insurance to determine if such person is engaged in any unfair or deceptive act or practice. California Insurance Code Section 790.03(h) requires all persons engaged in the business of insurance to effectuate prompt, fair and equitable settlements of claims and to otherwise process claims in a fair and reasonable manner. The Department considers the use of reliable information to be an essential element of the fair and equitable settlement of claims. The fact that information, data or statistical methods used or relied upon by a licensee to process or establish the value of insurance claims is obtained through a third party source shall not absolve the licensee of its legal responsibility to comply with these regulations or to effectuate prompt, fair and equitable settlements of claims. Failure of a licensee to provide the commissioner with requested information sufficient to examine the licensee's claims handling practices may justify a finding that the licensee was in non-compliance with these regulations or other applicable insurance code provisions. Any and all information received pursuant to the Department's request shall be given confidential treatment, as provided in California Insurance Code section 735.5 and California Government Code Section 11180 et seq. When processing or establishing the value of a claim, a licensee shall not be responsible for the accuracy of information provided by a governmental entity, unless the licensee has discovered or been notified of the inaccuracy and has continued to use the information.

NOTE: Authority cited: Sections 790.034, 790.10, 1871.1, 12340 - 12417, inclusive, 12921 and 12926 of the California Insurance Code and Sections 11342.2 and 11152 of the California Government Code.

Reference: Sections 790.03, 790.04, 735.5 and 12740 of the California Insurance Code, and Section 11180 et seq. of the California Government Code.

Section 2695.2. Definitions As used in these regulations:

(a) "Beneficiary" means:

(1) for the purpose of life and disability claims, the party or parties entitled to receive the proceeds or benefits occurring under the policy in lieu of the insured; or,

(2) for the purpose of surety claims, a person who is within the class of persons intended to benefit from the bond;

(b) "Calendar days" means each and every day including Saturdays, Sundays, Federal and California State Holidays, but if the last day for performance of any act required by these regulations falls on a Saturday, Sunday, Federal or State Holiday, then the period of time to perform the act is extended to and including the next calendar day which is not a Saturday, Sunday, or Federal or State holiday;

(c) "Claimant" means a first or third party claimant as defined in these regulations, any person who asserts a right of recovery under a surety bond, an attorney, any person authorized by operation of law to represent the claimant, or any of the following persons properly designated by the claimant in the manner specified in subsection 2695.5(c): an insurance adjuster, a public adjuster, or any member of the claimant's family.

(d) "Claims agent" means any person employed or authorized by an insurer, to conduct an investigation of a claim on behalf of an insurer or a person who is licensed by the Commissioner to conduct

investigations of claims on behalf of an insurer. The term "claims agent", however, shall not include the following:

1) an attorney retained by an insurer to defend a claim brought against an insured; or,

2) persons hired by an insurer solely to provide valuation as to the subject matter of a claim.

(e) "Extraordinary circumstances" means circumstances outside of the control of the licensee which severely and materially affect the licensee's ability to conduct normal business operations;

(f) "First party claimant" means any person asserting a right under an insurance policy as a named insured, other insured or beneficiary under the terms of that insurance policy, and including any person seeking recovery of uninsured motorist benefits;

(g) "Gross settlement amount" means the amount tendered plus the amount deducted as provided in the policy in the settlement of an automobile total loss claim;

(h) "Insurance agent" means:

(1) the term "insurance agent" as used in section 31 of the California Insurance Code; or,

(2) the term "life agent" as used in section 32 of the California Insurance Code; or,

(3) any person who has authority or responsibility to notify an insurer of a claim upon receipt of a notice of claim by a claimant; or,

(4) an underwritten title company.

(i) "Insurer" means a person licensed to issue or that issues an insurance policy or surety bond in this state, or that otherwise transacts the business of insurance in the state, including reciprocal and interinsurance exchanges, fraternal benefit societies, stock and mutual insurance companies, risk retention groups, California county mutual fire insurance companies, grants and annuities societies, entities holding certificates of exemption, non-profit hospital service plans, multiple employer welfare arrangements holding certificates of compliance pursuant to Article 4.7 of the California Insurance Code, and motor clubs, to the extent that they transact the business of insurance in the State. The term "insurer" for purposes of these regulations includes non-admitted insurers, the California FAIR Plan, the California Earthquake Authority, those persons licensed to issue or that issue an insurance policy pursuant to an assignment by the California Automobile Assigned Risk Plan, home protection companies as defined under California Insurance Code Section 12740, and any other entity subject to California Insurance Code Section 790.03(h). The term "insurer" shall not include insurance agents and brokers, surplus line brokers and special lines surplus line brokers.

(j) "Insurance policy" or "policy" means the written instrument in which any certificate of group insurance, contract of insurance, or non-profit hospital service plan is set forth. For the purposes of these regulations the terms insurance policy or policy do not include "surety bond" or "bond". For the purposes of these regulations the term insurance policy or policy includes a home protection contract or any written

instrument in which any certificate of insurance or contract of insurance is set forth that is issued pursuant to the California Automobile Assigned Risk Plan, the California Earthquake Authority, or

the California FAIR Plan;

(k) "Investigation" means all activities of an insurer or its claims agent related to the determination of coverage, liabilities, or nature and extent of loss or damage for which benefits are afforded by an insurance policy, obligations or duties under a bond, and other obligations or duties arising from an insurance policy or bond.

(l) "Knowingly committed" means performed with actual, implied or constructive knowledge, including, but not limited to, that which is implied by operation of law.

(m) "Licensee" means any person that holds a license or Certificate of Authority from the Insurance Commissioner, or any other entity for whom the Insurance Commissioner's consent is required before transacting business in the State of California or with California residents. The term "licensee" for purpose of these regulations does not include an underwritten title company if the underwriting agreement between the underwritten title company and the title insurer affirmatively states that the underwritten title company is not authorized to handle policy claims on behalf of the title insurer.

(n) "Notice of claim" means any written or oral notification to an insurer or its agent that reasonably apprises the insurer that the claimant wishes to make a claim against a policy or bond issued by the insurer and that a condition giving rise to the insurer's obligations under that policy or bond may have arisen. For purposes of these regulations the term "notice of claim" shall not include any written or oral communication provided by an insured or principal solely for informational or incident reporting purposes.

(o) "Notice of legal action" means notice of an action commenced against the insurer with respect to a claim, or notice of action against the insured received by the insurer, or notice of action against the principal under a bond, and includes any arbitration proceeding;

(p) "Obligee" means the person named as obligee in a bond;

(q) "Person" means any individual, association, organization, partnership, business, trust, corporation or other entity;

(r) "Principal" means the person whose debt or other obligation is secured or guaranteed by a bond and who has the primary duty to pay the debt or discharge the obligation;

(s) "Proof of claim" means any evidence or documentation in the possession of the insurer, whether as a result of its having been submitted by the claimant or obtained by the insurer in the course of its investigation, that provides any evidence of the claim and that reasonably supports the magnitude or the amount of the claimed loss.

(t) "Remedial measures" means those actions taken by an insurer to correct or cure any error or omission in the handling of claims on the part of its insurance agent as defined in subsection 2695.2(h), including, but not limited to:

(1) written notice to the insurance agent that he/she is in violation of the regulations contained in this subchapter;

(2) transmission of a copy of the regulations contained in this subchapter and instructions for their implementation;

(3) reporting the error or omission in the handling of claims by the insurance agent to the Department of Insurance;

(u) "Replacement crash part" means a replacement for any of the

non-mechanical sheet metal or plastic parts which generally constitute the exterior of a motor vehicle, including inner and outer panels;

(v) "Single act" for the purpose of determining any penalty pursuant to California Insurance Code Section 790.035 is any commission or omission which in and of itself constitutes a violation of California Insurance Code Section 790.03 or this subchapter;

(w) "Surety bond" or "bond" means the written instrument in which a contract of surety insurance, as defined in California Insurance Code Section 105, is set forth;

(x) "Third party claimant" means any person asserting a claim against any person or the interests insured under an insurance policy;

(y) "Willful" or "Willfully" when applied to the intent with which an act is done or omitted means simply a purpose or willingness to commit the act, or make the omission referred to in the California Insurance Code or this subchapter. It does not require any intent to violate law, or to injure another, or to acquire any advantage;

NOTE: Authority cited: Sections 132(d), 790.10, 12340 - 12417, inclusive, 12921 and 12926 of the California Insurance Code, Section 995.130 of the Code of Civil Procedure and Sections 11342.2 and 11152 of the California Government Code. Reference: Sections 31, 32, 101, 106, 675.5(b), (c) and (d), 676.6, 790.03(h) and 10082 of the California Insurance Code.

Section 2695.3. File and Record Documentation

(a) Every licensee's claim files shall be subject to examination by the Commissioner or by his or her duly appointed designees. These files shall contain all documents, notes and work papers (including copies of all correspondence) which reasonably pertain to each claim in such detail that pertinent events and the dates of the events can be reconstructed and the licensee's actions pertaining to the claim can be determined;

(b) To assist in such examination all insurers shall:

(1) maintain claim data that are accessible, legible and retrievable for examination so that an insurer shall be able to provide the claim number, line of coverage, date of loss and date of payment of the claim, date of acceptance, denial or date closed without payment. This data must be available for all open and closed files for the current year and the four preceding years;

(2) record in the file the date the licensee received, date(s) the licensee processed and date the licensee transmitted or mailed every material and relevant document in the file; and

(3) 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.

(c) The requirements of this section shall be satisfied where the licensee provides documentation evidencing inability to obtain data, nonexistence of data, or difficulty in obtaining clear documentary support for actions due to catastrophic losses, or other unusual circumstances providing the licensee establishes to the satisfaction of the Commissioner that the circumstances alleged by the licensee do exist and have materially affected the licensee's ability to comply with this regulation. Any licensee that alleges an inability to comply with this section shall establish and submit to the Commissioner a plan for file and record documentation to be used by such licensee while the circumstances alleged to preclude compliance with this subsection continue to exist.

NOTE: Authority cited: Sections 790.04, 790.10, 12340 - 12417, inclusive, 12921 and 12926 of the California Insurance Code and Sections 11342.2 and 11152 of the California Government Code. Reference: Section 790.03(h) of the California Insurance Code.

Section 2695.4. Representation of Policy Provisions and Benefits

(a) Every insurer shall disclose to a first party claimant or beneficiary, all benefits, coverage, time limits or other provisions of any insurance policy issued by that insurer that may apply to the claim presented by the claimant. When additional benefits might reasonably be payable under an insured's policy upon receipt of additional proofs of claim, the insurer shall immediately communicate this fact to the insured and cooperate with and assist the insured in determining the extent of the insurer's additional liability.

(b) No insurer shall misrepresent or conceal benefits, coverages, time limits or other provisions of the bond which may apply to the claim presented under a surety bond.

(c) No insurer shall deny a claim on the basis of the claimant's failure to exhibit property, unless there is documentation in the file (1) of reasonable demand by the insurer, and unfounded refusal by the claimant, to exhibit property, or (2) of the breach of any policy provision providing for the exhibition of property.

(d) Except where a time limit is specified in the policy, no insurer shall require a first party claimant under a policy to give notification of a claim or proof of claim within a specified time.

(e) No insurer shall:

(1) request that a claimant sign a release that extends beyond the subject matter which gave rise to the claim payment unless, prior to execution of the release, the legal effect of the release is disclosed and fully explained by the insurer to the claimant in writing. For purposes of this subsection, an insurer shall not be required to provide the above explanation or disclosure to a claimant who is represented by an attorney at the time the release is presented for signature;

(2) be precluded from including in any release a provision requiring the claimant to waive the provisions of California Civil Code Section 1542, provided that, prior to execution of the release, the legal effect of the release is disclosed and fully explained by the insurer to the claimant in writing. For purposes of this subsection, an insurer shall not be required to provide the above explanation or disclosure to a claimant who is represented by an attorney at the time the release is presented for signature.

(f) No insurer shall issue checks or drafts in partial settlement of a loss or claim that contain or are accompanied by language releasing the insurer, the insured, or the principal on a surety bond from total liability unless the policy or bond limit has been paid, or there has been a compromise settlement agreed to by the claimant and the insurer as to coverage and amount payable under the insurance policy or bond.

(g) No insurer shall require a first party claimant or beneficiary to submit duplicative proofs of claim where coverage may exist under more than one policy issued by that insurer.

NOTE: Authority cited: Sections 790.10, 12340 - 12417, inclusive, 12921 and 12926 of the California Insurance Code and Sections 11342.2 and 11152 of the California Government Code.

Reference: Section 790.03(h) (1), (3) and (4) of the California Insurance Code.

Section 2695.5. Duties upon Receipt of Communications

(a) Upon receiving any written or oral inquiry from the Department of Insurance concerning a claim, every licensee shall immediately, but in no event more than twenty- one (21) calendar days of receipt of that inquiry, furnish the Department of Insurance with a complete written response based on the facts as then known by the licensee. A complete written response addresses all issues raised by the Department of Insurance in its inquiry and includes copies of any documentation and claim files requested. This section is not intended to permit delay in responding to inquiries by Department personnel conducting a scheduled examination on the insurer's premises.

(b) Upon receiving any communication from a claimant, regarding a claim, that reasonably suggests that a response is expected, every licensee shall immediately, but in no event more than fifteen (15) calendar days after receipt of that communication, furnish the claimant with a complete response based on the facts as then known by the licensee. This subsection shall not apply to require communication with a claimant subsequent to receipt by the licensee of a notice of legal action by that claimant.

(c) The designation specified in subsection 2695.2(c) shall be in writing, signed and dated by the claimant, and shall indicate that the designated person is authorized to handle the claim. All designations shall be transmitted to the insurer and shall be valid from the date of execution until the claim is settled or the designation is revoked. A designation may be revoked by a writing transmitted to the insurer, signed and dated by the claimant, indicating that the designation is to be revoked and the effective date of the revocation.

(d) Upon receiving notice of claim, every licensee or claims agent shall immediately transmit notice of claim to the insurer.

(e) Upon receiving notice of claim, every insurer shall immediately, but in no event more than fifteen (15) calendar days later, do the following unless the notice of claim received is a notice of legal action:

(1) acknowledge receipt of such notice to the claimant unless payment is made within that period of time. If the acknowledgment is not in writing, a notation of acknowledgment shall be made in the insurer's claim file and dated. Failure of an insurance agent or claims agent to promptly transmit notice of claim to the insurer shall be imputed to the insurer except where the subject policy was issued pursuant to the California Automobile Assigned Risk Program.

(2) provide to the claimant necessary forms, instructions, and reasonable assistance, including but not limited to, specifying the information the claimant must provide for proof of claim;

(3) begin any necessary investigation of the claim.

(f) An insurer may not require that the notice of claim under a policy be provided in writing unless such requirement is specified in the insurance policy or an endorsement thereto.

NOTE: Authority cited: Sections 790.04, 790.10, 12340 - 12417, inclusive, 12921, 12926 of the California Insurance Code and Sections 11342.2 and 11152 of the California Government Code.

Reference: Sections 790.03(h)(2) and (3) of the California Insurance Code.

Section 2695.6 Training and Certification

(a) Every insurer shall adopt and communicate to all its claims agents written standards for the prompt investigation and processing of claims, and shall do so within ninety (90) days after the effective date of these regulations or any revisions thereto.

(b) All licensees shall provide thorough and adequate training regarding these regulations to all their claims agents. Licensees shall certify that their claims agents have been trained regarding these regulations and any revisions thereto. However, licensees need not provide such training or certification to duly licensed attorneys.

A licensee shall demonstrate compliance with this subsection by the following methods:

(1) where the licensee is an individual, the licensee shall annually certify in writing under penalty of perjury that he or she has read and understands these regulations and any and all amendments thereto;

(2) where the licensee is an entity, the annual written certification shall be executed, under penalty of perjury, by a principal of the entity as follows:

(A) that the licensee's claims adjusting manual contains a copy of these regulations and all amendments thereto; and,

(B) that clear written instructions regarding the procedures to be followed to effect proper compliance with this subchapter were provided to all its claims agents;

(3) where the licensee retains insurance adjusters as defined in California Insurance Code Section 14021, the licensee must provide training to the insurance adjusters regarding these regulations and annually certify, in a declaration executed under penalty of perjury, that such training is provided. Alternately, the insurance adjuster may annually certify in writing, under penalty of perjury, that he or she has read and understands these regulations and all amendments thereto or has successfully completed a training seminar which explains these regulations;

(4) a copy of the certification required by subsections 2695.6(b) (1), (2) or (3) shall be maintained at all times at the principal place of business of the licensee, to be provided to the Commissioner only upon request.

(5) the annual certification required by this subsection shall be completed on or before September 1 of each calendar year.

NOTE: Authority cited: Sections 790.10, 12340 - 12417, inclusive, 12921 and 12926 of the California Insurance Code and Sections 11342.2 and 11152 of the California Government Code.

Reference: Section 790.03(h) (3) of the California Insurance Code.

Section 2695.7. Standards for Prompt, Fair and Equitable Settlements

(a) No insurer shall discriminate in its claims settlement practices based upon the claimant's age, race, gender, income, religion, language, sexual orientation, ancestry, national origin, or physical disability, or upon the territory of the property or person insured.

(b) Upon receiving proof of claim, every insurer, except as specified in subsection 2695.7(b) (4) below, shall immediately, but in no event more than forty (40) calendar days later, accept or deny the claim, in whole or in part. The amounts accepted or denied shall be clearly documented in the claim file unless the claim has been denied in its entirety.

(1) Where an insurer denies or rejects a first party claim, in

whole or in part, it shall do so in writing and shall provide to the claimant a statement listing all bases for such rejection or denial and the factual and legal bases for each reason given for such rejection or denial which is then within the insurer's knowledge. Where an insurer's denial of a first party claim, in whole or in part, is based on a specific statute, applicable law or policy provision, condition or exclusion, the written denial shall include reference thereto and provide an explanation of the application of the statute, applicable law or provision, condition or exclusion to the claim. Every insurer that denies or rejects a third party claim, in whole or in part, or disputes liability or damages shall do so in writing.

(2) Subject to the provisions of subsection 2695.7(k), nothing contained in subsection 2695.7(b)(1) shall require an insurer to disclose any information that could reasonably be expected to alert a claimant to the fact that the subject claim is being investigated as a suspected fraudulent claim.

(3) Written notification pursuant to this subsection shall include a statement that, if the claimant believes all or part of the claim has been wrongfully denied or rejected, he or she may have the matter reviewed by the California Department of Insurance, and shall include the address and telephone number of the unit of the Department which reviews claims practices.

(4) The time frame in subsection 2695.7(b) shall not apply to claims arising from policies of disability insurance subject to Section 10123.13 of the California Insurance Code, disability income insurance subject to Section 10111.2 of the California Insurance Code or mortgage guaranty insurance subject to Section 12640.09(a) of the California Insurance Code, and shall not apply to automobile repair bills arising from policies of automobile collision and comprehensive insurance subject to Section 560 of the California Insurance Code. All other provisions of subsections 2695.7(b)(1), (2), and (3) are applicable.

(c)(1) If more time is required than is allotted in subsection 2695.7(b) to determine whether a claim should be accepted and/or denied in whole or in part, every insurer shall provide the claimant, within the time frame specified in subsection 2695.7(b), with written notice of the need for additional time. This written notice shall specify any additional information the insurer requires in order to make a determination and state any continuing reasons for the insurer's inability to make a determination. Thereafter, the written notice shall be provided every thirty (30) calendar days until a determination is made or notice of legal action is served. If the determination cannot be made until some future event occurs, then the insurer shall comply with this continuing notice requirement by advising the claimant of the situation and providing an estimate as to when the determination can be made.

(2) Subject to the provisions of subsection 2695.7(k), nothing contained in subsection 2695.7(c)(1) shall require an insurer to disclose any information that could reasonably be expected to alert a claimant to the fact that the claim is being investigated as a possible suspected fraudulent claim.

(d) Every insurer shall conduct and diligently pursue a thorough, fair and objective investigation and shall not persist in seeking information not reasonably required for or material to the resolution of a claim dispute.

(e) No insurer shall delay or deny settlement of a first party claim on the basis that responsibility for payment should be assumed by others, except as may otherwise be provided by policy provisions, statutes or regulations, including those pertaining to coordination of benefits.

(f) Except where a claim has been settled by payment, every insurer shall provide written notice of any statute of limitation or

other time period requirement upon which the insurer may rely to deny a claim. Such notice shall be given to the claimant not less than sixty (60) days prior to the expiration date; except, if notice of claim is first received by the insurer within that sixty days, then notice of the expiration date must be given to the claimant immediately. With respect to a first party claimant in a matter involving an uninsured motorist, this notice shall be given at least thirty (30) days prior to the expiration date; except, if notice of claim is first received by the insurer within that thirty days, then notice of the expiration date must be given to the claimant immediately. This subsection shall not apply to a claimant represented by counsel on the claim matter.

(g) No insurer shall attempt to settle a claim by making a settlement offer that is unreasonably low. The Commissioner shall consider any admissible evidence offered regarding the following factors in determining whether or not a settlement offer is unreasonably low:

(1) the extent to which the insurer considered evidence submitted by the claimant to support the value of the claim;

(2) the extent to which the insurer considered legal authority or evidence made known to it or reasonably available;

(3) the extent to which the insurer considered the advice of its claims adjuster as to the amount of damages;

(4) the extent to which the insurer considered the advice of its counsel that there was a substantial likelihood of recovery in excess of policy limits;

(5) the procedures used by the insurer in determining the dollar amount of property damage;

(6) the extent to which the insurer considered the probable liability of the insured and the likely jury verdict or other final determination of the matter;

(7) any other credible evidence presented to the Commissioner that demonstrates that (i) any amount offered by the insurer in settlement of a first-party claim to an insured not represented by counsel, or (ii) the final amount offered in settlement of a first-party claim to an insured who is represented by counsel or (iii) the final amount offered in settlement of a third party claim by the insurer is below the amount that a reasonable person with knowledge of the facts and circumstances would have offered in settlement of the claim.

(h) Upon acceptance of the claim in whole or in part and, when necessary, upon receipt of a properly executed release, every insurer, except as specified in subsection 2695.7(h)(1) and (2) below, shall immediately, but in no event more than thirty (30) calendar days later, tender payment or otherwise take action to perform its claim obligation. The amount of the claim to be tendered is the amount that has been accepted by the insurer as specified in subsection 2695.7(b). In claims where multiple coverage is involved, and where the payee is known, amounts that have been accepted by the insurer shall be paid immediately, but in no event more than thirty (30) calendar days, if payment would terminate the insurer's known liability under that individual coverage, unless impairment of the insured's interests would result. The time frames specified in this subsection shall not apply where the policy provides for a waiting period after acceptance of claim and before payment of benefits.

(i) The time frame specified in subsection 2695.7(h) shall not apply to claims arising from policies of disability insurance subject to Section 10123.13 of the California Insurance Code, disability income insurance subject to Section 10111.2 of the California Insurance Code, or of mortgage guaranty insurance subject to Section 12640.09(a) of the California Insurance Code, and shall not apply to automobile repair bills subject to Section 560 of the

California Insurance Code. All other provisions of Section 2695.7(h) are applicable.

(2) Any insurer issuing a title insurance policy shall either tender payment pursuant to subsection 2695.7(h) or take action to resolve the problem which gave rise to the claim immediately upon, but in no event more than thirty (30) calendar days after, acceptance of the claim.

(i) No insurer shall inform a claimant that his or her rights may be impaired if a form or release is not completed within a specified time period unless the information is given for the purpose of notifying the claimant of any applicable statute of limitations or policy provision or the time limitation within which claims are required to be brought against state or local entities.

(j) No insurer shall request or require an insured to submit to a polygraph examination unless authorized under the applicable insurance contract and state law.

(k) Subject to the provisions of subsection 2695.7(c), where there is a reasonable basis, supported by specific information available for review by the California Department of Insurance, for the belief that the claimant has submitted or caused to be submitted to an insurer a suspected false or fraudulent claim as specified in California Penal Code Section 550 or California Insurance Code Section 1871.4(a), the number of calendar days specified in subsection 2695.7(b) shall be:

(1) increased to eighty (80) calendar days; or,

(2) suspended until otherwise ordered by the Commissioner, provided the insurer has complied with California Insurance Code Section 1872.4 and the insurer can demonstrate to the Commissioner that it has made a diligent attempt to determine whether the subject claim is false or fraudulent within the eighty day period specified by subsection 2695.7(k)(1).

(l) No insurer shall deny a claim based upon information obtained in a telephone conversation or personal interview with any source unless the telephone conversation or personal interview is documented in the claim file pursuant to the provisions of Section 2695.3.

(m) No insurer shall make a payment to a provider, pursuant to a policy provision to pay medical benefits, and thereafter seek recovery or set-off from the insured on the basis that the amount was excessive and/or the services were unnecessary, except in the event of a proven false or fraudulent claim, subject to the provisions of Section 10123.145 of the California Insurance Code.

(n) Every insurer requesting a medical examination for the purpose of determining liability under a policy provision shall do so only when the insurer has a good faith belief that such an examination is reasonably necessary.

(o) No insurer shall require that a claimant withdraw, rescind or refrain from submitting any complaint to the California Department of Insurance regarding the handling of a claim or any other matter complained of as a condition precedent to the settlement of any claim.

(p) Every insurer shall provide written notification to a first party claimant as to whether the insurer intends to pursue subrogation of the claim. Where an insurer elects not to pursue subrogation, or discontinues pursuit of subrogation, it shall include in its notification a statement that any recovery to be pursued is the responsibility of the first party claimant. This subsection does not require notification if the deductible is waived, the coverage under which the claim is paid requires no deductible to be paid, the loss sustained does not exceed the applicable deductible, or there is no

legal basis for subrogation.

(q) Every insurer that makes a subrogation demand shall include in every demand the first party claimant's deductible. Every insurer shall share subrogation recoveries on a proportionate basis with the first party claimant, unless the first party claimant has otherwise recovered the whole deductible amount. No insurer shall deduct legal or other expenses from the recovery of the deductible unless the insurer has retained an outside attorney or collection agency to collect that recovery. The deduction may only be for a pro rata share of the allocated loss adjustment expense. This subsection shall not apply when multiple policies have been issued to the insured(s) covering the same loss and the language of these contracts prescribe alternative subrogation rights. Further, this subsection shall not apply to disability and health insurance as defined in California Insurance Code Section 106.

NOTE: Authority cited: Sections 553, 554, 790.03(h)(5), 790.03(h)(12), 790.10, 1861.03(a), 10350.10, 10111.2, 11580.2(k), 12340 - 12417, inclusive, 12921 and 12926 of the California Insurance Code and Sections 11342.2 and 11152 of the California Government Code; *Egan v. Mutual of Omaha Insurance Company* (1979) 24 Cal.3d 809 [169 Cal. Rptr. 691]; *KPFF, Inc. v. California Union Insurance Company* (1997) 56 Cal.App.4th 963 [66 Cal.Rptr.2d 36] (certified for partial publication); *Betts v. Allstate Ins. Co.* (1984) 154 Cal.App.3d 688 [201 Cal. Rptr. 528].

Reference: Section 790.03(h) (2), (3), (4), (5) (13) and (15), and 1872.4 of the California Insurance Code, Section 6149.5 of the California Business and Professions Code and California; and Penal Code Section 550.

Section 2695.8. Additional Standards Applicable to Automobile Insurance

(a) This section enumerates standards which apply to adjustment and settlement of automobile insurance claims.

(1) the words "automobile" and "vehicle" are used synonymously.

(b) In evaluating automobile total loss claims the following standards shall apply:

(1) The insurer may elect a cash settlement that shall be based upon the actual cost of a "comparable automobile" less any deductible provided in the policy. This cash settlement amount shall include all applicable taxes and one-time fees incident to transfer of evidence of ownership of a comparable automobile. This amount shall also include the license fee and other annual fees to be computed based upon the remaining term of the loss vehicle's current registration. This procedure shall apply whether or not a replacement automobile is purchased.

(A) If the insured chooses to retain the loss vehicle or if the third party claimant retains the loss vehicle, the cash settlement amount shall include the sales tax associated with the cost of a comparable automobile, discounted by the amount of sales tax attributed to the salvage value of the loss vehicle. The cash settlement amount shall also include all fees incident to transfer of the claimant's vehicle to salvage status. The salvage value may be deducted from the settlement amount and shall be determined by the amount for which a salvage pool or a licensed salvage dealer, wholesale motor vehicle auction or dismantler will purchase the salvage. If requested by the claimant, the insurer shall provide the name, address and telephone number of the salvage dealer, salvage pool, motor vehicle auction or dismantler who

will purchase the salvage. The insurer shall disclose in writing to the claimant that notice of the salvage retention by the claimant must be provided to the Department of Motor Vehicles and that this notice may affect the loss vehicle's future resale and/or insured value. The disclosure must also inform the claimant of his or her right to seek a refund of the unused license fees from the Department of Motor Vehicles.

(2) A "comparable automobile" is one of like kind and quality, made by the same manufacturer, of the same or newer model year, of the same model type, of a similar body type, with options and mileage similar to the insured vehicle. Newer model year automobiles may not be used as comparable automobiles unless there are not sufficient comparable automobiles of the same model year to make a determination as set forth in Section 2695.8(b)(4), below. In determining the cost of a comparable automobile, the insurer may use either the asking price or actual sale price of that automobile. Any differences between the comparable automobile and the insured vehicle shall be permitted only if the insurer fairly adjusts for such differences. Any adjustments from the cost of a comparable automobile must be discernible, measurable, itemized, and specified as well as appropriate in dollar amount and so documented in the claim file. Deductions taken from the cost of a comparable automobile that cannot be supported shall not be used. The actual cost of a comparable automobile shall not include any deduction for the condition of a loss vehicle unless the documented condition of the loss vehicle is below average for that particular year, make and model of vehicle. This subsection shall not preclude deduction for prior and/or unrelated damage to the loss vehicle. A comparable automobile must have been available for retail purchase by the general public in the local market area within ninety (90) calendar days of the final settlement offer. The comparable automobiles used to calculate the cost shall be identified by the vehicle identification number (VIN), the stock or order number of the vehicle from a licensed dealer, or the license plate number of that comparable vehicle if this information is available. The identification shall also include the telephone number (including area code) or street address of the seller of the comparable automobile.

(3) Notwithstanding subsection (2), above, upon approval by the Department of Insurance, an insurer may use private sales data from the Department of Motor Vehicles, or other approved sources, which does not contain the seller's telephone number or street address. Approval by the Department of Insurance shall be contingent on the Department's determination that reasonable steps have been taken to limit the use of private sales data that may be inaccurately reported to the Department of Motor Vehicles, or other approved sources.

(4) The insurer shall take reasonable steps to verify that the determination of the cost of a comparable vehicle is accurate and representative of the market value of a comparable automobile in the local market area. Upon its request, the department shall have access to all records, data, computer programs, or any other information used by the insurer or any other source to determine market value. The cost of a comparable automobile shall be determined as follows and, once determined, shall be fully itemized and explained in writing for the claimant at the time the settlement offer is made:

(A) when comparable automobiles are available or were available in the local market area in the last 90 days, the average cost of two or more such comparable automobiles; or,

(B) when comparable automobiles are not available or were not available in the local market area in the last 90 days, the average of two or more quotations from two or more licensed dealers in the local market area; or,

(C) the cost of a comparable automobile as determined by a computerized

automobile valuation service that produces statistically valid fair market values within the local market area; or

(D) if it is not possible to determine the cost of a comparable automobile by using one of the methods described in subsections (b)(3)(A), (b)(3)(B) and (b)(3)(C) of this section, the cost of a comparable automobile shall otherwise be supported by documentation and fully explained to the claimant. Any adjustments to the cost of a comparable automobile shall be discernible, measurable, itemized, and specified as well as appropriate in dollar amount and so documented in the claims file. Deductions taken from the cost of a comparable automobile that cannot be supported shall not be used

(5) In first party automobile total loss claims, the insurer may elect to offer a replacement automobile which is a specified comparable automobile available to the insured with all applicable taxes, license fees and other fees incident to transfer of evidence of ownership of the automobile paid by the insurer at no cost other than any deductible provided in the policy. The offer and any rejection thereof must be documented in the insurer's claim file. A replacement automobile must be in as good or better overall condition than the insured vehicle and available for inspection within a reasonable distance of the insured's residence.

(6) Subsection 2695.8(b) applies to the evaluation of third party automobile total loss claims, but does not change existing law with respect to the obligations of an insurer in settling such claims with a third party.

(c) In first party automobile total loss claims, every insurer shall provide notice to the insured at the time the settlement payment is sent or final settlement offer is made that if notified by the insured within thirty-five (35) calendar days after the insured receives the claim payment or final settlement offer that he or she cannot purchase a comparable automobile for the gross settlement amount, the insurer will reopen its claim file. If subsequently notified by the insured the insurer shall reopen its claim file and utilize the following procedures:

(1) The insurer shall locate a comparable automobile for the gross settlement amount determined by the company at the time of settlement and shall provide the insured with the information required in (c)(4), below, or offer a replacement vehicle in accordance with section 2695.8(b)(4). Any such vehicle must be available in the local market area; or,

(2) The insurer shall either pay the insured the difference between the amount of the gross settlement and the cost of the comparable automobile which the insured has located, or negotiate and purchase this vehicle for the insured; or,

(3) The insurer shall invoke the appraisal provision of the insurance policy.

(4) No insurer is required to take action under this subsection if its documentation to the insured at the time of final settlement offer included written notification of the identity of a specified comparable automobile which was available for purchase at the time of final settlement offer for the gross settlement amount determined by the insurer. The documentation shall include the telephone number (including area code) or street address of the seller of the comparable automobile and:

(A) the vehicle identification number (VIN) or,

(B) the stock or order number of the vehicle from a licensed dealer, or

(C) the license plate number of such comparable vehicle.

(d) No insurer shall, where liability and damages are reasonably clear, recommend that the third party claimant make a claim under his or her own policy to avoid paying the claim under the policy issued by that insurer.

(e) No insurer shall:

(1) require that an automobile be repaired at a specific repair shop; or,

(2) suggest or recommend that an automobile be repaired at a specific repair shop, unless all of the requirements set forth in California Insurance Code Section 758.5 have been met.

(3) require a claimant to travel an unreasonable distance either to inspect a replacement automobile, to conduct an inspection of the vehicle, to obtain a repair estimate or to have the automobile repaired at a specific repair shop.

(f) If a partial loss is settled on the basis of a written estimate prepared by or for the insurer, the insurer shall supply the claimant with a copy of the estimate upon which the settlement is based. The estimate prepared by or for the insurer shall be of an amount that will allow for repairs to be made in accordance with accepted trade standards for good and workmanlike automotive repairs by an "auto body repair shop" as defined in section 9889.51 of the Business and Professions Code, and in accordance with the standards of automotive repair required of auto body repair shops as described in the Business and Professions Code and associated regulations, including, but not limited to, Section 3365 of Title 16 of the California Code of Regulations. An insurer shall not prepare an estimate that deviates from the standards, costs, and/or guidelines provided by the third-party automobile collision repair estimating software used by the insurer to prepare the estimate, if such deviation would result in an estimate that would not allow for repairs to be made in accordance with accepted trade standards for good and workmanlike automotive repairs by an auto body repair shop, as described in this subdivision. If the claimant subsequently contends, based upon a written estimate that he or she obtains, that necessary repairs will exceed the written estimate prepared by or for the insurer, the insurer shall:

(1) pay the difference between the written estimate and a higher estimate obtained by the claimant; or,

(2) if requested by the claimant, promptly provide the claimant with the name of at least one repair shop that will make the repairs for the amount of the insurer's written estimate. The insurer shall cause the damaged vehicle to be restored to its condition prior to the loss at no additional cost to the claimant other than as stated in the policy or as otherwise allowed by law. The insurer shall maintain documentation of all such communications; or,

(3) reasonably adjust any written estimates prepared by the repair shop of the claimant's choice and provide a copy of the adjusted estimate to the claimant and the claimant's repair shop. The adjusted estimate provided to the claimant and repair shop shall be either an edited copy of the claimant's repair shop estimate or a supplemental estimate based on the itemized copy of the claimant's repair shop estimate. The adjusted estimate shall identify the specific adjustment made to each item and the cost associated with each adjustment made to the claimant's shop's estimate.

(g) No insurer shall require the use of non-original equipment manufacturer replacement crash parts in the repair of an automobile unless all of the following conditions are met:

(1) the parts are at least equal to the original equipment manufacturer parts in terms of kind, quality, safety, fit, and performance;

(2) the insurer specifying the use of non-original equipment manufacturer replacement crash parts shall pay the cost of any modifications to the parts that may become necessary to effect the repair;

(3) the insurer specifying the use of non-original equipment manufacturer replacement crash parts warrants that such parts are at least equal to the original equipment manufacturer parts in terms of kind, quality, safety, fit, and performance. The insurer must disclose in writing, in any estimate prepared by or for the insurer, the fact that it warrants that such parts are at least equal to the original equipment manufacturer parts in terms of kind, quality, safety, fit, and performance;

(4) all original and non-original manufacturer replacement crash parts, manufactured after the effective date of this subdivision, when supplied by repair shops shall carry sufficient permanent, non-removable identification so as to identify the manufacturer. Such identification shall be accessible to the greatest extent possible after installation; and,

(5) the use of non-original equipment manufacturer replacement crash parts is disclosed in accordance with section 9875.1 of the California Business and Professions Code.

(6) If an insurer specifying the use of non-original equipment manufacturer replacement crash parts has knowledge that a part is not equal to the original equipment manufacturer part in terms of kind, quality, safety, fit, and performance, or does not otherwise comply with this section, it shall immediately cease requiring the use of the part and shall, within thirty (30) calendar days, notify the distributor of the non-compliant aspect of the part.

(7) In the repair of a particular vehicle, an insurer specifying the use of a non-original equipment manufacturer replacement crash part that is not equal to the original equipment manufacturer part in terms of kind, quality, safety, fit, and performance, or does not otherwise comply with this section, shall pay for the costs associated with returning the part and the cost to remove and replace the non-original equipment manufacturer part with a compliant non-original equipment manufacturer part or an original equipment manufacturer part.

(8) Nothing in this subdivision prohibits an insurer from seeking reimbursement or indemnification from a third party for the costs associated with the insurer's compliance with this subdivision, including, but not limited to, costs associated with the insurer's obligation to warrant the part, modifications to the part, or returning, removing or replacing a non-compliant, non-original equipment manufacturer part. However, seeking reimbursement or indemnification from a third party shall not in any way modify the insurer's obligation to comply with this subdivision. An insurer shall retain primary responsibility to comply with this subdivision and shall not refuse or delay compliance with this subdivision on the basis that responsibility for payment or compliance should be assumed by a third party.

(h) No insurer shall require an insured or claimant to supply parts for replacement.

(i) When the amount claimed is adjusted because of betterment or depreciation, all justification shall be contained in the claim file. Any adjustments shall be discernible, measurable, itemized, and specified as to dollar amount, and shall accurately reflect the value of the betterment or depreciation. This subsection shall not preclude deduction for prior and/or unrelated damage to the loss vehicle. The

basis for any adjustment shall be fully explained to the claimant in writing and shall:

(1) reflect a measurable difference in market value attributable to the condition and age of the vehicle, and

(2) apply only to parts normally subject to repair and replacement during the useful life of the vehicle such as, but not limited to, tires, batteries, et cetera.

(j) In a first party partial loss claim, the expense of labor necessary to repair or replace the damage is not subject to depreciation or betterment unless the insurance contract contains a clear and unambiguous provision permitting the depreciation of the expense of labor.

(k) After a covered loss under a policy of automobile collision coverage or automobile physical damage coverage as defined in California Insurance Code Section 660, where towing and storage are reasonably necessary to protect the vehicle from further loss, the insurer shall pay reasonable towing and storage charges incurred by the claimant. The insurer shall provide reasonable notice to the claimant before terminating payment for storage charges, so that the claimant has time to remove the vehicle from storage. This subsection shall also apply to a third party claim filed under automobile liability coverage as defined in California Insurance Code section 660, however, payment to a third party claimant may be prorated based upon the comparative fault of the parties.

Note: Authority cited: Sections 790.10, 12921 and 12926, Insurance Code; Section 3333, Civil Code; and Sections 11152 and 11342.2, Government Code.

Reference: Sections 758.5 and 790.03(c), Insurance Code; and Section 9875.1, Business and Professions Code.

Section 2695.85. Auto Body Repair Consumer Bill of Rights

(a) Every insurer that issues automobile liability or collision insurance policies shall provide the named insured(s) with an Auto Body Repair Consumer Bill of Rights either at the time of application for an automobile insurance policy, at the time a policy is issued, or following an accident or loss that is reported to the insurer. If the insurer provides the insured with an electronic copy of a policy, the bill of rights may also be transmitted electronically. If the insurer provides the bill of rights following an accident or loss, the insurer shall also provide the bill of rights to the particular insured filing the insurance claim. If the insurer provides the bill of rights at the time of application or policy issuance, all named insureds that have not previously received the bill of rights shall be provided with a copy upon renewal of the policy.

(b) The requirements set forth in subsection 2695.85(a), above, shall apply to all automobile liability and collision insurance policies issued in California including commercial automobile, private passenger automobile, and motorcycle insurance policies.

(c) The Auto Body Repair Consumer Bill of Rights shall be a separate standardized document and plainly printed in no less than ten-point type. An insurer may distribute the form using its own letterhead, but the language of the Auto Body Repair Consumer Bill of Rights shall be developed by the California Department of Insurance and shall read as follows:

AUTO BODY REPAIR CONSUMER BILL OF RIGHTS

A CONSUMER IS ENTITLED TO:

1. SELECT THE AUTO BODY REPAIR SHOP TO REPAIR AUTO BODY DAMAGE COVERED BY THE INSURANCE COMPANY. AN INSURANCE COMPANY SHALL NOT REQUIRE THE REPAIRS TO BE DONE AT A SPECIFIC AUTO BODY REPAIR SHOP.
2. AN ITEMIZED WRITTEN ESTIMATE FOR AUTO BODY REPAIRS AND, UPON COMPLETION OF REPAIRS, A DETAILED INVOICE. THE ESTIMATE AND THE INVOICE MUST INCLUDE AN ITEMIZED LIST OF PARTS AND LABOR ALONG WITH THE TOTAL PRICE FOR THE WORK PERFORMED. THE ESTIMATE AND INVOICE MUST ALSO IDENTIFY ALL PARTS AS NEW, USED, AFTERMARKET, RECONDITIONED, OR REBUILT.
3. BE INFORMED ABOUT COVERAGE FOR TOWING AND STORAGE SERVICES.
4. BE INFORMED ABOUT THE EXTENT OF COVERAGE, IF ANY, FOR A REPLACEMENT RENTAL VEHICLE WHILE A DAMAGED VEHICLE IS BEING REPAIRED.
5. BE INFORMED OF WHERE TO REPORT SUSPECTED FRAUD OR OTHER COMPLAINTS AND CONCERNS ABOUT AUTO BODY REPAIRS.
6. SEEK AND OBTAIN AN INDEPENDENT REPAIR ESTIMATE DIRECTLY FROM A REGISTERED AUTO BODY REPAIR SHOP FOR REPAIR OF A DAMAGED VEHICLE, EVEN WHEN PURSUING AN INSURANCE CLAIM FOR REPAIR OF THE VEHICLE.

COMPLAINTS WITHIN THE JURISDICTION OF THE BUREAU OF AUTOMOTIVE REPAIR

Complaints concerning the repair of a vehicle by an auto body repair shop should be directed to:

Toll Free (866) 799-3811
California Department of Consumer Affairs
Bureau of Automotive Repair
10240 Systems Parkway
Sacramento, CA 95827

The Bureau of Automotive Repair can also accept complaints over its web site at: www.autorepair.ca.gov

COMPLAINTS WITHIN THE JURISDICTION OF THE CALIFORNIA INSURANCE COMMISSIONER

Any concerns regarding how an auto insurance claim is being handled should be submitted to the California Department of Insurance at:

(800) 927-HELP or (213) 897-8921
California Department of Insurance
Consumer Services Division
300 South Spring Street
Los Angeles, CA 90013

The California Department of Insurance can also accept complaints over its web site at: www.insurance.ca.gov

Note: Authority cited: Sections 790.10, 1874.85 and 1874.87, Insurance Code. Reference: Sections 790.03(c), 790.03(h) (3) and 1874.87, Insurance Code; Sections 9884.8 and 9884.9, Business and Professions Code; and California Code of Regulations, Title 10, Chapter 5, Subchapter 7.5, Section 2695.8(j).

HISTORY

1. New section filed 4-24-2003; operative 7-23-2003 (Register 2003, No. 17).
2. Change without regulatory effect filed 8-4-2004 de-publishing the amendments to the insurance claims handling practices regulations that were approved by OAL 4-24-2003, but were enjoined in Personal Insurance Federation and The Surety Association of America v. John Garamendi, and reinstating replacement regulations that were either (1) in effect prior

to OAL's 4-24-2003 approval of the amendments to the regulations or (2) were found by the court to be valid, as amended, all pursuant to a court-approved settlement agreement dated 6-7-2004 (Register 2004, No. 32).

3. Change without regulatory effect adding item 6. and amending toll free number on the Auto Body Repair Consumer Bill of Rights filed 10-26-2009 pursuant to section 100, title 1, California Code of Regulations (Register 2009, No. 44).

4. Change without regulatory effect amending subsection (c) filed 2-3-2010 pursuant to section 100, title 1, California Code of Regulations (Register 2010, No. 6). 10 CCR § 2695.85, 10 CA ADC § 2695.85

Section 2695.9. Additional Standards Applicable to First Party Residential and Commercial Property Insurance Policies

(a) When a residential or commercial property insurance policy provides for the adjustment and settlement of first party losses based on replacement cost, the following standards apply:

(1) When a loss requires repair or replacement of an item or part, any consequential physical damage incurred in making the repair or replacement not otherwise excluded by the policy shall be included in the loss. The insured shall not have to pay for depreciation nor any other cost except for the applicable deductible.

(2) When a loss requires replacement of items and the replaced items do not match in quality, color or size, the insurer shall replace all items in the damaged area so as to conform to a reasonably uniform appearance.

(b) No insurer shall require that the insured have the property repaired by a specific individual or entity.

(c) No insurer shall suggest or recommend that the insured have the property repaired by a specific individual or entity unless:

(1) the referral is expressly requested by the claimant; or

(2) the claimant has been informed in writing of the right to select a repair individual or entity and, if the claimant accepts the suggestion or recommendation, the insurer shall cause the damaged property to be restored to no less than its condition prior to the loss and repaired in a manner which meets accepted trade standards for good and workmanlike construction at no additional cost to the claimant other than as stated in the policy or as otherwise allowed by these regulations.

(d) If losses are settled on the basis of a written scope and/or estimate prepared by or for the insurer, the insurer shall supply the claimant with a copy of each document upon which the settlement is based. The estimate prepared by or for the insurer shall be in accordance with applicable policy provisions, of an amount which will restore the damaged property to no less than its condition prior to the loss and which will allow for repairs to be made in a manner which meets accepted trade standards for good and workmanlike construction. The insurer shall take reasonable steps to verify that the repair or rebuilding costs utilized by the insurer or its claims agents are accurate and representative of costs in the local market area. If the claimant subsequently contends, based upon a written estimate which he or she obtains, that necessary repairs will exceed the written estimate prepared by or for the insurer, the insurer shall:

(1) pay the difference between its written estimate and a higher estimate obtained by the claimant; or,

(2) if requested by the claimant, promptly provide the claimant with the name of at least one repair individual or entity that will

make the repairs for the amount of the written estimate. The insurer shall cause the damaged property to be restored to no less than its condition prior to the loss and which will allow for repairs in a manner which meets accepted trade standards for good and workmanlike construction at no additional cost to the claimant other than as stated in the policy or as otherwise allowed by these regulations; or,

(3) reasonably adjust any written estimates prepared by the repair individual or entity of the insured's choice and provide a copy of the adjusted estimate to the claimant.

(e) Once the appraisal provision under an insurance policy is invoked, the appraisal process shall not include any legal proceeding or procedure not specified under California Insurance Code Section 2071. Nothing herein is intended to preclude separate legal proceedings on issues unrelated to the appraisal process.

(f) When the amount claimed is adjusted because of betterment, depreciation, or salvage, all justification for the adjustment shall be contained in the claim file. Any adjustments shall be discernible, measurable, itemized, and specified as to dollar amount, and shall accurately reflect the value of the betterment, depreciation, or salvage. Any adjustment for betterment or depreciation shall reflect a measurable difference in market value attributable to the condition and age of the property and apply only to property normally subject to repair and replacement during the useful life of the property. The basis for any adjustment shall be fully explained to the claimant in writing.

(1) Under a policy, subject to California Insurance Code Section 2071, where the insurer is required to pay the expense of repairing, rebuilding or replacing the property destroyed or damaged with other of like kind and quality, the measure of recovery is determined by the actual cash value of the damaged or destroyed property, as set forth in California Insurance Code Section 2051. Except for the intrinsic labor costs that are included in the cost of manufactured materials or goods, the expense of labor necessary to repair, rebuild or replace covered property is not a component of physical depreciation and shall not be subject to depreciation or betterment.

NOTE: Authority cited: Sections 790.10, 2051, 2051.5, 2071, 12921 and 12926 of the California Insurance Code, Section 7109 of the California Business and Professions Code and Sections 11342.2 and 11152 of the California Government Code;

Reference: Sections 790.03(h)(3), (5) and (7) of the California Insurance Code.

Section 2695.10 Additional Standards Applicable to Surety Insurance

(a) No insurer shall base or vary its claims settlement practices, or its standard of scrutiny and review, upon the claimant's, age, race, gender, income, religion, language, sexual orientation, ancestry, national origin, or physical disability, or upon the territory of the property or person insured.

(b) As soon as possible, but in no event later than forty (40) calendar days after receipt by the insurer of proof of claim, and provided the claim is not in litigation or arbitration, the insurer shall accept or deny the claim, in whole or in part, and affirm or deny liability. Every insurer that denies or rejects a claim in whole or in part, or disputes liability or damages, shall provide to the claimant a written statement listing all bases for such rejection or denial, and the factual and legal bases for each reason given for each rejection or denial, which are within the insurer's knowledge. If an insurer's denial of a claim in whole or in part is based on a specific statute or specific bond provisions, the denial shall include reference

thereto and provide an explanation of the application of the statute or bond provision to the claim. Written notification pursuant to this subsection shall also include a notification that the claimant may have the matter reviewed by the California Department of Insurance and shall provide the address and telephone number of the unit of the Department which reviews complaints regarding claims practices.

(1) A principal's absence, non-cooperation, or failure to meet the bonded obligation shall not excuse unreasonable delay by the insurer in determining whether a claim should be accepted or denied.

(2) While an insurer may consider all information provided by a principal, absent reasonable factual and/or legal bases for denying a claim, no insurer shall deny a claim based solely upon a principal's protest of a claim or denial of liability for a claim.

(c) In the event an insurer requires more time than is allotted in subsection 2695.10(b) to determine whether a claim should be accepted and/or denied, in whole or in part, the insurer shall provide the claimant with written notice of the need for such additional time within the time specified in subsection 2695.10(b). Such written notice shall specify the reasons for the need for such additional time, including specification of any additional information the insurer requires in order to make such determination. The insurer shall provide the claimant with written notice as to the continuing reasons for the insurer's inability to make such a determination. Except in cases where extraordinary circumstances are present which materially affect the insurer's ability to comply, such written notice shall be provided within 30 calendar days of the date of the initial notification, and every 30 calendar days thereafter until such determination is made or notice of legal action is received. If the determination cannot be made until some event, process, or third party determination is made, then the insurer shall comply with this requirement by advising the claimant of the situation and provide an estimate as to when the determination can be made.

(d) No insurer shall fail to pursue diligently an investigation of a claim, or persist in seeking information not reasonably required for or material to resolution of a claim dispute.

(e) No insurer shall deny a claim upon information obtained in a telephone conversation or personal interview with any source unless the telephone conversation or personal interview is documented in the claim file pursuant to the provisions of section 2695.3.

(f) Where the claim is to be settled by payment, and where neither the claim nor the amount is in dispute, such payment shall be tendered (1) within 15 calendar days following affirmation of liability where the insurer does not require the claimant to execute a release, or (2) within 15 calendar days following the insurer's receipt of a release properly executed by the claimant, where such release is required by the insurer. Such release shall be provided to the claimant within ten (10) calendar days following affirmation of liability. Where multiple claimants are involved, payment shall be made pursuant to this subsection, provided such payment shall not increase the insurer's liability, or impair the rights of other claimants under the bond.

(g) Except where a claim has been settled by payment, every insurer shall provide written notice of any statute of limitations or other time period requirement upon which the insurer may rely to deny a claim. Such notice shall be given to the claimant no less than sixty (60) days prior to the expiration date. If notice of claim is first received by the insurer within sixty (60) days of the expiration date and such date is known to the insurer, then notice of the expiration date must be given to the claimant immediately. This subsection shall not apply to a claimant represented by counsel on the claim matter or to a claim already time barred when first received by the insurer.

(h) No insurer shall attempt to settle a claim by making a settlement offer that is unreasonably low. The Commissioner shall consider any admissible evidence offered regarding the following factors in determining whether or not a settlement offer is unreasonably low:

(1) the extent to which the insurer considered evidence submitted by the claimant to support the value of the claim;

(2) the extent to which the insurer considered legal authority or evidence made known to it or reasonably available;

(3) the procedures used by the insurer in determining the dollar amount of damages;

(4) any other credible evidence presented to the Commissioner that demonstrates that the final amount offered by the insurer in settlement of a claim is below the amount that a reasonable person with knowledge of the facts and circumstances would have offered in settlement of the claim.

NOTE: Authority cited: Sections 790.10, 12921, 12921.1 and 12926 of the California Insurance Code.

Reference: Sections 790.03(h)(3), (4) and (15), 12921.3 of the California Insurance Code, and California Civil Code Section 2807.

Section 2695.11. Additional Standards Applicable to Life and Disability Insurance Claims

(a) No insurer shall seek reimbursement of an overpayment or withhold any portion of any benefit payable as a result of a claim on the basis that the sum withheld or reimbursement sought is an adjustment or correction for an overpayment made under the same policy unless:

(1) the insurer's files contain clear, documented evidence of an overpayment and written authorization from the insured or assignee, if applicable, permitting ~~such~~ the reimbursement or withholding procedure, or

(2) the insurer's files contain clear, documented evidence pursuant to section 2695.3 of all of the following:

(A) The overpayment was erroneous under the provisions of the policy.

(B) The error which resulted in the payment is not a mistake of the law.

(C) The insurer notifies the insured within six (6) months of the date of the error, except that in instances of error prompted by representations or nondisclosure of claimants or third parties, the insurer notifies the insured within fifteen (15) calendar days after the date of discovery of such error. For the purpose of this subsection, the date of the error shall be the day on which the draft for benefits is issued.

(D) Such notice states clearly the cause of the error and states the amount of the overpayment.

(E) The procedure set forth above in (a)(2)(A) through (D) above may not be used if the overpayment is the subject of a reasonable dispute as to facts.

(b) With each claim payment, the insurer shall provide to the claimant and assignee, if any, an explanation of benefits which

shall include, if applicable, the name of the provider or services covered, dates of service, and a clear explanation of the computation of benefits.

(c) An insurer may not impose a penalty upon any insured for noncompliance with insurer requirements for precertification of benefits unless such penalties are specifically and clearly set forth in writing in the policy or certificate of insurance.

(d) An insurer that contests a claim under California Insurance Code Section 10123.13 shall subsequently affirm or deny the claim within thirty (30) calendar days from the original notification. In the event an insurer requires additional time to affirm or deny the claim, it shall notify the claimant and assignee in writing. This written notice shall specify any additional information the insurer requires in order to make a determination and shall state any continuing reasons for the insurer's inability to make a determination. This notice shall be given within thirty (30) calendar days of the notice (required under Insurance Code Section 10123.13) that the claim is being contested and every thirty (30) calendar days thereafter until a determination is made or legal action is served. If the determination cannot be made until some future event occurs, the insurer shall comply with this continuing notice requirement by advising the claimant and assignee of the situation and providing an estimate as to when the determination can be made.

(e) When a policy requires preauthorization of non-emergency medical services, the preauthorization must be given immediately but in no event more than five (5) calendar days after the request for preauthorization. The preauthorization shall be communicated or confirmed in writing to the insured and the medical service provider, and shall explain the scope of the preauthorization and whether the preauthorization is or is not a guarantee of acceptance of the claim. In the event the preauthorization is denied, the reason(s) for the denial shall be communicated in writing to the insured and the medical service provider.

(f) No preauthorization shall be required by an insurer for emergency medical services.

(g) An insurer shall reimburse the insured or medical service provider for reasonable expenses incurred in copying medical records requested by the insurer.

NOTE: Authority cited: Sections 790.10, 12921 and 12926 of the California Insurance Code and Sections 11342.2 and 11152 of the California Government Code.

Reference: Section 790.03(h)(1), (2), (3), (5) and (13) and Section 10123.13 of the California Insurance Code.

Section 2695.12. Penalties

(a) In determining whether to assess penalties and, if so, the appropriate amount to be assessed, the Commissioner shall consider admissible evidence on the following:

(1) the existence of extraordinary circumstances;

(2) whether the licensee has a good faith and reasonable basis to believe that the claim or claims are fraudulent or otherwise in violation of applicable law and the licensee has complied with the provisions of Section 1872.4 of the California Insurance Code;

(3) the complexity of the claims involved;

(4) gross exaggeration of the value of the property or severity of the injury, or amount of damages incurred;

(5) substantial mischaracterization of the circumstances surrounding the loss or the alleged default of the principal;

(6) secreting of property which has been claimed as lost or destroyed.

(7) the relative number of claims where the noncomplying act(s) are found to exist, the total number of claims handled by the licensee and the total number of claims reviewed by the Department during the relevant time period;

(8) whether the licensee has taken remedial measures with respect to the noncomplying act(s);

(9) the existence or nonexistence of previous violations

by the licensee; (10) the degree of harm occasioned by the

noncompliance;

(11) whether, under the totality of circumstances, the licensee made a good faith attempt to comply with the provisions of this subchapter;

(12) the frequency of occurrence and/or severity of the detriment to the public caused by the violation of a particular subsection of this subchapter;

(13) whether the licensee's management was aware of facts that apprised or should have apprised the licensee of the act(s) and the licensee failed to take any remedial measures; and

(14) the licensee's reasonable mistakes or opinions as to valuation of property, losses or damages.

(b) This section shall not bar, obstruct or restrict any right to administrative due process an insurer may be afforded under California Insurance Code Sections 790.05, 790.06, and 790.07.

NOTE: Authority cited: Sections 790.035, 790.07, 790.08, 790.09, 790.10, 1872.4, 12340 - 12417, inclusive, 12921, 1065, 704, 780-784, 1011, 11690, 12926 and 12928.6 of the California Insurance Code and Sections 11342.2 and 11152 of the California Government Code.

Reference: Section 790.03(h), 790.035 (a), 790.04, 790.05, 790.06, 790.08, 790.10 of the California Insurance Code.

Section 2695.13. Severability

If any provision or clause of this rule or the application thereof to any person or situation is held invalid, such invalidity shall not affect any other provision or application of this rule which can be given effect without the invalid provision or application, and to this end the provisions of this rule are declared to be severable.

NOTE: Authority cited: Sections 790.10, 12340 - 12417, inclusive, 12921 and 12926 of the California Insurance Code and Sections 11342.2 and 11152 of the California Government Code.

Reference: Section 790.03(h) of the California Insurance Code.

2695.14 Compliance Date

(a) Any amendments to these regulations shall be complied with within ninety (90) calendar days after they are filed with the Secretary of State.

(b) Prior to the compliance date of these regulations, licensees shall, pursuant to Section 2695.6, adopt and communicate to their claims agents standards for the prompt investigation and processing

of claims, and provide training and instruction on these regulations.

(c) These regulations shall apply to any claims handling that takes place on or after the compliance date set forth under subsection 2695.14(a).

NOTE: Authority Cited: Sections 790.10, 12921 and 12926 of the California Insurance Code and Section 11343.4 of the California Government Code.

Reference: Section 790.03(h) of the California Insurance Code.

CALIFORNIA SIU
REGULATIONS Effective October
7, 2005

CALIFORNIA SIU REGULATIONS
SUBCHAPTER 9 Insurance Fraud;
ARTICLE 2 Special Investigative
Unit

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Subchapter 9 Insurance Fraud

Article 2 Special Investigative Unit Regulations

Section 2698.30 Definitions

As used in this article, the following definitions shall apply:

- (a) "Act" means any violation of California Code of Regulations, Title 10, Chapter 5, Section 2698.30-42, inclusive.
- (b) "Authorized governmental agency (agencies)" shall have the same meaning as used in the Insurance Frauds Prevention Act (IFPA).
- (c) "Claims handler" means every employee and agent of an insurer whose principal responsibilities include the investigation, adjustment, settlement and resolution of claims.
- (d) "Commissioner" means the Insurance Commissioner of the State of California.
- (e) "Communication" includes the referral of suspected insurance fraud to the Department of Insurance and providing information and documents requested by the Fraud Division.
- (f) "Department" means the California Department of Insurance.
- (g) "Fraud Division" means the California Department of Insurance Fraud Division formerly known as the Bureau of Fraudulent Claims.
- (h) "Hearing" means an adjudicative proceeding initiated by the Insurance Commissioner pursuant to the provisions of California Insurance Code Section 1875.24(d).
- (i) "Inadvertent" means unintentional.
- (j) "Insurer" means every insurer admitted to do business in this state except the following:

- (1) Reinsurers.
- (2) Title insurers.
- (3) Fraternal fire insurers.
- (4) Fraternal benefit societies.
- (5) Firemen, policemen, or peace officer benefit and relief associations.
- (6) Grant and annuity societies.
- (7) Home protection.

(k) "Integral anti-fraud personnel" includes insurer personnel who the insurer has not identified as being directly assigned to its SIU but whose duties may include the processing, investigating, or litigation pertaining to payment or denial of a claim or application for adjudication or claim or application for insurance.. These personnel may include claims handlers, underwriters, policy handlers, call center staff within the claims or policy function, legal staff, and other insurer employee classifications that perform similar duties.

(l) "Reasonable belief" is a level of belief that an act of insurance fraud may have or might be occurring for which there is an objective justification based on articulable fact(s) and rational inferences therefrom.

(m) "Red flag" or "red flag event" means facts, circumstances or events which, singly or in combination, support(s) an inference that insurance fraud may have been committed.

(n) "Regulations" means these regulations, California Code of Regulations, Title 10, Chapter 5, Subchapter 9, Article 2.

(o) "Special Investigative Unit" (SIU) means an insurer's unit or division that is established to investigate suspected insurance fraud. The SIU may be comprised of insurer employees or by contracting with other entities for the purpose of complying with applicable sections of the Insurance Frauds Prevention Act (IFPA) for the direct responsibility of performing the functions and activities as set forth in these regulations.

(p) "Suspected insurance fraud" includes any misrepresentation of fact or omission of fact pertaining to a transaction of insurance including claims, premium and application fraud. These facts may include evidence of doctoring, altering or destroying forms, prior history of the claimant, policy holder, applicant or provider, receipts, estimates, explanations of benefits (EOB), medical evaluations or billings, medical provider notes (commonly known as SOAPE notes); Subjective complaint, Objective findings, Assessment, Plan and Evaluation, Health Care Financing Administration (HCFA) forms, police and/or investigative reports, relevant discrepancies in written or oral statements and

examinations under oath (EUO), unusual policy activity and falsified or untruthful application for insurance. An identifiable pattern in a claim history may also suggest the possibility of suspected fraudulent claims activity. A claim may contain evidence of suspected insurance fraud regardless of the payment status.

(q) "The Insurance Frauds Prevention Act" or "(IFPA)" shall refer to California Insurance Code section 1871-1879.8.

(r) "Willful" means a purpose or willingness to commit the act or make the omission referred to in the California Insurance Code or in these regulations. The Commissioner shall use the factors set forth at California Code of Regulations Section 2591.3(d)(1)(A-E) to determine whether or not an act is willful.

NOTE: Authority: Insurance Code Sections, 1872.4, 1875.24, 1877.3, 1879.5, 1879.6.; Calfarm Ins. Co. v. Deuknejian (1989) 48 Cal.3d. 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; Credit Ins. Gen. Agents Assn. v. Payne (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; Garriss v. Carpenter (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 9080, 10970, 11400, 11520, 11760, 11880, 12400.1, 12743, 12921(a) and 12926

Section 2698.31 Insurer Responsibility

The insurer shall comply with applicable sections of the IFPA and these regulations regarding the establishment, operation and continuous existence of an SIU.

NOTE: Authority: Insurance Code Sections 1875.24, 1879.5, 1879.6; Calfarm Ins. Co. v. Deuknejian (1989) 48 Cal.3d. 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; Credit Ins. Gen. Agents Assn. v. Payne (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; Garriss v. Carpenter (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 12921(a) and 12926.

Section 2698.32 SIU Staffing

- (a) Adequacy. The adequacy of an insurer's SIU staffing shall be determined by its demonstrated ability to establish, operate and maintain an SIU that is in compliance with these regulations. Factors that may be considered in staffing the SIU include, but not limited to, the number of policies written and individuals insured in California, number of claims received with respect to California insureds on an annual basis, volume of suspected fraudulent California claims currently being detected and other factors relating to the vulnerability of the insurer to insurance fraud.
- (b) Knowledge. An SIU shall be composed of employees who have knowledge and/or experience in general claims practices, the analysis of claims for patterns

of fraud, and current trends in insurance fraud, education and training in specific red flags, red flag events, and other criteria indicating possible fraud. They shall have the ability to conduct effective investigations of suspected insurance fraud and be familiar with insurance and related law and the use of available insurer related database resources.

NOTE: Authority: Insurance Code Sections 1875.24, 1879.5, 1879.6; *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d. 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; *Credit Ins. Gen. Agents Assn. v. Payne* (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; *Garris v. Carpenter* (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 12921(a) and 12926.

Section 2698.33 SIU Contracted Responsibilities

- (a) Any contract entered into by an insurer, or an entity under contract with an insurer as provided under these regulations, shall not relieve the insurer of any obligation under these regulations or the IFPA.
- (b) Notwithstanding any other provisions of these regulations, a complete and executed copy of any such agreement, including all attachments, exhibits and amendments thereto, shall be provided to the Fraud Division on execution.
- (c) Any contract entered into by an insurer under this section shall:
 - (1) Specify all SIU duties and functions to be performed by the parties to the contract and how the insurer monitors performance of the contract responsibilities;
 - (2) Not include provisions that could provide disincentives to the referral and/or investigation of suspected insurance fraud;
 - (3) Not include provisions that purport to relieve an insurer of any obligation to comply with the requirements of these regulations and the IFPA.; and
 - (4) Expressly include a provision to require the contracted entity to comply with all applicable provisions of the IFPA and these regulations.

NOTE: Authority: Insurance Code Sections 1875.24, 1879.5, 1879.6; *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d. 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; *Credit Ins. Gen. Agents Assn. v. Payne* (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; *Garris v. Carpenter* (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 12921(a) and 12926.

Section 2698.34 Communication with the Fraud Division and Authorized Governmental Agencies.

- (a) The insurer and any entity performing the SIU function(s) shall comply with specific sections of the IFPA regarding communication with the Fraud Division and authorized governmental agencies.
- (b) On written request by the Fraud Division or an authorized governmental agency, an insurer or its agents, shall release in a timely and complete manner any or all relevant information deemed important that the insurer may possess relating to any specific incident of insurance fraud. Such information shall include:
 - (1) Insurance policy information;
 - (2) Applications;
 - (3) Policy premium payment records;
 - (4) History of claims;
 - (5) Information relating to the carrier's investigation, including statements, proof and notice of loss;
 - (6) Claim file documents;
 - (7) Claim notes;
 - (8) Investigation files;
 - (9) Investigator notes; and
 - (10) Other information which the Fraud Division or an Authorized Governmental Agency may deem relevant and important.
- (c) For the purpose of this section, timely release of information means immediate, but no more than thirty (30) calendar days after the request unless otherwise agreed to by the Fraud Division.
- (d) A single written request shall be considered sufficient to compel production of all information deemed relevant by the requesting governmental agency relating to any specific insurance fraud investigation. The single request is applicable throughout the duration of the investigation and is applicable to the requested records of the insurer named in the request and the records of all persons, agents and brokers employed by and conducting business on behalf of the insurer.

NOTE: Authority: Insurance Code Sections 1872.4, 1875.24, 1877.3, 1879.5, 1879.6; *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d. 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; *Credit Ins. Gen. Agents Assn. v. Payne* (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; *Garris v. Carpenter* (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1872.3, 1873, 1874.2, 1874.4, 1875.4, 1875.20, 1875.21, 1875.24, 1877.1, 1877.2, 1877.3, 1877.4, 1877.5, 1879.5, 12921(a) and 12926.

Section 2698.35 Detecting Suspected Insurance Fraud.

- (a) An insurer's integral anti-fraud personnel are responsible for identifying suspected insurance fraud during the handling of insurance transactions and referring it to the SIU as part of their regular duties.
- (b) The SIU shall establish, maintain, distribute and monitor written procedures to be used by the integral anti-fraud personnel to detect, identify, document and refer suspected insurance fraud to the SIU. The written procedures shall include a

listing of the red flags to be used to detect suspected insurance fraud for the insurer.

- (c) The procedures for detecting suspected insurance fraud shall provide for comparison of any insurance transaction against:
- (1) Patterns or trends of possible fraud;
 - (2) Red flags;
 - (3) Events or circumstances present on a claim;
 - (4) Behavior or history of person(s) submitting a claim or application; and
 - (5) Other criteria that may indicate possible fraud.

NOTE: Authority: Insurance Code Sections 1875.24, 1879.5, 1879.6; *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; *Credit Ins. Gen. Agents Assn. v. Payne* (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; *Garris v. Carpenter* (1939) 33 Cal. App. 2d 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 12921(a) and 12926.

Section 2698.36 Investigating Suspected Insurance Fraud.

- (a) The SIU shall establish, maintain, distribute and adhere to written procedures for the investigation of possible suspected insurance fraud. An investigation of possible suspected insurance fraud shall include:
- (1) A thorough analysis of a claim file, application, or insurance transaction.
 - (2) Identification and interviews of potential witnesses who may provide information on the accuracy of the claim or application.
 - (3) Utilizing industry-recognized databases.
 - (4) Preservation of documents and other evidence.
 - (5) Writing a concise and complete summary of the investigation, including the investigator's findings regarding the suspected insurance-fraud and the basis for their findings.

NOTE: Authority: Insurance Code Sections 1875.24, 1879.5, 1879.6; *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; *Credit Ins. Gen. Agents Assn. v. Payne* (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; *Garris v. Carpenter* (1939) 33 Cal. App. 2d 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 12921(a) and 12926.

Section 2698.37 Referral of Suspected Insurance Fraud.

- (a) The SIU shall provide for the referral of acts of suspected insurance fraud to the Fraud Division and, as required, district attorneys.

- (b) Referrals shall be submitted in any insurance transaction where the facts and circumstances create a reasonable belief that a person or entity may have committed or is committing insurance fraud.
- (c) Referrals shall be made within the period specified by statute.
- (d) The requirements of this section do not affect the immunity granted under California Insurance Code section 1872.5 or other such similar codes contained in the Insurance Frauds Prevention Act.
- (e) The requirements of this section do not diminish statutory requirements contained in the Insurance Frauds Prevention Act regarding the confidentiality of any information provided in connection with an investigation.

NOTE: Authority: California Civil Code Section 1708, Insurance Code Sections 1872.4, 1874.6, 1875.24, 1875.4; 1877.3 1877.5, 1879.5, 1879.6; *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; *Credit Ins. Gen. Agents Assn. v. Payne* (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; *Garris v. Carpenter* (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1872.5, 1873.2, 1874.2, 1874.4, 1875.20, 1875.21, 1875.24, 1877.3, 1879.5, 12921(a) and 12926.

Section 2698.38 Referral Content

A referral of an act of suspected insurance fraud to the Fraud Division shall be legible and on a form as directed by the Department and contain the information and data to the extent applicable, as provided in the following:

- (a) Fraud and referral type
 - (1) Fraud type
 - (2) New referral/amended referral indicator
- (b) Reporting party information
 - (1) Reporting party type
 - (2) Reporting party name
 - (3) Reporting party California Company number
 - (4) Reporting self-insured/contracted third party license number, as appropriate
 - (5) Reporting party address, city, state and zip code
 - (6) Reporting party email address (generally, contact address)
- (c) Alleged victim information, as appropriate
 - (1) Alleged victim company name
 - (2) Alleged victim California Company number
 - (3) Alleged victim self-insured number
 - (4) Alleged victim address, city, state and zip code
- (d) Insurance policy or claim information, as appropriate
 - (1) Claim number associated with referral

- (2) Insurance policy number associated with referral
- (3) Date of loss or injury
- (4) Geographic location where loss or injury occurred
- (5) Insurance premium dollar loss
- (6) Total potential loss on claim prior to the identification of fraud
- (7) Total claim loss paid to date
- (8) Actual suspected fraudulent loss amount paid to date
- (e) A complete synopsis of all the facts on which the reasonable belief of the insurance fraud is based.
 - (1) Disaster claim indicator
 - (2) Other agency referral information, as appropriate
- (f) Names of other authorized governmental agencies receiving this referral
 - (1) Names of any District Attorney's Office receiving this referral
 - (2) National Insurance Crime Bureau (NICB) referral indicator
 - (3) The names of any other agencies receiving this referral
 - (4) Referral contact information, as appropriate
 - (5) Referral contact name and phone number
 - (6) Claim or case file handler and phone number
 - (7) Name and phone number of person who completed referral
 - (8) Date referral was completed
- (g) Information for each party associated with the referral
 - (1) Identification of the role of the party to the loss
 - (2) Phone number
 - (3) Address, city, state and zip code
 - (4) Date of birth or age
 - (5) Social security number
 - (6) Tax identification number
 - (7) Drivers license number
 - (8) State of party's drivers license
 - (9) Vehicle license plate number
 - (10) Vehicle license plate state
 - (11) Vehicle identification number
 - (12) Other names or identifiers used by the party
 - (13) Claim of injury indicator

NOTE: Authority: Insurance Code Sections 1872.4, 1874.2, 1875.24, 1877.3, 1879.5, 1879.6; *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d. 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; *Credit Ins. Gen. Agents Assn. v. Payne* (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; *Garris v. Carpenter* (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1877.3, 1879.5, 12921(a) and 12926.

Section 2698.39 Anti-Fraud Training

Requirements for training provided by and for the SIU shall include:

- (a) The insurer shall establish and maintain an ongoing anti-fraud training program, planned and conducted to develop and improve the anti-fraud awareness skills of the integral anti-fraud personnel
- (b) The insurer shall designate an SIU staff person to be responsible for coordinating the ongoing anti-fraud training program.
- (c) The anti-fraud training program shall consist of three (3) levels:
 - (1) All newly- hired employees shall receive an anti-fraud orientation within ninety (90) days of commencing assigned duties. The orientation shall provide information regarding:
 - (A) the function and purpose of the SIU;
 - (B) an overview of fraud detection and referral of suspected insurance fraud to the SIU for investigation;
 - (C) a review of Fraud Division insurance fraud reporting requirements;
 - (D) an organization chart depicting the insurer's SIU; and
 - (E) SIU contact telephone numbers.
 - (2) Integral anti-fraud personnel shall receive annual anti-fraud in-service training, which shall include:
 - (A) review of the function and purpose of the SIU;
 - (B) introduction/review of the written procedures established by the SIU regarding the identification, documentation and referral of incidents of suspected fraud to the SIU;
 - (C) identification and recognition of red flags or red flag events;
 - (D) any changes to current procedures for identifying, documenting and referring incidents of suspected insurance fraud to the SIU;
 - (E) Fraud Division insurance fraud reporting requirements; and
 - (F) introduction/review of existing and new, emerging insurance fraud trends.
 - (3) The SIU personnel shall receive continuing anti-fraud training that includes;

- (A) investigative techniques;
- (B) communication with the Fraud Division and authorized governmental agencies;
- (C) fraud indicators;
- (D) emerging fraud trends; and
- (E) legal and related issues.

(d) Records of the anti-fraud training provided to all staff shall be prepared at the time training is provided and be maintained and available for inspection by the Department on request. The training records shall include the title and date of the anti-fraud training course, name and title and contact information of the instructor(s), description of the course content, length of the training course, and the name and job title(s) of participating personnel.

NOTE: Authority: Insurance Code Sections 1875.24, 1879.5, 1879.6; *Calfarm Ins. Co. v. Deukmejian* (1989) 48 Cal.3d 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; *Credit Ins. Gen. Agents Assn. v. Payne* (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; *Garris v. Carpenter* (1939) 33 Cal. App. 2d 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 12921(a) and 12926.

Section 2698.40 SIU Annual Report

- (a) Each insurer shall file a report as prescribed herein, at the time its initial Certificate of Authority is issued, and annually thereafter. The annual report shall be due no later than 90 days after the date of mailing of the notification by the Department. The Department shall issue the notification in June of each year.
- (b) A complete, accurate and truthful annual report shall be submitted on a form as prescribed by the Department and shall include the following information.
 - (1) The name(s), title(s) and contact information of the insurer's SIU personnel; or
 - (2) The name of the organization and organizational contacts with whom the insurer has contracted for the maintenance of the SIU or any function thereof; and
 - (3) The names of personnel whose duties include communication with the Fraud Division on matters related to the reporting, investigation and prosecution of suspected fraudulent claims or other suspected insurance fraud.
 - (4) A description of the insurer's methods and written procedures used for detecting, investigating and reporting suspected insurance fraud.

- (5) A description of the insurer's plan for initial and ongoing fraud education and training for integral anti-fraud personnel pursuant to these regulations.
 - (6) A written description or chart outlining the organizational arrangement of the insurer's anti-fraud personnel who are responsible for the investigation and reporting of suspected insurance fraud.
 - (7) A description of how the SIU is adequately staffed to meet the requirements herein and the expertise of the staff.
 - (8) The number of claims processed by the insurer and the number of claims referred to the SIU, for each reported company, for the past calendar year.
 - (9) The number of incidents of suspected insurance fraud reported to the Department and to district attorney offices, for each reported company, for the past calendar year.
 - (10) A description of any significant, anticipated changes to the insurer's structure and operations.
 - (11) Insurers who enter into contracts for the purpose of compliance with these regulations shall provide a complete copy of the fully executed, existing contract, including all attachments and addendum, to the Department and shall specify the manner in which the contract is monitored.
 - (12) The number and type of civil actions initiated by each reported company alleging acts of insurance fraud during the preceding calendar year.
- (c) A statement signed under penalty of perjury pursuant to the laws of the state of California, must accompany all reports mentioned herein. This statement must be signed by an officer of the holder of or applicant for the Certificate of Authority who attests to the accuracy of the reported information and the signor's personal knowledge of the existence and proper maintenance of an SIU described in this report and these regulations.
 - (d) The insurer is to maintain a copy of the annual report that will be available for review during examinations as conducted pursuant to section 2698.41 of these regulations or as otherwise requested by the Department.
 - (e) For the purpose of these regulations, the name(s) of the insurer's personnel who will communicate with the Fraud Division shall not be made part of the public record and shall be released only pursuant to the provisions of CIC Section 1873.1 applicable to information acquired pursuant to Article 3 of the Insurance Frauds Prevention Act.

NOTE: Authority: Insurance Code Sections 1875.24, 1879.5, 1879.6; Calfarm Ins. Co. v. Deukmejian (1989) 48 Cal.3d. 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; Credit Ins. Gen. Agents Assn. v. Payne (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; Garris v. Carpenter (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 12921(a) and 12926.

Section 2698.41 Examinations

- (a) The commissioner may conduct examinations of an insurer's SIU and related operations, including operations undertaken by entities under contract with the insurer, as deemed necessary to determine compliance with the requirements of this article.
- (b) A written report of examination, including identification of violations of these applicable provisions of statute and regulation and required corrective action, if any, will be provided to the insurer on completion of the examination.
- (c)
 - (1) Notwithstanding any penalty imposed pursuant to the regulations, within thirty (30) days of receipt of a written report identifying any violation(s) of these regulations, an insurer shall submit to the Department a plan demonstrating how the insurer will correct such violation(s) and achieve compliance. Such plan shall be subject to examination by the Department. If accepted by the Department, the plan shall be submitted as a supplement to any existing annual report and shall be accompanied by a statement of an officer of the insurer as otherwise required for annual reports. Failure to submit a corrective action and compliance plan or to comply with such plan when accepted by the Department shall be considered a violation of these regulations.
 - (2) Any insurer submitting a written report pursuant to Subsection 2698.41 (c)(1) setting forth a corrective action plan may also submit any of the following information to the Commissioner in conjunction with the report required by Subsection 2698.41 (c)(1):
 - (A) any written material that may rebut any matters contained in the examination report.

NOTE: Authority: Insurance Code Sections 730 et. seq, 1875.24, 1879.5, 1879.6; Calfarm Ins. Co. v. Deukmejian (1989) 48 Cal.3d. 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; Credit Ins. Gen. Agents Assn. v. Payne (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; Garris v. Carpenter (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 12921(a) and 12926 .

Section 2698.42 Penalties

- (a) If the Commissioner acts pursuant to the provisions of California Insurance Code Section 1875.24(c) or (d) and finds that the insurer has failed to comply with the provisions of this article, the Commissioner shall impose a monetary penalty in an amount not to exceed \$5,000 for each act of non-compliance. Where the Commissioner determines that an insurer has willfully failed to comply with this article, the Commissioner may impose a monetary penalty in an amount not to exceed \$ 10,000 for each willful act of non -compliance. The Commissioner shall consider the factors enumerated at California Code of Regulations Title 10 Chapter 5, Subchapter 3,Section 2591.3 (a)-(f) and determine if any of the enumerated factors are applicable to the insurer's conduct in the establishment and operation of its special investigative unit. If the Commissioner finds such factors are applicable to the insurer's conduct, the Commissioner may reduce the amount of the monetary penalty prescribed in subsection 2698.42(a).
- (b) If the Commissioner acts pursuant to the provisions of California Insurance Code Section 1875.24(c) or (d) and determines that the acts of non-compliance are inadvertent and are solely relative to the maintenance and operation of the special investigative unit of the insurer, then the Commissioner shall consider such violations to be a single act for the purposes of imposition of a monetary penalty that is no greater than \$5,000 for that single act. For all other inadvertent acts, the Commissioner shall impose a penalty in the amount of up to \$5,000 per inadvertent act that is not in compliance with this article.

NOTE: Authority: Insurance Code Sections 1875.24, 1879.5, 1879.6; Calfarm Ins. Co. v. Deukmejian (1989) 48 Cal.3d. 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; Credit Ins. Gen. Agents Assn. v. Payne (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; Garriss v. Carpenter (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 12921(a) and 12926.

Section 2698.43 Hearings

- (a) Any hearing conducted pursuant to these regulations shall be governed by the provisions of California Government code Section 11425.10(a).
- (b) The Commissioner shall give 30 days written notice of any hearing held pursuant to these regulations.

NOTE: Authority: California Government Code Section 11425.10(a), Insurance Code Sections 1875.24, 1879.5, 1879.6; Calfarm Ins. Co. v. Deukmejian (1989) 48 Cal.3d. 805, 824, 258 Cal. Rptr. 161, 771 P.2d 1247; Credit Ins. Gen. Agents Assn. v. Payne (1976) 16 Cal.3d 651, 656, 128 Cal. Rptr. 881, 547 P.2d 993; Garriss v. Carpenter (1939) 33 Cal. App. 2d. 649, 653, 92 P.2d 688.

Reference: California Government Code Section 11425.10(a), Insurance Code Sections 1875.20, 1875.21, 1875.24, 1879.5, 12921(a) and 12926

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