

exceeded 16 percent prior to the October 1, 1997 to September 30, 1998 plan year. The comparison failed to disclose the time period of such returns thus preventing a person from ascertaining the validity of the comparison. The comparison display also showed a five percent PAC contribution charge by Liberty when the charge should have been termed as a group assignment.

4. On or about August 23, 1999, SAIF gave to Littau Harvester, a prospective insured, a printed comparison of the workers' compensation insurance premiums charged by SAIF and Liberty which showed Liberty's LBBA retro plan return of 16 percent when such returns historically exceeded 16 percent prior to the October 1, 1997 to September 30, 1998 plan year. The comparison failed to disclose the time period of such returns, thus preventing a person from ascertaining the validity of the comparison. The comparison display also showed a Liberty five percent PAC charge by Liberty when the charge should have been termed as a group assignment.

5. SAIF prepared a workers' compensation insurance dividend statement that described the average annual dividend previously declared on similar policies and did not contain the required regulatory disclosure statements. On or about August 23, 1999, SAIF gave the dividend statement to Mid Willamette Lumber Products, Inc., a prospective insured.

6. SAIF prepared a workers' compensation insurance dividend statement that described the average annual dividend previously declared on similar policies and did not contain the required regulatory disclosure statements. On or about August 23, 1999, SAIF gave the dividend statement to Littau Harvester, a prospective insured.

7. On or about September 20, 1999, in the offer to sell workers' compensation insurance, SAIF distributed to prospective insureds, a comparison of dividends previously paid by SAIF and Liberty to their insureds in Oregon and nearby states that misrepresented Liberty's policyholder dividends paid in Idaho and Montana as being \$22 million, when in fact Liberty paid \$26.2 million.

8. On or about September 23, 1999, SAIF prepared for the Evan House Company an AGC/SAIF Partnership Incentive Plan proposal. The document did not contain the required regulatory dividend disclosure statement. On or about September 24, 1999 SAIF, by and through its agent, gave this proposal to the Evan House Company, a prospective insured.

9. On or about the last week of September 1999, SAIF, by and through an agent, distributed to Horizon Restoration, a prospective insured and Liberty policyholder, SAIF's solicitation piece entitled "Points to Consider AGC/SAIF vs. LNW Contractors Group" which contained untrue or misleading statements that Liberty has never paid any dividends in the past, why Liberty might not pay any dividends in the future, that Liberty 's LNW Contractors Group is purposely populated with poor performing insureds and that LNW has not provided adequate loss prevention services.

10. DCBS agrees that SAIF did not intend to violate Oregon law by engaging in the above practices and that SAIF mitigated the adverse consequences to others of such practices as soon as SAIF became aware of them.

11. Pursuant to ORS 731.252, DCBS has authority to order SAIF to cease and desist any violation of the Insurance Code, and rules adopted thereunder. Pursuant to ORS 183.415(5), DCBS and SAIF have agreed to settle and resolve this matter. SAIF understands that it has the right to have a hearing in this matter and to be represented by an attorney at such hearing. SAIF has consulted with its attorney. SAIF waives its right to any hearing on or judicial review of this matter.

12. SAIF will cease and desist from engaging in any and all of the unfair trade practices described herein and not engage in similar practices in the future.

13. SAIF will sponsor before June 2001 a workers' compensation insurance unfair trade practices seminar open to Oregon licensed general insurance agents.

14. In recognition of SAIF's agreement herein, DCBS will take no further action against SAIF as a result of the practices described herein.

Dated _____.

Katherine L. Keene
President
State Accident Insurance Fund Corporation

Dated _____.

Mary C. Neidig
Director
Department of Consumer and Business Services

CERTIFICATE OF SERVICE

I certify that on _____ I served the above Stipulation and Final Order by mailing a copy thereof in a sealed envelope, with first class postage prepaid, to the party named therein.

Mitchel D. Curzon
Administrative Law Specialist
Insurance Division
Department of Consumer and Business Services