



### Failure to Promptly Respond to the Director

On or about 2/20/98, William R. Wrenn (Wrenn) of Milton-Freewater, Oregon applied for a life insurance policy to be issued by Pioneer Life. On 3/14/98, Pioneer Life issued to Wrenn a life insurance policy, number PL9690903. On 1/14/99, within 2 years of applying for the policy, Wrenn died due to a cerebral vascular accident *i.e.* stroke. Theda M. Wrenn, Wrenn's surviving spouse, filed a claim, number 990190162, for the \$3,500 death benefit of the policy. On or about 3/22/99, Pioneer Life refused to pay Mrs. Wrenn's claim because Wrenn had purportedly misrepresented on his application for the policy that he had not been diagnosed or treated within the previous 24 months for congestive heart failure. Pioneer Life said it had information that Wrenn had been treated for congestive heart failure by Dr. Mathias Stromel six times from 4/15/96 to 12/11/97. Pioneer Life said that it would not have issued the policy had it known Wrenn's actual health history. On 4/22/99, Mrs. Wrenn complained to the Insurance Division.

On 7/5/00, the Insurance Division requested from Pioneer Life a copy of its claim file. On 7/26/00, the Insurance Division received from Pioneer Life a copy of its claim file which included Dr. Stromel's medical notes. On 8/1/00, the Insurance Division requested Pioneer Life to "explain and specify" which information in its claim file it relied on to refuse to pay the claim. The Insurance Division requested a response by 8/22/00. On 8/30/00, the Insurance Division received from Pioneer Life by mail a letter dated 8/22/00 saying that Pioneer Life relied on Dr. Stromel's medical notes. However, Pioneer Life did not specify or explain which of Dr. Stromel's medical notes indicated that he had treated Wrenn for congestive heart failure. On 8/31/00, the Insurance Division mailed to Pioneer Life another letter dated 8/31/00 informing Pioneer Life that it had reviewed Pioneer Life's claim file but still requested Pioneer Life to "explain and specify" which information in its claim file indicated that Dr. Stromel had treated Wrenn for congestive heart failure. The Insurance Division requested a response by 9/8/00. On 9/5/00, the Insurance Division received from Pioneer Life by fax a memo dated 9/5/00 enclosing only Dr. Stromel's medical notes although Pioneer Life knew that it had sent a copy of them

to the Insurance Division on 7/26/00 and that the Insurance Division had reviewed them. Pioneer Life did not specify or explain in the memo or on the copy of Dr. Stromel's medical notes which notes indicated that Dr. Stromel had treated Wren for congestive heart failure. On 9/11/00, the Insurance Division informed Pioneer Life that Pioneer Life had not, despite the two previous requests on 8/1/00 and 8/31/00, identified any information in its claim file that indicated that Dr. Stromel had treated Wren for congestive heart failure and that the Insurance Division itself could not find any such information. The Insurance Division requested that Pioneer Life reconsider its decision. The Insurance Division requested a response by 9/29/00. On 10/5/99, the Insurance Division received from Pioneer Life by fax a letter dated 10/5/00 informing the Insurance Division that Pioneer Life had reversed its decision on 10/3/00 and would pay the claim. On 3/5/01, the Insurance Division received from Pioneer Life a letter dated 2/26/01 in which it identified the specific entries in Dr. Stromel's medical notes that Pioneer Life relied on to initially refuse to pay the claim.

### **Ultimate Facts and Conclusions**

Pioneer Life violated ORS 731.296 by not promptly responding to an inquiry from the Director.

### **Action**

Pioneer Life shall pay a civil penalty of \$2,000 pursuant to ORS 731.988. Payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. Payment shall be delivered or mailed to the Insurance Division at 350 Winter Street, Room 440, Salem, OR 97301-3883. Payment shall be received by the Insurance Division by the date of the Final Order.

Dated April 4, 2001.

/s/ Thomas J. Kilian  
Thomas J. Kilian  
President  
Pioneer Life Insurance Company

**FINAL ORDER**

The Director makes the following final decision in this proceeding in accordance with ORS 731.248 and 183.415(5) and related rules.

The Director adopts, and incorporates herein by this reference, the Facts, Ultimate Facts, Conclusions, and Action in the above Stipulation as the Findings of Fact, Ultimate Findings of Fact, Conclusions of Law, and Order, respectively, of this Final Order.

Dated April 13, 2001.

/s/ Mary C. Neidig  
Mary C. Neidig  
Director  
Department of Consumer and Business Services

**CERTIFICATE OF SERVICE**

I certify that I served this Stipulation and Final Order by mailing a copy thereof in a sealed envelope, with postage prepaid, to the party named therein on the date below.

Dated April 13, 2001.

/s/ Mitchel D. Curzon  
Mitchel D. Curzon  
Administrative Law Specialist  
Insurance Division

//  
//  
//