

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of **Cory B. Giles.**

) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 02-08-002

STIPULATION

The Director of the Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take disciplinary action against Cory B. Giles (Giles).

Giles enters into this Stipulation to conclude this proceeding without further administrative or judicial proceedings, pursuant to ORS 183.415(5).

Giles waives the right to receive a notice of proposed action, to receive a notice of the rights of a party and procedures in contested cases, to have a hearing, to be represented by an attorney at the hearing, and to judicial review of the Final Order.

Giles admits and agrees to the following facts, conclusions, and action.

Facts and Conclusions

Licensing

Giles has been licensed in Oregon as a resident insurance agent since 9/26/88. Giles' current license number is 121216. Giles' residence street address is 28772 SW Cascade Loop, Wilsonville, OR 97070-8749, and residence telephone number is 503-682-2096. Giles uses the assumed business name Giles & Associates Insurance Services to sell personal lines insurance on behalf of various insurers within the Farmers Insurance Group (collectively referred to herein as Farmers). Giles business address is 7160 Hazelfern Road, Suite 800, Tigard, OR 97224-7771, and business telephone number is 503-601-2074.

Misrepresentation

Giles violated ORS 744.013(2)(f) (1999) in one instance by engaging in the following conduct. On or about 6/16/00, Johnny A. Dodge (Dodge), of Portland, Oregon offered to buy an automobile from Metro Auto Wholesale (MAW). As a condition to buy the automobile, MAW required Dodge to have automobile insurance insuring the

automobile. Dodge did not have any such insurance. MAW referred Dodge to Giles. While at MAW, Giles and Dodge spoke on the telephone about the needed insurance. Giles offered to sell to Dodge automobile insurance to be provided by Mid-Century Insurance Company, an insurer within Farmers, and to immediately “bind” such insurance. Dodge accepted the offer by completing certain documents relating to the insurance transaction, and by giving to MAW, on behalf of Giles, \$400 in cash as payment of part of the initial premium. Giles and Dodge agreed to meet later. On or about 6/19/00, Giles received from MAW the documents relating to the insurance transaction that Dodge had signed, and the \$400 in cash. On or about 6/20/00, MAW issued a check, number 80404, dated 6/20/00, made payable to Farmers in the amount of \$82.00, as payment of part of the initial premium. Also on or about 6/20/00, Giles received from MAW the check. Subsequently, Giles unsuccessfully attempted to contact Dodge. On 6/26/00, Giles caused the documents relating to the insurance transaction, the cash, and check to be placed in a file folder until Giles could contact Dodge. On 6/27/00, Giles was notified by American Investment Bank that it had agreed to loan Dodge the money to buy the automobile from MAW. Although Giles could not contact Dodge, Giles did not contact MAW to find out if Dodge had had possession of the automobile since 6/16/00. Giles changed the effective date of the insurance from 6/16/00 to 6/27/00 on one or more of the documents relating to the insurance transaction because he “gave the customer the benefit of the doubt [that the customer did not have possession of the automobile from 6/16/00 to 6/27/00] and did not charge the customer for those 11 days.” Giles did not tell Dodge or MAW that Giles had changed the effective date of the insurance. On 8/8/00, Dodge contacted Farmers about the status of the insurance. Farmers informed Dodge that it did not have any record of providing any insurance to Dodge. Farmers called Giles about the status of the insurance transaction. Giles discovered that he had not sent to Farmers any information about the transaction, or the money. On or about 8/14/00, Giles sent to Farmers the information about the transaction, and deposited the money into Giles’ trust account. The information indicated that the insurance began on 6/27/00. This representation was incorrect and Giles knew that it was incorrect because he had

verbally bound the insurance on 6/16/00. On 8/15/00, Farmers received from Giles the information about the transaction, and electronically transferred the money from Giles' trust account. Subsequently, Farmers issued to Dodge an automobile insurance policy, number 15475-68-88, effective 6/27/00. Farmers did not know that Giles had verbally bound the insurance on 6/16/00, and had changed the effective date from 6/16/00 to 6/27/00, until shortly after 10/4/00 when the Insurance Division notified Farmers that a person, on behalf of Dodge, had complained about Giles not timely forwarding to Farmers the information about the transaction and the money.

Illegally Withholding Insurance Premium from Insurer

Giles violated ORS 744.013(2)(d) (1999) in two instances by engaging in the following conduct. Giles was obligated by his agency agreement with Farmers to promptly send completed applications and premiums to Farmers after receipt.

1. On or about 6/16/00, MAW, on behalf of and at the direction of Giles, received from Dodge \$400 in cash as payment of part of the initial premium for automobile insurance to be provided to Dodge by Farmers. On 6/19/00, Giles went to MAW and collected the cash. On 8/14/00, 59 days after MAW received the cash, Giles caused the cash to be deposited into his insurance premium trust account. On the same date, Giles notified Farmers that Giles had received the money thereby enabling Farmers to electronically withdraw the money from Giles account.

2. On or about 6/20/00, Giles went to MAW and received a check issued by MAW, number 80404, dated 6/20/00, made payable to Farmers in the amount of \$82.00 as payment of the balance of the initial premium for automobile insurance to be provided to Dodge by Farmers. On 8/14/00, 55 days later, Giles caused the check to be deposited into his insurance premium trust account. On the same date, Giles notified Farmers that Giles had received the money thereby enabling Farmers to electronically withdraw the money from Giles account.

Failure to Timely Deposit Premium into Insurance Premium Trust Account

Giles violated OAR 836-074-0025 in two instances by engaging in the following conduct.

1. On or about 6/16/00, MAW, on behalf of and at the direction of Giles, received from Dodge \$400 in cash as payment of part of the initial premium for automobile insurance to be provided to Dodge by Farmers. On 6/19/00, Giles went to MAW and collected the cash. On 8/14/00, 59 days after MAW received the cash, Giles caused the cash to be deposited into his insurance premium trust account.

2. On or about 6/20/00, Giles went to MAW and received a check issued by MAW, number 80404, dated 6/20/00, made payable to Farmers in the amount of \$82.00 as payment of the balance of the initial premium for automobile insurance to be provided to Dodge by Farmers. On 8/14/00, 55 days later, Giles caused the check to be deposited into his insurance premium trust account.

Action

Pursuant to ORS 731.988, Giles shall pay a civil penalty of \$1,000. The payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered or mailed to the Insurance Division at 350 Winter Street NE, Room 440, Salem, OR 97301-3883. The payment shall be received by the Insurance Division by 5:00 PM on December 20, 2002.

Dated August 23, 2002

/s/ Cory B. Giles
Cory B. Giles

FINAL ORDER

The director adopts and incorporates herein by this reference the above Stipulation as the director's final decision in this proceeding.

Dated September 11, 2002

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