

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

In the Matter of **Richard F. Patterson**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 03-10-020

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 enforcement action against Richard F. Patterson(Patterson).

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

Patterson waives the right to receive a notice of proposed action, receive a notice of the rights of a party and procedures in contested cases, have a hearing, be represented by an attorney at the hearing, receive a proposed order, file exceptions to the proposed order, and have the Final Order judicially reviewed.

Patterson stipulates to the following facts, conclusions, and action; and consents to issuance of a Final Order incorporating this Stipulation.

Facts and Conclusions

Licensing Information

Patterson has been licensed in Oregon as a resident insurance agent since 6/22/99. Patterson's current license number is 615456. Patterson's last recorded residence and business address is located in Central Point, Oregon.

Made False Statement on or Relative to an Insurance Application

Patterson violated ORS 746.100 in two instances by engaging in the following conduct.

1. On or about 6/16/00, Patterson, on behalf of Pacific Benefits Group NW, LLC, dba Pacific Benefits Group (PBG), solicited, completed and received from Tony and Amy Lee of Shady Cove, Oregon, an application for individual health insurance to

be provided by Fortis Insurance Company (Fortis). Patterson asked Amy Lee if she had “[w]ithin the last five years, ... any symptoms, diagnosis, treatment, or advice relating to ... Bladder/Urinary tract?” Amy Lee told Patterson that she had seen some doctors because she had some blood and protein in her urine, some pain in her kidney area, and experienced some night sweats along with not feeling well. Patterson then asked Amy Lee what she had done about these symptoms. Amy Lee told Patterson that she went to a Dr. Rote on 11/19/99 who gave Amy Lee some antibiotics for bacteria in her urine. The doctor also told Amy Lee that just to make sure everything was okay she should get have an Intravenous Pyelography (IVP). Amy Lee had the IVP and it did not indicate any problems. Patterson told Amy Lee that since she wasn’t diagnosed with anything not to worry about it. This representation was not true and Patterson should have known that it was not true because the question clearly asked for symptoms, treatment and advice, in addition to diagnosis, of certain health conditions. Patterson marked Amy Lee’s answer to the question as “No.” Patterson thought that Amy Lee had had only a common urinary infection and that the question did not ask for such common or minor health conditions. Nevertheless, Patterson should have known from the text of the question that it asked about all “symptoms, diagnosis, treatment, or advice relating to ... Bladder/Urinary tract” and that Amy Lee’s answer explained that she had had symptoms, treatment, or advice relating to her bladder and urinary tract. As a result, Fortis delayed providing the insurance applied for from 6/00 to 8/00.

2. On or about 12/19/00, Patterson, on behalf of PBG, solicited, completed and received from Daniel and Rhonda Wheeler of Trail, Oregon, an application for individual health insurance to be provided by Fortis. Patterson asked Rhonda Wheeler if she had “[w]ithin the last five years, ... any symptoms, diagnosis, treatment, or advice relating to ... Bladder/Urinary tract?” Rhonda Wheeler told Patterson that she had seen a doctor about a year before for what was described as urinary inconsistency, that she had been given and taken some medication which seemed to help, and that she had not returned to doctor about that symptom.

Patterson told Rhonda Wheeler that he did not think the question applied to her symptoms. Patterson marked Rhonda Wheeler's answer to the question as "No." Patterson thought that Rhonda Wheeler had had only a common urinary infection and that the question did not ask for such common or minor health conditions. Nevertheless, Patterson should have known from the text of the question that it asked about all "symptoms, diagnosis, treatment, or advice relating to ... Bladder/Urinary tract" and that Rhonda Wheeler's answer explained that she had had symptoms, treatment, or advice relating to her bladder and urinary tract. As a result, Fortis initially denied paying a claim by Rhonda Wheeler for allegedly failing to correctly answer the question, but later paid the claim when Patterson explained to Fortis that Rhonda Wheeler had disclosed to him at the time of the application the information about her bladder/urinary tract health conditions but he believed that they were minor and had been resolved.

Action

Pursuant to ORS 731.988, Patterson is assessed 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 to the Insurance Division at 350 Winter Street NE, Room 440, Salem, OR 97301-3883, or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be received by the Insurance Division by 3/1/04.

Dated January 8, 2004

/s/ Richard F. Patterson
Richard F. Patterson

FINAL ORDER

The director incorporates herein the above Stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated March 1, 2004

/s/ Cory Streisinger

Cory Streisinger
Director
Department of Consumer and Business Services