

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

In the Matter of **Donald C. Stamm.**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 04-03-034

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Donald C. Stamm (Stamm).

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

Stamm 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.

Stamm stipulates to the following facts, conclusions, and action; and consents to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

Stamm has been licensed in Oregon as a resident insurance agent since 1/31/90, and as a resident insurance consultant for property and casualty insurance since 3/26/91. Stamm's current license number is 100561. Stamm's last recorded residence address and business address are located in Portland, Oregon.

Withheld Insurance Applications and Premium

Stamm violated ORS 744.074(1)(d) in four instances by engaging in the following conduct. ORS 744.074(1)(d) prohibits a person licensed in Oregon as an insurance agent from misappropriating, withholding, or converting premium for insurance belonging to an insurer, agent or other person entitled to the premium. At all

relevant times, Stamm was the president, and an agent, of Pacific Rim Insurance, Inc. (PRI). Stamm and PRI were required to send to North Pacific Insurance Company (North Pacific) and its affiliated company Oregon Automobile Insurance Company (Oregon Auto) completed applications and premiums within 10 days of receipt. Also Stamm and PRI were not authorized to negotiate premium checks made payable to North Pacific or Oregon Auto. On 6/18/03, Stamm, on behalf PRI, received from Daniel J. Tieg (Tieg) of Portland, Oregon, three completed applications, all dated 6/16/03, for property insurance to be provided by Oregon Auto, and a check, number 6276, dated 6/16/03, in the amount of \$1,259.00, made payable to North Pacific. On 6/19/03, Stamm deposited the check into PRI's insurance premium trust account, number 008-1525917, at Wells Fargo Bank. Stamm misfiled the applications, and did not follow up on them until Tieg called Stamm to ask about the status of the insurance. On 8/12/03, Stamm issued a check, number 1616, dated 8/12/03, in the amount of \$1,259.00, and made payable to North Pacific, drawn on PRI's trust account. On the same date, Stamm mailed the check and the three applications to Oregon Auto. On 8/14/03, Oregon Auto received the check and applications. On 8/19/03, Oregon Auto returned the check, and refused to accept the applications, because the properties to be insured were too old. On 8/25/03, Stamm issued a check, number 1630, dated 8/25/03, in the amount of \$1,259.00, made payable to Tieg, and drawn on PRI's trust account. On or about 8/29/03, Tieg received the check. Thus, Stamm withheld \$1,259.00, and three applications, from Oregon Auto from 6/29/03 to 8/12/03, a period of 44 days, thereby preventing Oregon Auto from timely evaluating the properties to be insured. Tieg complained to the Insurance Division. On 9/2/03, Oregon Auto agreed to provide the insurance effective from 6/6/03.

Action

Pursuant to ORS 731.988, Stamm is assessed a civil penalty of \$4,000. 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 7/15/04.

Dated June 6, 2004

/s/ Donald C. Stamm
Donald C. Stamm

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 June 24, 2004

/s/ Cory Streisinger
Cory Streisinger
Director
Department of Consumer and Business Services

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