

accepted or denied the claim, unless the insurer needs more time to decide whether to accept or deny the claim and the insurer complies with OAR 836-080-0235(4). If the insurer denies the claim, then the insurer must notify the claimant in writing that the insurer has denied the claim. If the insurer denies the claim on the ground of a specific policy provision, condition or exclusion, then the insurer must include in the written notice a reference to the provision, condition or exclusion.

From 1/1/09 to 9/30/09, American Mercury received from persons residing in Oregon 100 claims for payment or reimbursement for expenses under mechanical breakdown insurance policies issued to persons residing in Oregon. American Mercury denied the claims. American Mercury orally notified third parties that the claims were denied and the reasons why the claims were denied. However, American Mercury did not notify the claimants in writing that the claims were denied and the reasons why the claims were denied.

Action

Pursuant to ORS 731.988(1), American Mercury is assessed a civil penalty of \$15,000.00. 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 the Labor and Industries Building, 350 Winter Street NE Room 300, Salem, Oregon 97301-3880; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be *received* by the Insurance Division by the date of the final order.

Dated March 2, 2011

/s/ David R. Scott

[Signature of Representative]

David R. Scott

[Printed Name of Representative]

Vice President

[Printed Title of Representative]

American Mercury Insurance Company

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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 28, 2011

/s/ Scott L. Harra
Scott L. Harra
Acting Director
Department of Consumer and Business Services

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