

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

In the Matter of **Government Employees**) **STIPULATION** and
Insurance Company) **FINAL ORDER**
) Case No. INS 12-05-001

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 Government Employees Insurance Company (GEICO).

GEICO desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.417(3).

GEICO waives all rights relative to an administrative hearing and judicial review thereof.

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

Facts and Conclusions

Licensing Information

GEICO has been licensed in Oregon as a foreign insurer since 11/1/51. GEICO's Oregon Insurance Division company number is 01126, NAIC entity number is 022063, and federal employer identification number (FEIN) is 53-0075853. GEICO's last recorded principal place of business address is One GEICO Plaza, Washington DC 20076-0001; and telephone number is 301-986-3000.

Refused to Pay Claim Without Conducting a Reasonable Investigation

GEICO is subject to enforcement action pursuant to ORS 746.230(1)(d) because of the following circumstances.

ORS 746.230(1)(d) states that [n]o insurer or other person shall commit or perform any of the following unfair claim settlement practices: ... (d) Refusing to pay claims without conducting a reasonable investigation based on all available

information.” ORS 742.510(1) states that “[e]very insurer issuing motor vehicle liability insurance policies on private passenger motor vehicles or on self-propelled mobile homes for delivery in this state shall have for sale coverage for property damage to a vehicle of the insured caused by an uninsured vehicle. Coverage offered under this section shall be at least the amount prescribed to meet the requirements of ORS 806.070 for insurance for injury to or destruction of the property of others in any one accident. ORS 806.070(2)(c) required the amount be \$10,000 from 3/14/85 to 12/31/09, and \$20,000 for a policy issued or renewed on or after 1/1/10.

Since 1/1/10, GEICO issued or renewed to persons residing in Oregon motor vehicle liability insurance policies that provided, *inter alia*, only \$10,000 of coverage for uninsured motor vehicle property damage (UMPD). The director received information that GEICO’s policies provided only \$10,000 rather than \$20,000 of UMPD coverage. The director asked GEICO if it failed to pay the correct amount for any UMPD claim under a policy issued or renewed since 1/1/10. GEICO researched its claims and found that it failed to pay the correct amount of one claim. Subsequently, GEICO paid the correct amount of the claim.

Action

Pursuant to ORS 731.988(1), GEICO is assessed a civil penalty of \$2,500.00. 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, OR 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 before the date of the final order.

Dated _____

[Signature of Representative]

[Printed Name of Representative]

[Printed Title of Representative]

Government Employees Insurance Company

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 July 23, 2012

/s/ Louis Savage
Louis Savage
Insurance Commissioner
Insurance Division
Department of Consumer and Business Services

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