

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case Nos. INS-24-0047

AMERICAN BANKERS INSURANCE
COMPANY OF FLORIDA., a Florida
Corporation,

ORDER TO CEASE AND DESIST,
FINAL ORDER ASSESSING CIVIL
PENALTY, AND CONSENT TO
ENTRY OF ORDER

Respondent.

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 (“Insurance Code”), has conducted an investigation into the activities of American Bankers Insurance Company of Florida (“Respondent”) and determined that Respondent engaged in violations of the Insurance Code.

Respondent wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Respondent hereby CONSENTS to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. Respondent’s principal place of business is 11222 Quail Roost Dr., Miami FL 33157.
2. Respondent has been licensed in Oregon as a Property & Casualty insurer since November 18, 1953. Respondent’s NAIC number is 10111.
3. On or around August 19, 2021, the Division of Financial Regulation (“Division”) received a complaint from an Oregon consumer (“DM”) alleging she had filed

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387





1 a claim with Respondent for damages incurred in a house fire eight months prior and that
2 Respondent had failed to resolve the claim and/or respond to her many claim related
3 communications.¹

4 4. Upon investigating the complaint the Division determined that Respondent:

5 A. Failed to record in its claim file and/or respond to 14 claim-related
6 voicemails from DM;

7 B. Failed to record in its claim file and/or respond to 10 claim-related e-
8 mails from DM;

9 C. Failed to respond to 13 additional claim-related communications from
10 DM; and

11 D. Failed to notify DM within 30 days of receiving the proof of loss that it
12 needed additional time to investigate the claim and/or provide notification at 45-
13 day intervals while the investigation remained incomplete, in two instances.

14 5. In or around February 2022, the Division received a complaint from a contractor
15 of Oregon consumers (“MC” and “GC”) alleging Respondent failed to respond to an
16 estimate he submitted of damages to the consumers’ manufactured home, and related
17 communications.

18 6. Upon investigating the complaint the Division determined:

19 A. On September 16, 2021, the contractor submitted the estimate and
20 Respondent received it that day;

21 B. On September 24, 2021, Respondent closed the claim with no further
22 payment;²

24 ¹ That same day, Respondent was notified of DM’s complaint. On or around August 23, 2021, Respondent
25 paid DM \$86,029.20 on her claim. On or around September 10, 2021, Respondent paid DM an additional
\$8,970.80 on the claim.

26 ² Respondent previously issued \$8,511.97 for this claim based on the initial estimate it received from a third-
party assessor. The contractor estimated this payment was \$4,000 short of addressing the covered damages.
The estimate he submitted supported his request for the authorization of additional funds.



1 C. After closing the claim, Respondent failed to provide MC and/or GC
2 with written notice of time limitations pertaining to their rights as claimants;³

3 D. From on or around October 21, 2022 through on or around February 2,
4 2022, the contractor, MC, and/or GC made at least six claim-related
5 communications to Respondent, to which Respondent failed to reply;

6 E. On or around February 15, 2022, Respondent received notice of the
7 complaint the contractor submitted to the Division; and

8 F. On or around February 22, 2022, Respondent paid an additional
9 \$3,266.77 to MC and GC for their claim.

10 7. On or around October 8, 2022, after receiving additional complaints against
11 Respondent for claim delays and/or failures to respond to communications, the Division
12 directed Respondent to create a spreadsheet of the Oregon renters, homeowners, and
13 mobile homeowners claims it received from July 1, 2021 through July 30, 2022.
14 Respondent was directed to include the following data points (among others):

15 A. The date the claim was reported;
16 B. The date Respondent received the proof of loss from the claimant;
17 C. The date the claim was denied, if applicable;
18 D. The dates for every verbal and written communication received from
19 the claimant;

20 E. The dates Respondent responded to the claimant communications;⁴

21 F. The substance of Respondent's responses;

22 G. The date the claim investigation was closed; and

23 H. Whether Respondent met Oregon standards regarding its handling of the
24 claim.

25
26 ³ MC nor GC were neither attorneys nor represented by attorneys in this matter.

⁴ Respondent was directed to input "N/A" for the communications to which it failed to respond.



1 8. On or around January 30, 2023, Respondent submitted the requested
2 spreadsheet. It identified 1,514 applicable claims, of which 149 included at least one
3 violation of Oregon law.

4 9. Of the 149 claims that included a violation, Respondent identified 228 instances
5 in which Respondent failed to respond to a claimant's pertinent claim-related
6 communication within 30 days, or at all.

7 10. On or around August 23, 2023, the Division notified Respondent that ten of the
8 claims initially identified in the spreadsheet as meeting Oregon standards also appeared to
9 include violations. The Division also identified seven additional claims not included in the
10 spreadsheet data about which it had recently received complaints against Respondent for
11 similar conduct.⁵ The Division directed Respondent to review each claim for compliance
12 with Oregon law.

13 11. Respondent reviewed the 17 claims referenced in Paragraph (10) and identified
14 the following violations:

15 A. 68 instances in which Respondent failed to respond to a claimant's
16 pertinent claim-related communication within 30 days, or at all;

17 B. Seven instances in which Respondent failed to notify the claimant
18 within 30 days of receiving the proof of loss that it needed additional time to
19 investigate the claim and/or provide notification at 45-day intervals while the
20 investigation remained incomplete;

21 C. Five instances in which Respondent failed to advise the claimant of the
22 acceptance or denial of their claims within 30 days of receiving the properly
23 executed proofs of loss; and

24 D. Three instances in which Respondent failed to provide the claimant with
25 written notice of statutes of limitations and/or time limits pertaining to their claim

26 ⁵ These claims were opened after the end-date of the Division's original data request.

1 when the claimant was neither an attorney nor represented by an attorney.⁶

2 CONCLUSIONS OF LAW

3 The Director CONCLUDES that:

4 12. By failing to respond to its Oregon members' claim-related communications
5 within 30 days, as set forth in Paragraphs (4), (6), (9), and (11), Respondent violated
6 Oregon Administrative Rules ("OAR") 836-080-0225(3) in 339 instances.

7 13. By failing to document 24 claim-related communications made by DM in its
8 claim file, as set forth in Paragraph (4), Respondent failed to include information pertaining
9 to the claim in sufficient detail that pertinent events and their dates could be reconstructed,
10 and violated OAR 836-080-0215 in 24 instances.

11 14. By failing to advise its Oregon members of the acceptance or denial of their
12 claims within 30 days of receiving the properly executed proofs of loss, as set forth in
13 Paragraph (11), Respondent violated OAR 836-080-0235(1) in five instances.

14 15. By failing to provide its Oregon members with notifications within 30 days of
15 receiving the proofs of loss that it needed additional time to investigate the claims, and/or
16 notifications at 45-day intervals while the investigations remained incomplete, as set forth
17 in Paragraphs (4) and (11), Respondent violated OAR 836-080-0235(4) in nine instances.

18 16. By disregarding the contractor's submitted estimate and closing GC and MC's
19 with no further payment, as set forth in Paragraph (6), Respondent refused to pay a claim
20 without conducting a reasonable investigation based on all available information and
21 violated ORS 746.230(1)(d).

22 17. By failing to provide unrepresented claimants with written notice of statutes of
23 limitations and/or time limits pertaining to their claims, as set forth in Paragraphs (6) and
24 (11), Respondent violated OAR 836-080-0225(6) in four instances.

25 _____
26 ⁶ These claims were closed due to inactivity. Respondent refers to these as "Closed LOA No Claim Docs" claims.



1 18. Because the Director has reason to believe that Respondent has been engaged
2 in violations of the Insurance Code, the Director may issue an order to Respondent to cease
3 and desist, under ORS 731.252(1).

4 19. The Director may impose a civil penalty of up \$10,000 *per violation* upon any
5 person who violates a provision of the Insurance Code, under ORS 731.988(1).

6 ORDERS

7 Now therefore, the Director issues the following Orders:

8 20. As authorized by ORS 731.252(1), the Director ORDERS Respondent to
9 CEASE AND DESIST from violating OAR 836-080-0215, OAR 836-080-0225(3) and (6),
10 OAR 836-080-0235(1) and (4), and ORS 746.230(1)(d).

11 21. As authorized by ORS 731.988(1), the Director hereby ORDERS that
12 Respondent be subject to a CIVIL PENALTY of \$150,000 as follows:

- 13 A. \$20,000 for violating OAR 836-080-0215;
- 14 B. \$75,000 for violating OAR 836-080-0225(3);
- 15 C. \$5,000 for violating OAR 836-080-0225(6);
- 16 D. \$20,000 for violating OAR 836-080-0235(1);
- 17 E. \$20,000 violating OAR 836-080-0235(4); and
- 18 F. \$10,000 for violating ORS 746.230(1)(d).

19 22. The Director hereby suspends payment of \$50,000 of the CIVIL PENALTY for
20 a period of three years, provided Respondent:

- 21 A. Pays the remaining \$100,000 of the CIVIL PENALTY pursuant to the
22 terms of this Order;
- 23 B. Satisfies the notification and reporting requirements set forth below; and
- 24 C. Satisfies all other terms of this Order.

25 23. The non-suspended portion of the CIVIL PENALTY assessed herein
26 (\$100,000) is due and payable at the time Respondent returns this signed Order to the

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Telephone: (503) 378-4387





1 Division.

2 24. The suspended CIVIL PENALTY (\$50,000) will be waived three years from
3 the effective date of this Order, provided Respondent has complied with the foregoing
4 Order terms. Respondent's failure to satisfy any term(s) of this Order will render all
5 suspended and non-suspended penalties immediately due and owing.

6 25. Respondent shall PROVIDE all active and future claimants with written notice
7 of statutes of limitations and/or time limits pertaining to their claims via its claim status
8 letters, including letters closing claim files due to inactivity.

9 26. Respondent shall conduct audits of its Oregon renters, homeowners, and mobile
10 homeowners claim files and report all claim file numbers to the Director who will randomly
11 select 50 files⁷ for Respondent to manually review, utilizing all the data points from its
12 prior communications with the Division regarding this matter.

13 27. Respondents shall provide the foregoing claim numbers at the following
14 intervals from the date this Order is executed:

- 15 A. Three months;
- 16 B. Six months;
- 17 C. Nine months;
- 18 D. One year;
- 19 E. 18 months; and
- 20 F. Two years.

21 28. Respondent shall provide the requested data, identified in Paragraph (26),
22 within 30 days of the Director identifying the files selected for that reporting period.

23 29. If, at any point during the reporting period, Respondent demonstrates a pattern
24 of claim delays and/or failing to send required notifications and communications in a timely

25 _____
26 ⁷ If there are fewer than 50 applicable files for a reporting period, the Director will request data on a smaller
number of files as appropriate.

1 manner,⁸ additional audits may be required on a quarterly, semi-annually or annual basis,
2 at the Director's discretion.

3 30. All claim numbers and reports will be provided to the Director through the
4 Division's secure Biscom account.

5 31. This Order is binding upon Respondent's successors and assigns.

6 SO ORDERED this 31st day of October, 2024.

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ANDREW R. STOLFI, Director
Department of Consumer and Business Services

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/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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⁸ The Director will determine whether such a pattern exists.



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CONSENT TO ENTRY OF ORDER

I, Ryan Lumsden, state that I am an officer of Respondent and am authorized to act on its behalf. I have read the foregoing Order and know and fully understand the contents hereof. I have been advised of Respondent’s right to a hearing and right to be represented by counsel in this matter. Respondent voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. Respondent understands that the Director reserves the right to take further actions against it to enforce this Order or to take appropriate action upon discovery of other violations of the Insurance Code with the terms and conditions stated herein.

Respondent further assures the Director that neither Respondent nor its officers, directors, employees, or agents will effect insurance services in Oregon unless such activities are in full compliance with the Insurance Code. Respondent understands that this Consent Order is a public document.

Signature: /s/ Ryan Lumsden

Position Held: Vice President

State of Florida

County of Lake

Signed or attested before me on this 30th day of September, 2024

by Ryan Lumsden.

/s/ Beatriz Corzo
Notary Public

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