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3 **STATE OF OREGON**
4 **DEPARTMENT OF CONSUMER AND BUSINESS SERVICES**
5 **DIVISION OF FINANCIAL REGULATION**

6 In the Matter of:

Case No. INS-24-0060

7 Coast National Insurance Company

8 Respondent.

**FINAL ORDER TO CEASE AND
DESIST AND FINAL ORDER
ASSESSING CIVIL PENALTIES,
ENTERED BY CONSENT**

9 The Director of the Oregon Department of Consumer and Business Services for
10 the State of Oregon (the “Director”), through the Division of Financial Regulation (the
11 “Division”), investigated the business activities of Coast National Insurance Company
12 (“Coast National”) and determined that they violated certain provisions of Oregon
13 Revised Statutes (“ORS”) Chapter 742 and the rules promulgated thereunder.

14 Coast National cooperated with the Director’s investigation and wishes to settle
15 this matter.

16 Now, therefore, as evidenced by the signature(s) subscribed in this Order, Coast
17 National hereby CONSENTS to entry of this Order upon the Director’s Findings of Fact
18 and Conclusions of Law below.

19 **FINDINGS OF FACT**

20 The Director FINDS that:

21 1. Coast National has been licensed in the State of Oregon since August 6, 2004,
22 and provides property and casualty insurance. Coast National’s NAIC company code
23 number is 330246701 and it is part of the Farmers Insurance Group, NAIC group code
24 69.

25 2. The company’s principal place of business is 1300 Concord Terrace Suite
26 120, Sunrise, FL 33323.

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





3. After receiving a complaint from an Oregon consumer whose child had been erroneously excluded from their motor vehicle liability insurance policy with Coast National, the Division requested that Coast National provide details on all Oregon excluded drivers for the previous 12-month period. In response to the Division's request, Coast National identified 143 drivers who had been excluded from coverage in motor vehicle liability insurance policies but were not eligible to be excluded or lacked evidence demonstrating a permissible reason according to the criteria set forth in ORS 742.450(7) and OAR 836-058-0010.¹

4. After the Division received the excluded driver data, an additional request was made to Coast National for a five-year review of drivers excluded from coverage.

5. In response to the Division's request seeking data for a five-year period in Oregon, Coast National provided information showing that 621 Oregon consumers had been excluded from policy coverage during that time period who were not eligible to be excluded or lacked evidence demonstrating a permissible reason according to the criteria set forth in ORS 742.450(7) and OAR 836-058-0010.

6. During the course of the Division's inquiry and investigation, Coast National paid \$116,408.50 in refunds to these Oregon policy holders due to their increased rating factors associated with these driver exclusions. Additionally, Coast National wrote off \$22,009.18 from these policy holder accounts which had balances due.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

7. The Director has jurisdiction over Coast National's business activities pursuant to ORS 731.236.

8. ORS 742.450(6) provides that a motor vehicle liability insurance policy "may

¹ Coast National obtained written endorsements for all exclusions as required by ORS 742.450(6) but not all excluded drivers met the criteria to be excluded.



1 exclude by name from coverage ...any person other than the named insured” only for the
2 reasons specific by ORS 742.450(7). Under ORS 742.450(7), a person may be excluded
3 from coverage (a) because of the driving record of the person, or (b) any reason or set of
4 criteria established by the director by rule.

5 9. OAR 836-058-0010 describes the rule for excluding a named person from
6 coverage and that is when the excluded person is higher rated than the named insured and
7 the difference between what the premium would be with the higher rated person and
8 without the higher rated person exceeds \$1,000.

9 10. Coast National excluded 621 Oregon drivers from motor vehicle liability
10 insurance policy coverage over a five-year period that did not meet the criteria to be
11 excluded from coverage or lacked evidence demonstrating a permissible reason, and in
12 doing so, committed 621 violations of ORS 742.450(6) and OAR 836-058-0010.

13 11. Because Coast National violated ORS 742.450(6) and OAR 836-058-0010,
14 the Director is authorized by ORS 731.252(1) to order Coast National to cease and desist
15 from violating those rules.

16 12. ORS 731.988(1) authorizes the Director to assess up to a \$10,000 civil penalty
17 against Coast National for each violation of the Insurance Code.²

18 ORDERS

19 Now therefore, the Director issues the following Orders:

20 **Order to Cease and Desist**

21 13. As authorized by ORS 731.252(1), the Director ORDERS Coast National to
22 CEASE AND DESIST from violating ORS 742.450(6) and OAR 836-058-0010.

23 **Order Assessing Penalties**

24 14. As authorized by ORS 731.988(1), the Director ORDERS Coast National to
25 _____

26 ² Insurance Code includes ORS Chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748, and 750 and the rules promulgated thereunder.



1 pay \$155,250.00 in CIVIL PENALTIES for its 621 violations of ORS 742.450(6) and
2 OAR 836-058-0010.

3 15. The Director SUSPENDS \$93,150.00 of the CIVIL PENALTIES, provided
4 that Coast National complies with these conditions:

5 A. Coast National does not have any new violations of ORS 742.450(6)
6 and OAR 836-058-0010.

7 B. Coast National does not violate the terms of this Consent Order.

8 16. If Coast National satisfies the above conditions, the Director shall waive the
9 suspended portion of the civil penalties three years after the date of this Order. If Coast
10 National fails to satisfy the above conditions during the three-year period following the
11 date of this Order, however, the suspended portion of the civil penalties, amounting to
12 \$93,150.00, will become immediately due and owing.

13 17. Along with this Order, Coast National shall submit \$62,100.00 to the Director
14 as payment for the non-suspended civil penalties. Such payment shall be made at the
15 time Coast National returns their signed Consent Order to the Director.

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1 18. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that
2 provision, entry of this Order does not limit or prevent further remedies available to the
3 Director under Oregon law to enforce this Order or take action for violations of this
4 Order or of the Insurance Code not covered by this Order.

5
6 SO ORDERED this 22nd day of April, 2025

7
8 ANDREW R. STOLFI, Director
9 Department of Consumer and Business Services

10 /s/ Dorothy Bean
11 Dorothy Bean, Chief of Enforcement
12 Division of Financial Regulation

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Division of Financial Regulation
Labor and Industries Building
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ENTITY CONSENT TO ENTRY OF ORDER

I, Victoria L McCarthy am an officer or manager of Coast National Insurance Company (“Coast National”) and I am authorized to act and sign on their behalf. I have read the foregoing Order and understand the contents hereof and acknowledge that the factual allegations stated herein are true and correct. Coast National has been advised of the right to a hearing and of the right to be represented by counsel in this matter. Coast National 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. Coast National understands that the Director reserves the right to take further action against it to enforce this Order or to take appropriate action if the Director discovers that Coast National has committed other violations of the Insurance Code. Coast National, along with its officers, directors, employees, or agents, will fully comply with the terms and conditions stated herein.

Coast National understands that this Order is a public document.

Signature: /s/ Victoria L McCarthy

Position Held: Vice President

State of CaliforniaCounty of Orange

Signed or attested before me on this 15th day of April, 2025.

/s/ Daniel Angelo Sanchez
Notary Public

