

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

In the Matter of:

Case Nos. INS-24-0023

ESURANCE INSURANCE SERVICES,
INC., a Delaware Corporation,

Respondent.

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

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 Esurance Insurance Services, Inc. (“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 2775 Sanders Rd., Northbrook, IL 60062.
2. Respondent has been licensed in Oregon as a Property & Casualty insurer since September 3, 2004. Respondent’s NAIC number is 25712.
3. In or around June 2022, the Division of Financial Regulation (“Division”) received a complaint from an Oregon consumer alleging Respondent failed to respond to

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





1 his claim-related communications regarding a vehicle covered by his policy with
2 Respondent.

3 4. In response to the Division's inquiries and directives, Respondent created a
4 spreadsheet of its Oregon automobile claims from January 1, 2022 through September 20,
5 2022. Respondent manually reviewed 50 of the claims, utilizing the following data points
6 (among others):

- 7 A. The date Respondent received the proof of loss from the claimant;
- 8 B. The date Respondent's claim investigation was completed;
- 9 C. The dates of all written communications exchanged with the claimant;
- 10 D. The substance of all written communications exchanged with the
11 claimant; and
- 12 E. The date Respondent sent the claimant a Total Loss Notice, when
13 applicable.

14 5. Of the 50 claims reviewed by Respondent, the Division found:

- 15 A. Eight instances in which Respondent failed to notify the claimant within
16 30 days of receiving the properly executed proofs of loss that it needed additional
17 time to investigate the claim;
- 18 B. 18 instances in which Respondent failed to provide the claimant with
19 notification at 45-day intervals while the investigation remained incomplete; and
- 20 C. Two instances in which Respondent failed to send a Total Loss Notice
21 after declaring a total loss and offering to make a cash settlement, and/or sent an
22 untimely notice.

23 6. Due to the communication failures identified in Respondent's claims review,
24 the Division directed Respondent to manually review all of its Oregon automobile claims
25 from January 1, 2022 through December 1, 2022.

26 7. Respondent reviewed 1,396 applicable claims and shared its findings with the



1 Division, which conducted an independent review of the data and found:

2 A. 242 instances in which Respondent failed to acknowledge the
3 claimant's notification of claim and/or pay the claim within 30 days;

4 B. 170 instances in which Respondent failed to advise the claimant of its
5 acceptance or denial of the claim within 30 days of receiving the properly executed
6 proofs of loss;

7 C. 198 instances in which Respondent failed to complete its investigation
8 within 45 days of receiving the notification of claim;

9 D. 449 instances in which Respondent failed to notify the claimant within
10 30 days of receiving the proof of loss that it needed additional time to investigate
11 the claim and/or provide notification at 45-day intervals while the investigation
12 remained incomplete;

13 E. 37 instances in which Respondent failed to send a Total Loss Notice
14 after declaring a total loss and offering to make a cash settlement, and/or sent an
15 untimely notice; and

16 F. 86 instances in which Respondent failed to respond to a claimant's
17 pertinent claim-related communication within 30 days.

18 8. In or around January 2023, Respondent notified the Division it had taken
19 measures to address the foregoing communication failures, including:

20 A. Integrating its two claims-adjudication systems into a single,
21 comprehensive system;

22 B. Providing its claim adjusters with performance coaching; and

23 C. Distributing an Oregon-specific claims-handling bulletin to its
24 adjusters.¹

25 _____
26 ¹ Respondent provided the Division with copies of some of these materials. Of note, the documentation of its claims-handling procedures did not include the timeframes by which claim-related communications must be responded to, nor the timeframes by which claim investigations are to be completed.

1 9. The Division has continued to receive consumer complaints against
2 Respondent. From January 2023 through June 2023, the Division received 15 complaints
3 against Respondent, 11 of which included allegations of claim delays and communication
4 and/or notification failures.

5 CONCLUSIONS OF LAW

6 The Director CONCLUDES that:

7 10. By failing to acknowledge its Oregon members' notifications of claims and/or
8 pay the claims within 30 days, Respondent violated Oregon Administrative Rules ("OAR")
9 836-080-0225(1) in 242 instances.

10 11. By failing to respond to its Oregon members' pertinent claim-related
11 communications within 30 days, Respondent violated OAR 836-080-0225(3) in 86
12 instances.

13 12. By failing to complete its investigations within 45 days of receiving the
14 notification of claim, Respondent violated OAR 836-080-0230 in 198 instances.

15 13. By failing to advise its Oregon members of the acceptance or denial of their
16 claims within 30 days of receiving the properly executed proofs of loss, Respondent
17 violated OAR 836-080-0235(1) in 170 instances.

18 14. By failing to provide its Oregon members with notifications within 30 days of
19 receiving the proofs of loss that it needed additional time to investigate the claims and/or
20 notifications at 45-day intervals while the investigations remained incomplete, Respondent
21 violated OAR 836-080-0235(4) in 449 instances.

22 15. By failing to send Total Loss Notices to its Oregon members after declaring
23 total losses and offering to make cash settlements, and/or sending untimely notices,
24 Respondent violated ORS 742.554(2) in 37 instances.

25 16. Because the Director has reason to believe that Respondent has been engaged
26 in violations of the Insurance Code, the Director may issue an order to Respondent to cease

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



1 and desist, under ORS 731.252(1).

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

4 ORDERS

5 Now therefore, the Director issues the following Orders:

6 18. As authorized by ORS 731.252(1), the Director ORDERS Respondent to
7 CEASE AND DESIST from violating OAR 836-080-0225(1) and (3), OAR 836-080-0230,
8 OAR 836-080-0235(1) and (4), and ORS 742.554(2).

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

- 11 A. \$20,000 for violating OAR 836-080-0225(1);
- 12 B. \$30,000 for violating OAR 836-080-0225(3);
- 13 C. \$25,000 for violating OAR 836-080-0230;
- 14 D. \$25,000 for violating OAR 836-080-0235(1);
- 15 E. \$40,000 violating OAR 836-080-0235(4); and
- 16 F. \$10,000 for violating ORS 742.554(2).

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

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

23 21. The non-suspended portion of the CIVIL PENALTY assessed herein
24 (\$100,000) is due and payable at the time Respondent returns this signed Order to the
25 Division.

26 22. The suspended CIVIL PENALTY (\$50,000) will be waived three years from

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





1 the effective date of this Order, provided Respondent has complied with the foregoing
2 Order terms. The Director reserves the right to immediately assess and collect the
3 suspended civil penalty upon a determination that Respondent has violated any term of this
4 Order.

5 23. Within 60 days of the execution of this Order, Respondent shall PROVIDE the
6 Division with documentation detailing the measures and/or trainings it has implemented to
7 prevent the recurrence of violations addressed in this Order. Such measures and/or
8 trainings shall be in addition to those identified in Paragraph (8). The Division may require
9 Respondent to make reasonable modifications to the measures and/or trainings as it deems
10 appropriate.

11 24. Respondent shall conduct audits of its Oregon automobile claim files and report
12 all claim file numbers to the Director who will randomly select 50 files² for Respondent to
13 manually review, utilizing all the data points from its prior communications with the
14 Division regarding this matter.

15 25. Respondents shall provide the foregoing claim numbers at the following
16 intervals from the date this Order is executed:

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

23 26. Respondent shall provide the requested data, identified in Paragraph (24) above,
24 within 30 days of the Director identifying the files selected for that reporting period.

25 _____
26 ² 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 27. If, at any point during the reporting period, Respondent demonstrates a pattern
2 of claim delays and/or failing to send required notifications and communications in a timely
3 manner,³ additional audits may be required on a quarterly, semi-annually or annual basis,
4 at the Director's discretion.

5 28. All claim numbers and reports will be provided to the Director through the
6 Division's secure Biscom account.

7 29. This Order is binding upon Respondent's successors and assigns.

8 SO ORDERED this 6th day of May, 2024.

9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

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

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

[The remainder of this page intentionally left blank.]

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



³ The Director will determine whether such a pattern exists.

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26

CONSENT TO ENTRY OF ORDER

I, Cheryl Bendtsen, 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/ Cheryl Bendtsen

Position Held: President Esurance

State of Virginia

County of Hampton City

Signed or attested before me on this 29th day of April, 2024

by Cheryl Bendtsen.

/s/ Natasha A Stromley

Notary Public

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

