

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

In the Matter of:

Case No. INS-22-0102

NATIONAL UNION FIRE
INSURANCE COMPANY OF
PITTSBURGH, PA.,

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

Respondent.

The Division of Financial Regulation (the “Division”), acting on behalf of the Director of the Department of Consumer and Business Services for the State of Oregon (the “Director”), conducted an investigation of National Union Fire Insurance Company of Pittsburgh, PA (“Respondent”). The Division determined that Respondent violated provisions of Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 744, 746, 748 and 750 (“Insurance Code”) and the Oregon Administrative Rules (“OAR”) promulgated under those laws.

Respondent submits to the Director’s jurisdiction and agrees to waive its rights to notice and an administrative hearing under ORS 183.415 and wishes to resolve this matter by consenting to entry of this Consent Order.

Now, therefore, as evidenced by the authorized signature(s) subscribed herein, the Director issues the following Findings of Fact, Conclusions of Law, and Final Orders.

FINDINGS OF FACT

The Director FINDS that:

1. Respondent is a Pennsylvania corporation and has been a licensed property and casualty insurer since September 2, 1904. Respondent’s statutory home office is located 2595 Interstate Drive, Suite 103, Harrisburg, Pa. 17110. Respondent’s National

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





1 Association of Insurance Commissioners Company Code Number is 19445.

2 2. Respondent offers and sells travel insurance to Oregonians. Such insurance
3 provides coverage if, among other things, an insured's travel plans are canceled for reasons
4 specified in the policy.

5 3. As a result of the COVID-19 pandemic starting in early 2020, Respondent states
6 that an "enormous disruption in travel plans led to an unprecedented number of travel
7 insurance claims." Respondent received a 95% increase in claims volume between March
8 1 and July 31, 2020, as compared to the same period in the prior year. To assist in
9 responding to this increased volume of claims, Respondent hired a third-party
10 administrator to assist in the adjudication of its travel insurance claims.

11 4. Between March 1 and July 31, 2020, for 1,363 claims, Respondent failed to
12 notify claimants within 30 days after receipt of proofs of loss and every 45 days thereafter
13 that Respondent needed additional time to determine whether it would accept or deny those
14 claims and to provide a reason for the same.

15 5. Respondent acknowledges that it took more than 30 and 45 days to send the
16 foregoing initial and subsequent notifications, respectively, to claimants and/or that it
17 needed additional time to determine whether to accept or deny those claims, which resulted
18 from the unexpected increase in claims volume due to the COVID-19 pandemic.

19 6. Respondent informed the Division that it has performed an internal review of
20 its current practices in effect in Oregon. Respondent represents that it has implemented or
21 improved several of those practices, including the following:

22 A. Bi-weekly reporting to management of claims, sorted by aging status, with
23 adjusters conducting follow-up as needed within 72 hours of receiving those reports;

24 B. Automatic follow-up correspondence by regular or electronic mail to
25 insureds when additional information is needed to resolve claims, such correspondence to
26 be sent three times over a 45-day period;

1 C. Implementation of rules-based automated claims adjudication of trip
2 cancellation claims to allow for expeditious resolution of claims where all necessary
3 information is available and the claim satisfies requirements to receive payment, with such
4 automated system to be expanded to resolve other travel benefits in the future; and

5 D. Improvement of online portals with “first notice of loss” tool as well as
6 claim status checker to allow customers to view their filings and the current status of
7 claims, chat with an agent, upload documentation, and view claim requirements, with an
8 option to contact Respondent or its third-party vendor to provide the same information.

9 7. Respondent further represents to the Division that these improvements will help
10 to ensure that Respondent complies with the Insurance Code’s requirements for timely
11 acknowledgement of claims.

12 CONCLUSIONS OF LAW

13 The Director CONCLUDES that:

14 8. Under ORS 731.102(1), “insurance” means a contract whereby one undertakes
15 to indemnify another or pay or allow a specified or ascertainable amount or benefit upon
16 determinable risk contingencies.

17 9. The foregoing travel insurance policies that Respondent sold to Oregonians
18 constitute “insurance” under ORS 731.102(1).

19 10. Under ORS 731.106, “insurer” includes every person engaged in the business
20 of entering into policies of insurance.

21 11. Respondent is an “insurer” under ORS 731.106.

22 12. Under ORS 746.230(1)(b) and (e), an insurer may not commit or perform an
23 unfair claim settlement practice, including failing to acknowledge and act promptly upon
24 communications relating to claims or failing to affirm or deny coverage of claims within a
25 reasonable time after completed proof of loss statements have been submitted, respectively.

26 13. Under OAR 836-080-0235(4), if an insurer needs more time to determine





1 whether the claim of a first party claimant should be accepted or denied, it shall so notify
2 the claimant not later than the 30th day after receipt of the proofs of loss, giving the reason
3 more time is needed. Forty-five days from the date of such initial notification and every 45
4 days thereafter while the investigation remains incomplete, the insurer shall notify the
5 claimant in writing of the reason additional time is needed for investigation.

6 14. By failing to notify 1,363 claimants by the 30th day after receipt of their proofs
7 of loss and every 45 days thereafter that it needed more time to determine whether the
8 claims would be accepted or denied, and the reasons for needing additional time,
9 Respondent violated OAR 836-080-0235(4).

10 15. Under ORS 731.988(1), a person that violates any provision of the Insurance
11 Code shall forfeit and pay to the General Fund of the State Treasury a civil penalty in an
12 amount determined by the Director that does not exceed \$10,000 for each offense. Each
13 violation is a separate offense.

14 16. Under ORS 731.252(1), whenever the Director has reason to believe that any
15 person has been engaged or is engaging or is about to engage in any violation of the
16 Insurance Code, the Director may issue an order, directed to such person, to discontinue or
17 desist from such violation or threatened violation.

18 17. Because the Director has reason to believe that Respondent has violated the
19 Insurance Code, including OAR 836-080-0235(4), the Director may issue an order directed
20 to Respondent to discontinue or desist from those violations under ORS 731.252(1).

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ORDERS

The Director issues the following ORDERS:

Order to Cease and Desist

18. Pursuant to the authority of ORS 731.252(1), the Director hereby ORDERS Respondent to CEASE AND DESIST from violating OAR 836-080-0235(4) in the future.

Order Assessing Civil Penalties

19. Pursuant to the authority of ORS 731.988(1), the Director hereby ORDERS the assessment of forty thousand dollars (\$40,000) of CIVIL PENALTIES against Respondent for violations of OAR 836-080-0235(4).

20. The Director SUSPENDS collection of twenty thousand dollars (\$20,000) of the foregoing civil penalties, provided Respondent submits simultaneously with this executed Consent Order the remaining twenty thousand dollars (\$20,000) of civil penalties and complies with all terms of this Consent Order and the Insurance Code.

21. The Director agrees to waive the foregoing suspended twenty thousand dollars (\$20,000) of civil penalties at the end of a period of three (3) years from the effective date of this Consent Order provided that Respondent complies with the Insurance Code and the terms and conditions of this Consent Order, including but not limited to enacting and implementing the practice improvements as outlined above.

NONDISCHARGEABILITY

22. Respondent agrees the facts and violations set forth in this Order may be taken as true without further proof in any bankruptcy case or subsequent civil litigation the Director may pursue to enforce its rights to any payment or money judgment under the terms of this Order, including but not limited to any nondischargeability complaint in any bankruptcy proceeding and that this Order shall have collateral estoppel effect in any bankruptcy case.

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FINAL ORDER

23. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that provision, entry of this Order in no way limits or prevents further remedies, sanctions, or actions which may be available to the Director under Oregon law to enforce this Order, for violations of this Order, for conduct or actions of Respondent that are not covered by this Order, or against any party not covered by this Order.

IT IS SO ORDERED.

Dated this 27th day of October, 2022.

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

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

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1 **CONSENT TO ENTRY OF ORDER**

2 I, Jeffrey C. Rutledge, state that I hold the title of
3 Senior Vice President and I am an authorized representative of Respondent National
4 Union Fire Insurance Company of Pittsburgh, PA (“NUFIC”) with the authority to sign
5 this Consent Order on behalf of NUFIC. I have read the Order and I fully understand the
6 contents hereof. I have been advised of the right to a hearing and of the right to be
7 represented by counsel in this matter, and I have been represented by counsel. NUFIC
8 voluntarily consents to the entry of this Order without any force or duress, expressly
9 waiving any right to a hearing in this matter, as well as any rights to administrative or
10 judicial review of this order. NUFIC understands that this is a “Final Order” under ORS
11 183.310(6)(b). NUFIC understands that the Director reserves the right to take further
12 action to enforce this Order or to take appropriate action upon discovery that NUFIC has
13 committed other violations of the Insurance Code. NUFIC will fully comply with the
14 terms and conditions stated herein.

15 NUFIC understands that this Order is a public document.

16 Signature: /s/ Jeffrey C. Rutledge

17 Title: Senior Vice President

18 State of Florida

19 County of Dade

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21 Signed or attested before me on this 19th day of October, 2022

22 by Jeffrey Rutledge.

23
24 /s/ Sylvia E. Arguello

25 Notary Public

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