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

In the Matter of: PEMCO MUTUAL INSURANCE COMPANY, Respondent.	Case No. INS-23-0050 FINAL ORDER TO CEASE AND DESIST AND FINAL ORDER ASSESSING CIVIL PENALTIES, ENTERED BY CONSENT

The Director of the Oregon Department of Consumer and Business Services for the State of Oregon (the "Director"), through the Division of Financial Regulation, investigated the business activities of PEMCO Mutual Insurance Company ("PEMCO" or the "company") and determined that it violated certain provisions of Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748, and 750 and the rules promulgated thereunder (collectively, the "Insurance Code").

PEMCO cooperated with the Director's investigation and wishes to settle this matter.

Now, therefore, as evidenced by the signature(s) subscribed in this Order, PEMCO hereby CONSENTS to entry of this Order upon the Director's Findings of Fact and Conclusions of Law below.

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

FINDINGS OF FACT

The Director FINDS that:

1. PEMCO, a foreign insurer licensed in Oregon since January 2004, provides property and casualty products in the state. Its National Association of Insurance Commissioners Company Code is 24341.

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2. The company's principal place of business is at 1300 Dexter Avenue N, Seattle, Washington 98109.

3. From January 1, 2021 to December 6, 2021, PEMCO received 652 automobile total loss claims in Oregon. In 24 of those claims, the company did not send insureds or third-party owners the required Oregon total loss notice for cash settlements. Further, in 15 of those claims, the company did not send insureds or third-party owners the required valuation report it used to determine the amount of cash settlement.

CONCLUSIONS OF LAW

The Director CONCLUDES that:

4. The Director has jurisdiction over PEMCO's business activities under ORS 731.236.

5. By failing to send insureds or third-party owners the required Oregon total loss notice, PEMCO violated ORS 742.554(2) and Oregon Administrative Rule ("OAR") 836-080-0240(4).

6. By failing to send insureds or third party owners the required valuation report it used to determine the amount of cash settlement, PEMCO violated ORS 742.554(1) and OAR 836-080-0240(3)(a).

7. Because PEMCO violated ORS 742.554(1) and (2) and OAR 836-080-0240(3)(a) and (4), the Director may, under ORS 731.252(1), order the company to cease and desist from violating those statutes and rules.

8. ORS 731.988(1) authorizes the Director to assess against PEMCO a civil penalty of up to $10,000 per violation of the Insurance Code.

ORDERS

Now therefore, the Director issues the following Orders:

9. As authorized by ORS 731.252(1), the Director ORDERS PEMCO to CEASE AND DESIST from violating ORS 742.554(1) and (2) and OAR 836-080-0240(3)(a)

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and (4).

10. As authorized by ORS 731.988(1), the Director ORDERS PEMCO to pay $20,000 in CIVIL PENALTIES, allocated as follows:

A. $10,000 for failure to provide insureds or third-party owners with the required Oregon total loss notice, in violation of ORS 742.554(2) and OAR 836-080-0240(4), and

B. $10,000 for failure to provide insureds or third-party owners with the required valuation report, in violation of ORS 742.554(1) and OAR 836-080-0240(3)(a).

11. The Director SUSPENDS $8,000 of the civil penalties, provided PEMCO does not violate ORS 742.554(1) and (2) and OAR 836-080-0240(3)(a) and (4) or the terms of this Order. If PEMCO fails to satisfy this condition, the suspended civil penalties will become immediately due and owing. Otherwise, the Director will waive the suspended civil penalties three years after the date of this Order.

12. Along with this Order, PEMCO shall submit to the Director $12,000 as payment for the non-suspended civil penalties.

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

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SO ORDERED this 23rd day of January, 2024.

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

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

ENTITY CONSENT TO ENTRY OF ORDER

I, William M. Clumpner, am an officer or manager of PEMCO Mutual Insurance Company ("PEMCO" or the "company"), and I am authorized to act and sign on its behalf. I have read the foregoing Order, and I know and fully understand the contents hereof. The factual allegations stated herein are true and correct. I have been advised of PEMCO's right to a hearing and right to be represented by counsel in this matter. PEMCO 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. PEMCO understands that the Director reserves the right to take further action against the company to enforce this Order or to take appropriate action upon discovery that PEMCO has committed other violations of the Insurance Code. PEMCO, along with its officers, directors, employees, or agents, will fully comply with the terms and conditions stated herein.

PEMCO understands that this Order is a public document.

Signature: */s/ William M. Clumpner*

Position Held: Chief Legal Officer

State of Washington

County of King

Signed or attested before me on this 3 day of Jan., 2024.

/s/ Denice M. Town

Notary Public

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