

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

In the Matter of:

Case No. INS-23-0038

UNITED STATES FIRE
INSURANCE COMPANY,

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 United States Fire Insurance Company (“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 has been a licensed property and casualty insurer since December 31, 2003. Respondent is a Delaware corporation with a principal place of business at 305 Madison Avenue, Morristown, NJ 07960. Respondent’s National Association of Insurance Commissioners Company Code Number is 21113.

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1 2. Respondent offers and sells insurance, through its licensed and appointed
2 producers, to Oregonians, including travel insurance. Such insurance provides coverage if,
3 among other things, an insured’s travel plans are canceled for reasons specified in the
4 policy.

5 3. On November 18, 2020, the Division issued a final order by consent against
6 Respondent (the “2020 Consent Order”).¹ In the 2020 Consent Order, the Division found
7 that Respondent and its third-party claims administrator received 727 claims from Oregon
8 consumers between January 1 and June 1 of 2018 and failed to respond not later than the
9 30th day after receipt of ten of those claims, in violation of OAR 836-080-0225(3).
10 Respondent maintains that it misinterpreted its obligations under OAR 836-080-0235(4)
11 and thus, in 195 instances, Respondent failed to notify insureds every 45 days thereafter
12 that additional time was needed to review those claims, in violation of that rule. In addition,
13 Respondent failed to respond to multiple inquiries from the Division in connection with its
14 investigation in this matter, in violation of ORS 731.296. Respondent ultimately entered
15 into the 2020 Consent Order with the Division to resolve that matter. In connection with
16 that resolution, Respondent assured the Division that its deficiencies in communications
17 with its insureds had been remedied and it would be in compliance with regulatory
18 requirements going forward. The 2020 Consent Order included an Order Cease and Desist
19 from violating OAR 836-080-0225(3), OAR 836-080-0235(4), and ORS 731.296.

20 4. On May 18, 2022, an Oregon consumer filed a complaint with the Division
21 indicating he submitted a claim to Respondent’s administrator in accordance with his travel
22 insurance policy and that Respondent denied that claim. The consumer submitted an appeal
23 of that denial to Respondent’s administrator. As of the date of the consumer complaint,
24 Respondent’s administrator had not responded to the consumer’s appeal. Respondent
25 represents to the Division that its administrator had drafted a response but failed to send it

26 _____
¹ See Division case INS-20-0008.

1 to the consumer, which Respondent explained occurred due to a system error.

2 5. Following receipt of the foregoing consumer complaint, the Division opened a
3 new investigation into Respondent’s business activities in Oregon. That investigation
4 revealed that Respondent’s administrator failed to send communications to insureds to
5 notify them within 30 days and every 45 days thereafter that additional time was needed to
6 review those claims in six instances between June 1, 2021 and June 1, 2022. When asked
7 to explain these deficiencies, Respondent indicated that its third-party claims administrator
8 underwent a full system upgrade that resulted in a “technology glitch” with one of the
9 systems. According to Respondent, this technology glitch caused the failure to send those
10 six notifications within the required timeframes.

11 6. Respondent acknowledges that it is ultimately responsible for compliance with
12 all provisions of the Insurance Code, notwithstanding any reliance on technology or third-
13 party claims administrators. Respondent represents to the Division that it undertakes
14 regular audits of its administrators to ensure compliance with all relevant statutes and rules.

15 **CONCLUSIONS OF LAW**

16 The Director CONCLUDES that:

17 7. Under ORS 731.102(1), “insurance” means a contract whereby one undertakes
18 to indemnify another or pay or allow a specified or ascertainable amount or benefit upon
19 determinable risk contingencies.

20 8. The travel insurance policies that Respondent sold to Oregonians constitute
21 “insurance” under ORS 731.102(1).

22 9. Under ORS 731.106, “insurer” includes every person engaged in the business
23 of entering into policies of insurance.

24 10. Respondent is an “insurer” under ORS 731.106.

25 11. Under ORS 746.230(1)(b), an insurer may not commit or perform an unfair
26 claim settlement practice, including failing to acknowledge and act promptly upon

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1 communications relating to claims.

2 12. By failing to act promptly upon six notifications of claims, Respondent violated
3 ORS 746.230(1)(b).

4 13. Under OAR 836-080-0235(4), if an insurer needs more time to determine
5 whether the claim of a first party claimant should be accepted or denied, it shall so notify
6 the claimant not later than the 30th day after receipt of the proofs of loss, giving the reason
7 more time is needed. Forty-five days from the date of such initial notification and every 45
8 days thereafter while the investigation remains incomplete, the insurer shall notify the
9 claimant in writing of the reason additional time is needed for investigation.

10 14. By failing to send notifications to claimants not later than the 30th day after
11 receipt of the proof of loss and every 45 days thereafter in six instances between June 1,
12 2021 and June 1, 2022, Respondent violated OAR 836-080-0235(4) in six instances.

13 15. By violating OAR 836-080-0235(4), Respondent violated the 2020 Consent
14 Order.

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

19 17. By violating the terms of the 2020 Consent Order that ordered Respondent to
20 cease and desist from any further violations of OAR 836-080-0235(4), Respondent violated
21 a final order of the Director in violation of ORS 731.988(1).

22 18. By violating ORS 746.230(1), OAR 836-080-0235(4), and a final order of the
23 Director, Respondent is subject to civil penalties under ORS 731.988(1).

24 19. Under ORS 731.252(1), whenever the Director has reason to believe that any
25 person has been engaged or is engaging or is about to engage in any violation of the
26 Insurance Code, the Director may issue an order, directed to such person, to discontinue or

1 desist from such violation or threatened violation.

2 20. Because the Director has reason to believe that Respondent has violated the
3 Insurance Code, ORS 746.230(1), OAR 836-080-0235(4), and a final order of the Director,
4 the Director may issue an order directed to Respondent to discontinue or desist from those
5 violations under ORS 731.252(1).

6 **ORDERS**

7 The Director ISSUES the following ORDERS:

8 *Order to Cease and Desist*

9 21. Pursuant to the authority of ORS 731.252(1), the Director hereby ORDERS
10 Respondent to CEASE AND DESIST from violating ORS 746.230(1) and OAR 836-
11 080-0235(4).

12 *Order Assessing Civil Penalties*

13 22. Pursuant to the authority of ORS 731.988(1), the Director hereby ORDERS the
14 assessment of forty thousand dollars (\$40,000) of CIVIL PENALTIES against Respondent
15 for six violations of ORS 746.230(1) and OAR 836-080-0235(4) and for violating a final
16 order of the Director.

17 23. The Director SUSPENDS collection of fifteen thousand dollars (\$15,000) of
18 the foregoing civil penalties, provided:

19 A. Respondent submits simultaneously with this executed Consent Order the
20 remaining twenty-five thousand dollars (\$25,000) of civil penalties;

21 B. Respondent provides the Division with documentation reflecting the steps it has
22 taken in order to reduce the likelihood of violations similar to those identified in this
23 Consent Order from arising in the future; and

24 C. Respondent complies with all terms of this Consent Order and the Insurance
25 Code.

26 24. The Director agrees to waive the foregoing suspended twenty thousand dollars

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1 (\$20,000) of civil penalties at the end of a period of three (3) years from the effective date
2 of this Consent Order provided that Respondent complies with the Insurance Code and the
3 terms and conditions of this Consent Order. If Respondent fails to comply with this Consent
4 Order or otherwise fails to comply with the Insurance Code within the period of three (3)
5 years, then the suspended portion of the civil penalties shall become immediately due and
6 payable and the Division may take additional action against Respondent.

7 **NONDISCHARGEABILITY**

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

14 **FINAL ORDER**

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

20 IT IS SO ORDERED.

21 Dated this 1st day of August, 2023.

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

24
25 /s/ Dorothy Bean
26 Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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1 **CONSENT TO ENTRY OF ORDER**

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

15 US Fire Insurance Company understands that this Order is a public document.

16 Signature: /s/ Caren Alvaredo

17 Title: VP Regulatory Affairs

18 State of NJ

19 County of Monmouth

20
21 Signed or attested before me on this 18th of July, 2023

22 by Caren Alvaredo.

23
24 /s/ Beth Rishelle Ganoe

25 Notary Public

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