STATE OF OREGON DEPARTMENT OF CONSUMER AND BUSINESS SERVICES INSURANCE DIVISION

In the Matter of Dairyland Insurance Company .)	STIPULATION and
)	FINAL ORDER
)	Case No. INS 00-05-020
)	File No. 2334 IV

STIPULATION

The Director of the Department of Consumer and Business Services (Director) commenced the above entitled administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256(1), to take action against Dairyland Insurance Company (Dairyland) for violating certain provisions of the Oregon Insurance Code.

Dairyland enters into this stipulation to conclude this proceeding without further administrative or judicial proceedings pursuant to ORS 183.415(5).

Dairyland waives the right to receive a notice of proposed action, notice of rights and notice of judicial review, to have a hearing and to be represented by an attorney at the hearing, and to judicial review of the final order.

Dairyland admits and agrees to the following:

Facts

Licensing

Dairyland is a Wisconsin corporation. Dale R. Schuh is the President of Dairyland. Dairyland's main administrative office is located at 1800 North Pointy Drive, Stevens Point, WI 54481 and its mailing address is PO Box 8035 Stevens Point, WI, 54481-8035. Dairyland has been licensed in Oregon as a foreign insurer since August 1, 1965. Dairyland's Insurance Division company number is 1085 and its National Association of Insurance Commissioners' (NAIC) identification number is 021164.

Failure to Base Automobile Insurance Total Loss Settlement on Local Market Area On January 7, 2000, Dairyland offered to William P. Goodson, Jr. (Goodson) of Myrtle Creek, Oregon, to settle his first party automobile physical property damage total loss claim, number 81A773284A., for \$2,065. The amount of Dairyland's

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settlement offer was based on a market survey, dated December 2, 1999 conducted by CCC Information Services, Inc., of the cost of comparable automobiles in the *Phoenix, Arizona* area rather that the local market area around *Myrtle Creek, Oregon*. Subsequently, after Goodson complained to the Insurance Division and the Insurance Division inquired into the matter, Dairyland conducted a local market survey and as a result revised its settlement offer to \$2,375, for an increase of \$310.

Ultimate Facts

Dairyland elected to make a cash settlement of an automobile insurance total loss claim based on a valuation obtained from a computerized database source which did not produce a fair market value based on current data available from the area surrounding the location where the insured automobile was principally garaged.

Conclusions

Dairyland violated OAR 836-080-0240(3)(a)(F).

Action

Dairyland shall pay a civil penalty of \$2,000 pursuant to ORS 731.988 on or before the date of the Final Order.

Dated July 13, 2000.

/s/ Dale R. Schuh
Dale R. Schuh
President
Dairyland Insurance Company

FINAL ORDER

The Director adopts, and incorporates herein by this reference, the Facts, Ultimate Facts, Conclusions and Action in the above Stipulation as the Findings of Fact, Ultimate Findings of Fact, Conclusions of Law and Order, respectively, of this Final Order.

Dated July 20, 2000.

/s/ Mary C. Neidig Mary C. Neidig Director Department of Consumer and Business Services

CERTIFICATE OF SERVICE

I certify that on July 20, 2000 I served the above Stipulation and Final Order by mailing a copy thereof in a sealed envelope, with first class postage prepaid, to the party named therein.

/s/ Mitchel D. Curzon Mitchel D. Curzon Administrative Law Specialist Insurance Division