

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of **GuideOne Specialty Mutual Insurance Company.**) **STIPULATION** and
) **FINAL ORDER**
) File No. 2436 IV
) Case No. INS 02-01-032

STIPULATION

The Director of the Department of Consumer and Business Services (director), by and through the Insurance Division, commenced the above entitled administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take disciplinary action against GuideOne Specialty Mutual Insurance Company (GuideOne).

GuideOne enters into this Stipulation to conclude this proceeding without further administrative or judicial proceedings, as provided by ORS 183.415(5) and related rules. The person signing this Stipulation on behalf of GuideOne represents that he or she is so authorized by GuideOne.

GuideOne waives the right to receive a notice of proposed action, to receive a notice of rights and procedures in contested cases, to have a hearing, to be represented by an attorney at the hearing, and to judicial review of the Final Order. GuideOne admits and agrees to the following facts, conclusions, and action.

Facts and Conclusions

Licensing

GuideOne has been licensed in Oregon as an insurer since 10/21/61. GuideOne's Oregon Insurance Division company number is 1354 and its NAIC identification number is 014559. GuideOne's principal mailing address is 1111 Ashworth Road, West Des Moines, IA 50265-3536.

Failing to Promptly Settle a Claim

GuideOne violated ORS 746.230(1)(f) by engaging in the following conduct. On 12/1/99, Justin Bowman (Bowman) of Beaverton, Oregon was involved in an

automobile accident with Dale Stockamp (Stockamp), a minister of the West Hills Covenant Church. Bowman's automobile was damaged as a result of the accident. Stockamp was driving an automobile that was insured by GuideOne under policy number BA0001710157. On 12/1/99, Stockamp reported the accident to Slater & Associates Insurance, Inc., an agent of GuideOne. On the same date, Slater & Associates completed and faxed to GuideOne an "Automobile Loss Notice" informing GuideOne about the accident and the damage to both automobiles. The notice also included Bowman's home and work telephone numbers as well as the names and telephone numbers for the only two independent eye witnesses of the accident. On or about 12/2/99, GuideOne assigned Tracy Vavrosky (Vavrosky) to investigate and settle the church's and Bowman's claims. On 12/7/99, Vavrosky inspected the church's automobile, estimated the damages, and authorized payment based on his estimate. On 12/16/99, Vavrosky authorized another and final payment for additional costs to repair the church's automobile based on an estimate by a automobile repair shop. In the meantime, on 12/15/99, Vavrosky spoke to the "two independent witnesses who clearly stated that they felt our insured [Stockamp] was 100% at fault and that he was in the center island much too early and traveling too fast." On an unknown date, Vavrosky "also completed a scene investigation and [took some] photos [that] show that the left turn lane that [Stockamp] was trying to get to is blocked by a concrete curbing so that people can only enter the left turn lane just prior to the [intersection]. [Stockamp] was attempting to make a left turn and started to use the center island prior to this curbing and would not have been able to enter the left turn lane from the center turn lane." However, according to GuideOne's records, Vavrosky did not request Bowman's statement about the accident, inspect Bowman's automobile, or otherwise call, write to, or otherwise communicate with Bowman about his claim except as indicated below. Between 12/99 to 3/00, Bowman called and left several recorded telephone messages for Vavrosky. Vavrosky did not return any of Bowman's calls during this period, except on 12/14/99 and again on 2/10/00. So, shortly before 3/16/00, Bowman called "the home office" of GuideOne which told Bowman to obtain one repair estimate from a

local automobile repair shop and faxed the estimate to Vavrosky. On 3/16/00, Bowman obtained an estimate from Avanti Auto Paint and Body, and later in the month faxed and mailed the estimate, along with photographs of Bowman's damaged automobile, to Vavrosky. Vavrosky received the estimate and photographs. Between 4/00 to 7/17/00, Bowman called and left several more recorded telephone messages for Vavrosky. Vavrosky did not return any of Bowman's telephone calls during this period. So, on 7/17/00, Bowman filed a complaint with the Insurance Division. On 7/28/00, GuideOne issued a check, number 0008022786, dated 7/28/00, in the amount of \$1,485.50, as payment of the damages to Bowman's automobile based on the estimate that Vavrosky had received from Bowman, plus an additional amount to pay for a rental automobile. Thus, GuideOne knew or should have known on 12/15/99 that Stockamp was liable for the damages to Bowman's automobile but delayed offering to settle the claim until 7/28/00, 226 days later.

Failing to Record Pertinent Information About a Claim

GuideOne violated OAR 836-080-0215 in one instance by failing to record in its file of Bowman's claim (1) when Vavrosky investigated the accident scene, (2) when GuideOne received telephone calls from Bowman except on 12/7/99, (3) if and when Vavrosky or others returned Bowman's telephone calls other than on 12/14/99 and 2/10/00, (4) when GuideOne received from Bowman the estimates dated 3/16/00 and 4/27/00, and (5) when GuideOne determined that Stockamp was liable for the damages to Bowman's automobile.

Failing to Promptly Communicate With a Claimant About a Claim

GuideOne violated ORS 746.230(1)(b) in two instances by engaging in the following conduct.

1. On 12/1/99, GuideOne receive from Slater & Associates Insurance, Inc., an agent of GuideOne, the "Automobile Loss Notice" referred to above. However, GuideOne did not call, send a letter to, or otherwise communicate with, Bowman, the claimant, acknowledging that GuideOne had been notified about the accident and Bowman's damages.

2. Shortly after 3/16/00, GuideOne received from Bowman the estimate by Avanti Auto Paint and Body dated 3/16/00 referred to above, along with photographs of Bowman's damaged automobile. However, GuideOne did not call, or send a letter to, or otherwise communicate with Bowman, the claimant, acknowledging that GuideOne received the communication.

Action

GuideOne shall pay a civil penalty of \$10,000 pursuant to ORS 731.988. Payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. Payment shall be delivered or mailed to the Insurance Division at 350 Winter Street NE, Room 440, Salem, OR 97301-3883. Payment shall be received by the Insurance Division by the date of the Final Order.

Dated March 7, 2002

/s/ Sam Waters
[Signature of Representative]

Sam Waters
[Printed Name of Representative]

Assistant General Counsel
[Printed Title of Representative]

GuideOne Specialty Mutual Insurance Company

FINAL ORDER

The director makes the following final decision in this proceeding in accordance with ORS 731.248 and 183.415(5) and related rules.

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 order.

Dated March 12, 2002

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