

(Lawrence). Hudnall was riding his bicycle when he was hit. As a result of the accident, Hudnall was injured, and his bicycle was damaged. Lawrence was insured by IGF under an automobile insurance policy, number 123125483. On 8/20/99, Hudnall filed with IGF a claim for bodily injury and property damage. IGF opened the claim by assigning number 320027 to the claim. On 8/30/99, IGF obtained from Lawrence a statement about his recollection of the accident. On 9/7/99, a claim representative of IGF initially concluded that Lawrence was “in excess of 50% at fault at this point. [However,] I will not consider [an accident] scene investigation [un]til [I take a recorded statement from Hudnall] to verify his version and its validity.” On 12/29/99, IGF received from Hudnall a letter dated 12/29/99. In the letter, Hudnall indicated that no one from IGF had contacted Hudnall about his claim since Hudnall’s mother had called IGF on 8/20/99. Also in the letter, Hudnall stated “Your prompt attention to this matter is required. You can still contact me at home (503) 657-5665, at work (503) 657-1158 (7:30 AM to 3:30 PM). My mailing address is 17310 S.E. Wiles Court, Gladstone, OR 97027.” Hudnall enclosed with the letter information about the damage to Hudnall’s customized bicycle which was totaled in the accident, a copy of a traffic accident and insurance report which Hudnall filed with the Oregon Department of Transportation, and the names and telephone numbers of two witnesses to the accident. IGF did not reply to Hudnall’s letter. On 1/7/00, IGF requested an independent insurance adjusting firm to contact Hudnall to obtain a recorded statement about his recollection of the accident, and other information. On or about 1/19/00, the adjusting firm contacted Hudnall and obtained the requested information. On 1/26/00, the adjusting firm completed its investigation report. On 2/1/00, IGF received the investigation report. IGF did not further investigate Hudnall’s claim. Thus, IGF completed its investigation of Hudnall’s claim on 2/1/00, which was 165 days after it received notice of the claims on 8/20/99, although it was reasonable for IGF to complete its investigation within 45 days after it received notice of the claim.

Failure to Promptly Settle a Claim

IGF violated ORS 746.230(1)(f) in one instance by engaging in the following conduct relative to Hudnall's claim. On 2/1/00, IGF completed its investigation of Hudnall's claim for bodily injury and property damage. On 8/21/00, IGF closed Hudnall's claim. IGF did not communicate with Hudnall about closing his claim, or note in its claim file why it was closing the claim without any such communication. On 12/18/00, the Insurance Division received from Hudnall a complaint that IGF had failed to communicate with Hudnall about, and to promptly investigate and settle, his claim. On 12/20/00, the Insurance Division sent to IGF a letter about Hudnall's complaint. On or about 12/29/00, IGF received the letter. On 1/4/01, IGF contacted Hudnall and settled his claim. On 1/8/01, IGF sent to the Insurance Division an undated letter saying that IGF had contacted Hudnall and settled his claim. Thus, IGF settled Hudnall's claim on 1/4/01, which was 338 days after it completed its investigation on 2/1/00, although it was reasonable for IGF to settle the claim within a few days after it completed its investigation.

Failure to Promptly Acknowledge a Communication About a Claim

IGF violated OAR 836-080-0225(3) in one instance by engaging in the following conduct relative to Hudnall's claim. On 12/29/99, IGF received from Hudnall a letter dated 12/29/99. In the letter, Hudnall indicated that no one from IGF had contacted Hudnall about his claim since Hudnall's mother called IGF on 8/20/99. Also in the letter, Hudnall stated "Your prompt attention to this matter is required. You can still contact me at home (503) 657-5665, at work (503) 657-1158 (7:30 AM to 3:30 PM). My mailing address is 17310 S.E. Wiles Court, Gladstone, OR 97027." However, IGF did not reply to Hudnall's letter.

Failure to Promptly Provide Necessary Forms about a Claim

IGF violated Oregon Administrative Rules (OAR) 836-080-0225(4) in one instance by engaging in the following conduct relative to Hudnall's claim. On 8/20/99, Hudnall filed with IGF a claim for personal injury protection (PIP) benefits

under the policy. However, IGF did not send to Hudnall an “Affidavit of No Insurance” form until 1/26/00, 159 days after receiving notice of the claim on 8/20/99. The form was necessary for Hudnall to inform IGF whether Hudnall was insured under another automobile insurance policy so IGF could determine whether Hudnall was entitled to PIP benefits under the policy.

Failure to Timely Notify Claimant of Continuation of Investigation of Claim

IGF violated OAR 836-080-0235(4) in ten instances by engaging in the following conduct relative to Hudnall’s claim. On 8/20/99, Hudnall filed with IGF a claim for PIP benefits under the policy. On 1/26/00, IGF sent a letter to Hudnall requesting Hudnall complete and return to IGF the enclosed “Affidavit of No Insurance” form so IGF could pay the three bills for medical services to Hudnall that IGF had received. However, from 8/20/99 to 1/26/00, IGF did not notify Hudnall by 9/19/99 that IGF had accepted or denied Hudnall’s claim; and IGF also did not notify Hudnall by 11/3/99 and again by 12/18/99 that IGF needed more time to investigate Hudnall’s claim. On 4/26/00, IGF called Hudnall about why he had not returned the “Affidavit of No Insurance” form, and informed him that he needed to complete and return the form so IGF could pay the bills. However, from 1/26/00 to 4/26/00, IGF did not notify Hudnall by 3/11/00 and again by 4/25/00 that IGF needed more time to investigate Hudnall’s claim. On 1/4/01, IGF contacted Hudnall and settled his claim. However, from 4/26/00 to 1/4/01, IGF did not notify Hudnall by 6/10/00, 7/25/00, 9/8/00, 10/23/00 and again by 12/7/00 that IGF needed more time to investigate Hudnall’s claim.

Failure to Promptly Pay Personal Injury Protection Benefits

IGF violated ORS 742.520(4) in three instances by engaging in the following conduct relative to Hudnall’s claim.

1. On 8/20/99, Hudnall filed with IGF a claim for PIP benefits under the policy. On 9/28/99, IGF received from an ambulance company a bill dated 9/16/99 in the amount of \$744.11 for transportation services provided to Hudnall on 8/14/99 as a

result of the accident. However, IGF did not acknowledge receipt of the bill, or inquire of any person about the bill, or decide whether to pay the bill, until IGF paid the bill on or about 5/30/00, 245 days after receiving the bill on 9/28/99.

2. On 8/20/99, Hudnall filed with IGF a claim for PIP benefits under the policy. On 12/29/99, IGF received from Hudnall a bill dated 5/20/00 from a physician group for medical services provided to Hudnall on 8/14/99 as a result of the accident. However, IGF did not acknowledge receipt of the bill, or inquire of any person about the bill, or decide whether to pay the bill, until IGF paid the bill on 1/5/01, 373 days after receiving the bill on 12/29/99.

3. On 8/20/99, Hudnall filed with IGF a claim for PIP benefits under the policy. On 1/6/00, IGF received from a hospital a bill dated 12/30/99 in the amount of \$4,749.62 for medical services provided to Hudnall on 8/14/99 as a result of the accident. However, IGF did not acknowledge receipt of the bill, or inquire of any person about the bill, or decide whether to pay the bill, until IGF paid the bill on or about 5/30/00, 145 days after receiving the bill on 1/6/00.

Action

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

Dated June 18, 2002

/s/ Douglas H. Symons
[Signature of Representative]

Douglas H. Symons
[Printed Name of Representative]

President & CEO
[Printed Title of Representative]

IGF Insurance Company

FINAL ORDER

The director adopts and incorporates herein by this reference the above Stipulation as the director's final decision in this proceeding.

Dated July 1, 2002

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

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