

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

In the Matter of **Progressive Classic
Insurance Company**

) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 05-08-007

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Progressive Classic Insurance Company (Progressive Classic).

Progressive Classic enters into this stipulation pursuant to ORS 183.415(5).

Progressive Classic waives all rights relative to an administrative hearing and judicial review thereof.

Progressive Classic stipulates to the following facts, conclusions, action, and to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

Progressive Classic has been licensed in Oregon as a foreign insurer since 9/20/84. Progressive Classic's last recorded principal business address is located in Mayfield Village, Ohio.

Failed to Acknowledge and Act Promptly Upon Communication About Claim

Progressive Classic violated ORS 746.230(1)(b) in three instances by engaging in the following conduct. ORS 746.230(1)(b) prohibits an insurer from failing to acknowledge and act promptly upon communications relating to claims. On 6/24/04, a person, referred to herein as Ms. S, was riding as a passenger in a motor vehicle driven by a person, referred to herein as Ms. E. Ms. E lost control of the motor vehicle and struck a guardrail. Ms. S was injured and incurred medical expenses as a result of the accident. Ms. S was insured under a health insurance policy issued by Pacific Hospital Association dba PacificSource Health Plans (PacificSource), a

health service contractor. Ms. E was insured under an automobile insurance policy issued by Progressive Classic, an insurer. Ms. S filed with PacificSource a claim for the medical expenses. PacificSource paid the claim. On 7/6/04, PacificSource faxed to Progressive Classic a letter informing Progressive Classic that PacificSource had paid the claim, and requesting Progressive Classic “confirm that you provide liability coverage for this accident.” On or about 7/6/04, Progressive Classic received the letter but did not respond. On 9/7/04, PacificSource mailed by certified mail to Progressive Classic a follow up letter asking for a response. On 9/10/04, Progressive Classic received the letter but did not respond. On 11/30/04, Progressive Classic settled with Ms. S for \$100,000 which was the limit of liability coverage of the policy that Progressive Classic had issued to Ms. E. On 12/10/04, PacificSource mailed to Progressive Classic another follow up letter asking for a response. On 12/12/04, Progressive Classic received the letter but did not respond. On 12/29/04, PacificSource sent to Progressive Classic another follow up letter asking for a response. On or about 1/3/05, Progressive Classic received the letter. On 1/11/05, Progressive Classic sent a letter to PacificSource saying that Progressive Classic had settled with Ms. S, and requested PacificSource to contact Ms. S for reimbursement.

Failed to Timely Respond to Director’s Inquiry

Progressive Classic violated ORS 731.296 in one instance by engaging in the following conduct. ORS 731.296 requires a person licensed in Oregon as an insurance producer to promptly and truthfully respond to inquiries from the director. On 2/1/05, the Insurance Division mailed by certified mail a letter to Progressive Classic at their local address of 7150 SW Sandburg Street, Tigard, OR 97223-8069. The letter requested Progressive Classic to provide certain information to the Insurance Division by 2/22/05. On 2/2/05, Progressive Classic received the letter. On 2/28/05, when Progressive Classic did not respond by the due date, the Insurance Division mailed by certified mail a follow up letter to Progressive Classic. On 3/1/05, Progressive Classic received the follow up letter. On 3/14/05, the Insurance Division received by mail from Progressive Classic a letter dated 3/9/05

providing some of the requested information. On 4/4/05, The Insurance Division sent an e-mail to Progressive Classic asking for the omitted information. On 4/14/05, the Insurance Division received by fax from Progressive Classic a letter dated 4/14/05 providing the omitted information. Thus, Progressive Classic completely responded to the Insurance Division 51 days late.

Action

Pursuant to ORS 731.988, Progressive Classic is assessed a civil penalty of \$8,000. 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 to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE, Room 440 (4th Floor), Salem, Oregon; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment is due on, and shall be received by the Insurance Division by, the date of the final order.

Dated September 28, 2005

/s/ Jeff Freauf
[Signature of Representative]
Jeff Freauf
[Printed Name of Representative]
Branch Claims Manager II
[Printed Title of Representative]

Progressive Classic Insurance Company

FINAL ORDER

The director incorporates herein the above stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated October 12, 2005

/s/ Cory Streisinger
Cory Streisinger
Director
Department of Consumer and Business Services

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