



## Results of Market Conduct Examination of Mid-Century

The director, by and through the Insurance Division, conducted a market conduct examination of Mid-Century as of 12/31/04, pursuant to ORS 731.300 *et seq.* The Insurance Division found that Mid-Century did not comply with the following Oregon insurance laws.

- Mid-Century failed to complete an investigation of a claim within 45 days after receipt of notification of the claim.
- Mid-Century failed to adequately document claim files. The Insurance Division found during two previous market conduct examinations of Mid-Century in 1998 and 2001 that they did not comply with this same law.
- Total loss settlements were not handled in accordance with policy provisions and applicable statutes and rules. For example, vehicles were used that were not comparable by body style, mileage and by garage location of the loss vehicle. The Insurance Division found during two previous market conduct examinations of Mid-Century in 1998 and 2001 that they did not comply with this same law.
- Mid-Century failed to notify the claimant not later than the 30<sup>th</sup> day after receipt of the proofs of loss, giving the reason more time is needed.
- Mid-Century failed to conduct a reasonable investigation based on all available information.
- Mid-Century failed to promptly and in good faith equitably settle claims in which liability was reasonably clear. For example, Mid-Century settled a disputed claim involving the valuation of the loss vehicle owned by one of its agents using a method that resulted in a higher settlement and denied other claimants with comparable claims the same opportunity. The Insurance Division found during two previous market conduct examinations of Mid-Century in 1998 and 2001 that they did not comply with this same law.
- Mid-Century failed to provide the required notice to consumers that they may request a written statement describing the insurer's use of credit histories and insurance scores.
- Mid-Century failed to provide the required written statement describing the insurer's use of credit histories and insurance scores to a consumer who requests it.
- Mid-Century failed to provide the required information to a consumer when an adverse action against the consumer based in whole or in part upon a credit history or insurance score.

- Mid-Century failed to take the required action when a consumer disputes the accuracy or completeness of information that results in a change in the consumer's credit history or insurance score.
- Mid-Century failed to establish the required written policy regarding the use of credit histories and insurance scores in their rating or underwriting process.

The Insurance Division filed a preliminary report of the examination which is incorporated herein by this reference.

**Action**

Pursuant to ORS 731.312, the director may file the preliminary report of the examination of Mid-Century as the final reports thereof. The response of Mid-Century will be attached to the final report.

Pursuant to ORS 731.988, Mid Century is assessed a civil penalty of \$20,000. 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 (4<sup>th</sup> Floor), Salem, Oregon; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be *received* by the Insurance Division by the date of the final order.

Dated March 15, 2007

/s/ William Johanneson

[Signature of Representative]

William Johanneson

[Printed Name of Representative]

Assistant Vice President Regulatory Affairs

[Printed Title of Representative]

Mid Century Insurance Company

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**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 April 3, 2007

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

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