

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

In the Matter of **Pennsylvania General Insurance Company**) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 08-09-017

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 Pennsylvania General Insurance Company (Pennsylvania General).

Pennsylvania General desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.415(5).

Pennsylvania General waives all rights relative to an administrative hearing and judicial review thereof.

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

Facts and Conclusions

Licensing Information

Pennsylvania General has been licensed in Oregon as a foreign insurer since 3/08/56.. Pennsylvania General's last recorded principal business address is located in Canton, Massachusetts.

Filed OIGA Recoupment Assessment Certification Late

Pennsylvania General is subject to enforcement action pursuant to Oregon Administrative Rules (OAR) 836-031-0855(8) because of the following circumstances. ORS 734.550 requires all insurers who are licensed in Oregon as insurers and authorized to transact generally property and casualty insurance to be members of the Oregon Insurance Guaranty Association (OIGA). ORS 734.570(3) requires OIGA to assess its member insurers an amount necessary to pay OIGA's expenses. If OIGA assesses its member insurers, then ORS 734.579(1) requires a

member insurer to recoup the assessment from its insureds, unless OAR 836-031-0855 permits the insurer to do otherwise. If a member insurer recoups the assessment from its insureds, then ORS 734.579(2) requires the insurer to annually certify to the director certain information about its recoupment assessment. OAR 836-031-0855(8) requires a member insurer to file a certification on a form specified by the director by June 1 of each year following the completion of a 12-month recoupment assessment period referred to in OAR 836-031-0855(6). Pursuant to ORS 174.125, if the normal due date falls on a date that the director is not open for business, then the actual due date is the next date that the director is open for business. In 2008, June 1 was on a Sunday so certifications for 2007 were due on 6/2/08. At all relevant times, Pennsylvania General was a member insurer of OIGA, was assessed by OIGA, recouped the assessment from its insureds, completed a recoupment assessment period, and filed its certification. However, Pennsylvania General filed its certification for 2006 on 8/6/08, 432 days late; and its certification for 2007 also on 8/6/08, 65 days late.

Action

Pursuant to ORS 731.988, Pennsylvania General is assessed a civil penalty of \$16,500.00. 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 shall be *received* by the Insurance Division by the date of the final order.

Dated 10/18/09

/s/ Lee W. Erickson

[Signature of Representative]

Lee W. Erickson

[Printed Name of Representative]

Senior Manager, Statutory Reporting

[Printed Title of Representative]

Pennsylvania General 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 12/18/08

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

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