

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

In the Matter of **American Family Mutual Insurance Company** ) **STIPULATION** and  
 ) **FINAL ORDER**  
 ) Case No. INS 08-11-010

**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 American Family Mutual Insurance Company (American Family).

American Family desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.417(3).

American Family waives all rights relative to an administrative hearing and judicial review thereof.

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

**Facts and Conclusions**

Licensing Information

American Family has been licensed in Oregon as a foreign insurer since 9/2/97. American Family's last recorded principal business address is located in Madison, Wisconsin.

Failed to Acknowledge and Act Promptly Upon Communication About Claim

American Family is subject to enforcement action pursuant to ORS 746.230(1)(b) and OAR 836-080-0215 because of the following circumstances. ORS 746.230(1)(b) prohibits an insurer or other person from failing to acknowledge and act promptly upon communications relating to claims. OAR 836-080-0215 requires an insurer that receives a claim to record in the insurer's claim file enough information to determine the dates and events relating to the loss and the insurer's processing of the claim. At all relevant times, Kurt Brinkmeyer (Brinkmeyer) of Portland,

Oregon, was insured under a home insurance policy issued by American Family. On 8/18/06, an unidentified person broke into Brinkmeyer's home and stole some personal property. On 8/25/06, Brinkmeyer filed with American Family a claim for reimbursement of the stolen property. American Family assigned number 00-161-690401-3730, to the claim. On 9/20/06, American Family sent a letter to Brinkmeyer acknowledging the claim. On 9/8/06 and 9/28/06, American Family received from Brinkmeyer information about the value of the stolen property. On 10/3/06, American Family paid the claim by issuing a check to Brinkmeyer. However, on 10/9/06, Brinkmeyer informed American Family that he recovered some of the property, and would contact American Family after he inspected the recovered property. American Family stopped payment of the check. However, from November 2006 to February 2007, a period of four months, American Family did not contact Brinkmeyer to ask whether any of the recovered property was damaged and to find out if he was ready to settle the claim. In March 2007, Brinkmeyer informed American Family that he was ready to settle the claim. However, from March 2007 to June 2007, a period of four months, American Family did not resume processing the claim. During this same period of time, Brinkmeyer sent several e-mails to American Family asking about the status of the claim. However, American Family did not respond to the e-mails, and did not retain the e-mails. On 6/8/07, the director received from Brinkmeyer a complaint about American Family. On 6/15/07, American Family received from the director an inquiry about the complaint. American Family resumed processing the claim on 6/28/07 and paid the claim on 6/29/07.

### **Action**

Pursuant to ORS 731.988, American Family is assessed a civil penalty of \$6,500. 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 December 4, 2008

/s/ Rick Packard

[Signature of Representative]

**Rick Packard**

[Printed Name of Representative]

**Compliance Director**

[Printed Title of Representative]

American Family Mutual 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 January 2, 2009

/s/ Cory Streisinger

Cory Streisinger

Director

Department of Consumer and Business Services

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