

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of:

Case No. INS-16-0138

TIME INSURANCE COMPANY,

Respondent.

ORDER TO CEASE AND DESIST,
FINAL ORDER ASSESSING CIVIL
PENALTY AND CONSENT TO
ENTRY OF ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon (“Director”), acting in accordance with ORS chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 744, 746, 748 and 750 (“Insurance Code”) and specifically ORS 731.256, commenced this administrative proceeding to take enforcement action against TIME INSURANCE COMPANY (“Respondent”).

Respondent wishes to resolve and settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed on this Order, Respondent hereby CONSENTS to entry of this Order.

FINDINGS OF FACT

The Director FINDS that:

1. Respondent has been licensed in Oregon as a foreign insurer since 10/1/1956. Respondent’s principal place of business is PO Box 3050, Milwaukee, WI 53201-3050.

2. Respondent had been previously investigated by the Director for failing to comply with Oregon Administrative Rule (“OAR”) 836-053-1100(1)(b), which states that “an insurer must make a decision on [an internal] appeal [defined as a review by an insurer of an adverse benefit determination made by the insurer] not later than the 30th

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1 day after receiving notice of the appeal.” From January 1, 2011 to August 31, 2011,
2 Respondent received, from or on behalf of insureds residing in Oregon, 524 appeals and
3 in 101 of those instances, or 19%, Respondent made a decision more than 30 days after it
4 received the appeal. From October 1, 2012 to August 22, 2013, Respondent received 214
5 appeals in Oregon and in 51 of those instances, or 24%, Respondent failed to make a
6 decision within 30 days. From September 1, 2013 to April 30, 2014, Respondent
7 received 271 appeals in Oregon and in 37 instances, or 14%, Respondent failed to make a
8 decision within 30 days. As a result of this investigation, Respondent agreed to pay a
9 \$40,000 civil penalty in a Stipulation and Final Order, Case No. INS 13-08-007.

10 3. The Director requested an audit of appeals received, from or on behalf of
11 insureds residing in Oregon, from August 2014 through July 2015. In review of the
12 audited information, the Director discovered that the Respondent received 222 appeals
13 and in 98 of those instances, or 44%, Respondent made a decision more than 30 days
14 after it received the appeal.

15 4. Respondent failed to provide a denial of a claim, provide the correct reason
16 for denial and complete a thorough investigation for enrolled member Y.V. as related to
17 the inadequate provider network for in-state residential mental health services.

18
19 **CONCLUSIONS OF LAW**

20 The Director CONCLUDES that:

21 5. Pursuant to OAR 836-053-1100(1)(b) an insurer must make a decision on the
22 appeal not later than the 30th day after receiving notice of the appeal. Respondent
23 violated OAR 836-053-1100(1)(b) by failing to respond to 98 appeals from insureds
24 within the state of Oregon within 30 days of receiving notice of the appeal.

25 6. OAR 836-080-0235 outlines the standards for prompt and fair settlements,
26 including: (1) an insurer shall, not later than the 30th day after its receipt of properly

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1 executed proofs of loss from a first party claimant, advise the claimant of the acceptance
2 or denial of the claim. An insurer shall not deny a claim on the grounds of a specific
3 policy provision, condition or exclusion unless the denial includes reference to the
4 provision, condition or exclusion. A claim denial must be in writing, with either a copy or
5 the capability of reproducing its text included in the insurer's claim file. Respondent
6 failed to adhere to the standards for prompt and fair settlements under OAR 836-080-
7 0235 in the case of Y.V. as related to the inadequate provider network for in-state
8 residential mental health services.

9 7. Under ORS 731.988(1) the Director may impose a civil penalty of up to
10 \$10,000 *per violation* upon any person who violates a provision of the Insurance Code.

11 8. Under ORS 731.256(2), the Director may seek restitution on a consumers
12 behalf for actual damages the consumer suffers as an of the insurers violation of a
13 provision of the Insurance Code.

14
15 **ORDERS**

16 Now therefore, the Director issues the following Orders:

17 9. As authorized by ORS 731.252(1), the Director Orders Respondent to CEASE
18 AND DESIST from violating any provision of the Oregon Insurance Code or the
19 administrative rules promulgated thereunder.

20 10. Based upon the foregoing and in accordance with ORS 731.988(1), the
21 Director ORDERS a CIVIL PENALTY of \$125,000 for making decisions on appeals
22 later than the 30th day after receiving notice of the appeal.

23 11. Based upon the foregoing and in accordance with ORS 731.256(2), the
24 Director ORDERS RESTITUTION in the amount of \$53,948.48 to be paid directly to
25 consumer Y.V.

26 12. The CIVIL PENALTY assessed herein is due and payable at the time this

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1 Order is returned to the Division.

2 13. This ORDER is a Final Order under ORS 183.310(6)(b). Subject to that
3 provision, the entry of this Order does not limit other remedies that may be available to
4 the Director under Oregon law.

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6 SO ORDERED this 8th day of November, 2016.

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PATRICK M. ALLEN, Director
Department of Consumer and Business Services

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/s/ David Tatman
David C. Tatman, Chief of Enforcement
Division of Financial Regulation

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ENTITY CONSENT TO ENTRY OF ORDER

I, Julia M. Hix, state that I am an officer of Time Insurance Company and I am authorized to act on its behalf. I have read the foregoing order, and I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. Time Insurance Company voluntarily and without any force or duress consents to the entry of this order expressly waiving any right to a hearing in this matter Time Insurance Company understands that the Director reserves the right to take further actions to enforce this order or to take appropriate action upon discovery of other violations of the Oregon Insurance Code. Time Insurance Company will fully comply with the terms and conditions stated herein.

Time Insurance Company understands that this order is a public document.

TIME INSURANCE COMPANY

/s/ Julia M. Hix
Signature

State of Florida

County of Miami-Dade

There appeared before me on this 12 day of October, 2016,

Julia M. Hix who was first duly sworn on oath, and stated that he/she was and is an officer of Time Insurance Company and that he/she is authorized and empowered to sign this Consent to Entry of Order on behalf of Time Insurance Company and to bind Time Insurance Company to the terms hereof.

/s/ David Lundy
Notary Public

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