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

In the Matter of:

BROOKWOOD INSURANCE COMPANY,

Respondent.

Case No. INS-17-0035

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”) conducted an investigation of BROOKWOOD INSURANCE COMPANY (“Respondent”) and determined that Respondent engaged in activities in violation of Oregon Revised Statutes (“ORS”) 742.566(1) and 742.706(2).

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 May 11, 2001. Respondent’s principal place of business is 1314 Douglas Street, Suite 1300, Omaha, NE 68102.
2. In July 2016, Respondent made two System for Electronic Rates and Forms Filings (“SERFF”), CORN-130647070 and CORN-130647282, to the Division of Financial Regulation (“Division”) for approval.
3. The SERFF filings were submitted to the Division to withdraw rates, rules and policy forms. Respondent’s filing description indicated that Respondent did not have any

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1 in-force policies with commercial auto coverage in Oregon.

2 4. On August 31, 2016, the Division inquired into the lack of in-force policies by
3 Respondent.

4 5. Respondent stated that “Continental Divide Insurance Company has identical
5 rates, forms and underwriting criteria as Brookwood Insurance Company. We began the
6 transition some years ago with all new business being written on Continental Divide
7 Insurance Company paper and eventually transitioning renewals to this company as
8 well.”

9 6. Respondent also stated that “Our affiliated company, Continental Divide
10 Insurance Company, offered a renewal identical to that which would have been offered
11 by Brookwood Insurance Company. The Company’s interpretation is that this is not a
12 non-renewal but simply a transfer of the policies from one affiliated company to another,
13 and therefore, we did not inform the division.”

14 7. Respondent reported that 78 commercial automobile insurance policies and 38
15 commercial property insurance policies were transferred to Continental Divide Insurance
16 Company without a notice of non-renewal from Respondent. Respondent stated “Instead,
17 the auto, property, and general liability policies received a conditional renewal notice
18 indicating if applicable, an increase in premium or less favorable terms.”

19
20 **CONCLUSIONS OF LAW**

21 The Director CONCLUDES that:

22 8. Under ORS 731.252(1), whenever the Director has reason to believe that any
23 person has been engaged or is engaging or is about to engage in any violation of the
24 Insurance Code, the Director may issue an order to discontinue or desist from such
25 violation or threatened violation.

26 9. Pursuant to ORS 742.566(1), an insurer shall offer renewal of a policy,

1 contingent upon payment of premium as stated in the offer, to an insured unless the
2 insurer mails or delivers to the named insured, at the address shown in the policy, at least
3 30 days' advance notice of nonrenewal. Such notice shall contain or be accompanied by a
4 statement of the reason or reasons for nonrenewal.

5 10. Under ORS 742.706(2), nonrenewal of a commercial liability policy shall not
6 be effective until at least 45 days after the insured receives a written notice of
7 nonrenewal. If, after an insurer provides a notice of nonrenewal as described in this
8 subsection, the insurer extends the policy 90 days or less, an additional notice of
9 nonrenewal is not required with respect to the extension.

10 11. Pursuant to ORS 731.988(1), the Director may impose a civil penalty of up to
11 \$10,000 *per violation* upon any person who violates a provision of the Insurance Code.

12 ORDERS

13
14 Now therefore, the Director issues the following Orders:

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

18 13. Based upon the foregoing and in accordance with ORS 731.988(1), the
19 Director ORDERS a CIVIL PENALTY of \$58,000 for failing to provide a notice of non-
20 renewal. The civil penalty includes \$500 per violation with a total of 116 violations.

21 14. The Director agrees to SUSPEND the collection of \$48,000 of the \$58,000
22 CIVIL PENALTY assessed herein upon the condition that Respondent commits no new
23 violations of the Oregon Insurance Code or any administrative rules adopted thereunder.

24 15. If Respondent complies with all of the terms and conditions set out in this
25 Order and commits no violations of the Oregon Insurance Code during the three year
26 period from the date of issuance of this Order, the Director hereby agrees to WAIVE the

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1 \$48,000 suspended amount.

2 16. The Director reserves the right to immediately assess and collect the \$48,000
3 suspended amount upon a determination that Respondent has violated any term of this
4 Order.

5 17. The CIVIL PENALTY assessed herein is due and payable at the time this
6 Order is returned to the Division.

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

10
11 SO ORDERED this 23rd day of May, 2017.

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

14
15 /s/ David Tatman
16 David C. Tatman, Chief of Enforcement
17 Division of Financial Regulation

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ENTITY CONSENT TO ENTRY OF ORDER

I, Brian Hall, state that I am an officer of Brookwood 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. Brookwood 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 Brookwood 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. Brookwood Insurance Company will fully comply with the terms and conditions stated herein.

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

BROOKWOOD INSURANCE COMPANY

/s/ Brian Hall
Signature

State of Georgia

County of Fulton

There appeared before me on this 5 day of May, 2017,
Brian Peterson Hall who was first duly sworn on oath,

and stated that he/she was and is an officer of Brookwood Insurance Company and that he/she is authorized and empowered to sign this Consent to Entry of Order on behalf of Brookwood Insurance Company and to bind Brookwood Insurance Company to the terms hereof.

/s/ Naushaba Munawar
Notary Public

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