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3 STATE OF OREGON  
4 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES  
5 DIVISION OF FINANCIAL REGULATION

6 In the Matter of:

Case No. INS-17-0020

7 MADISON NATIONAL LIFE  
8 INSURANCE COMPANY,

Respondent.

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

9 The Director of the Department of Consumer and Business Services for the State  
10 of Oregon (“Director”) conducted an investigation of MADISON NATIONAL LIFE  
11 INSURANCE COMPANY (“Respondent”) and determined that Respondent engaged in  
12 activities in violation of Oregon Administrative Rule (“OAR”) 836-080-0235.

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

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

16  
17 FINDINGS OF FACT

18 The Director FINDS that:

19 1. Respondent has been licensed in Oregon as a foreign insurer since June 20,  
20 1988. Respondent’s principal place of business is PO Box 5008, Madison, WI 53705.

21 2. The Division of Financial Regulation (“Division”) received a complaint from  
22 R.B. regarding the delay of payment for dental work completed on December 16, 2015.  
23 R.B.’s dental claim was not paid until September 19, 2016.

24 3. Respondent stated the delay was inadvertently caused by a change in claim  
25 processing system that began in September 2015.

26 4. Based on this information, the Division requested Respondent to determine

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1 the number of claims that were not paid within 30 days and whether notices of delay were  
2 sent to claimants between September 2015 and October 2016.

3 5. Respondent reported that 116 claims were not paid within 30 days. Letters  
4 were not sent by the 30th day to notify the claimants of the delay.

5 6. Respondent reported that 52 claims went unpaid 45 days after the initial 30  
6 day period. Letters were not sent by the 45th day after the initial 30 day notice to notify  
7 the claimants of the delay.

8 7. Respondent reported that 6 claims went unpaid 45 days after the first 45th day  
9 delay period and initial 30 day period. Letters were not sent by the second 45 day  
10 period after the initial 30 day notice to notify the claimants of the delay.

11  
12 **CONCLUSIONS OF LAW**

13 The Director CONCLUDES that:

14 8. Pursuant to OAR 836-080-0235(1) an insurer shall, not later than the 30th day  
15 after its receipt of properly executed proofs of loss from a first party claimant, advise the  
16 claimant of the acceptance or denial of the claim. Respondent failed to notify claimants  
17 of the acceptance or denial of 116 claims by the 30<sup>th</sup> day after the claims were received.

18 9. Pursuant to OAR 836-080-0235(4) if an insurer needs more time to determine  
19 whether the claim of a first party claimant should be accepted or denied, it shall so notify  
20 the claimant not later than the 30th day after receipt of the proofs of loss, giving the  
21 reason more time is needed. Forty-five days from the date of such initial notification and  
22 every 45 days thereafter while the investigation remains incomplete, the insurer shall  
23 notify the claimant in writing of the reason additional time is needed for investigation.  
24 Respondent failed to send initial 30 day notices on 116 claims. Respondent failed to send  
25 notices 45 days after the initial notice on 52 claims. Additionally, 6 of the 52 claims  
26 required an additional 45 day delay notice.



1 10. Under Oregon Revised Statutes (“ORS”) 731.988(1) the Director may impose  
2 a civil penalty of up to \$10,000 *per violation* upon any person who violates a provision of  
3 the Insurance Code.

4  
5 ORDERS

6 Now therefore, the Director issues the following Orders:

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

10 12. Based upon the foregoing and in accordance with ORS 731.988(1), the  
11 Director ORDERS a CIVIL PENALTY of \$27,600 for failing to notify claimants of  
12 delays in processing their claims. The civil penalty is comprised of the following  
13 amounts: \$100 for each of the 116 claims that were not sent a notice by day 30 (\$11,600),  
14 \$250 for each of the 52 claims that did not receive a 45 day notice after the initial delay  
15 period (\$13,000), and \$500 for each of the 6 claims that did not receive a subsequent 45  
16 day notice (\$3000).

17 13. The Director agrees to SUSPEND the collection of \$13,800 of the \$27,600  
18 CIVIL PENALTY assessed herein upon the condition that Respondent commits no new  
19 violations of the Oregon Insurance Code or any administrative rules adopted thereunder.

20 14. If Respondent complies with all of the terms and conditions set out in this  
21 Order and commits no violations of the Oregon Insurance Code during the five year  
22 period from the date of issuance of this Order, the Director hereby agrees to WAIVE the  
23 \$13,800 suspended amount.

24 15. The Director reserves the right to immediately assess and collect the \$13,800  
25 suspended amount upon a determination that Respondent has violated any term of this  
26 Order.

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1        16.    The CIVIL PENALTY assessed herein is due and payable at the time this  
2 Order is returned to the Division.

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

6  
7            SO ORDERED this 21<sup>st</sup> day of April, 2017.

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

10  
11                            /s/ David Tatman  
12                            David C. Tatman, Chief of Enforcement  
                                 Division of Financial Regulation

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ENTITY CONSENT TO ENTRY OF ORDER

I, Susan M. Caldwell, state that I am an officer of Madison National Life 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. Madison National Life 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 Madison National Life 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. Madison National Life Insurance Company will fully comply with the terms and conditions stated herein.

Madison National Life Insurance Company understands that this order is a public document.

MADISON NATIONAL LIFE INSURANCE COMPANY

/s/ Susan M. Caldwell  
Signature

State of Wisconsin  
County of Dane

There appeared before me on this 11<sup>th</sup> day of April, 2017, Susan Caldwell who was first duly sworn on oath, and stated that he/she was and is an officer of Madison National Life Insurance Company and that he/she is authorized and empowered to sign this Consent to Entry of Order on behalf of Madison National Life Insurance Company and to bind Madison National Life Insurance Company to the terms hereof.

/s/ James Sugden III  
Notary Public

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