

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

In the Matter of:

Case No. INS-18-0042

THE STANDARD FIRE INSURANCE
COMPANY, a Connecticut corporation,

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 Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750, and the administrative rules promulgated thereunder (“Insurance Code”), has conducted an investigation into the activities of The Standard Fire Insurance Company (“Respondent”) and determined that Respondent engaged in violations of the Insurance Code.

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 held an Oregon insurer license since October 13, 1911. Respondent’s NAIC number is 19070.
2. Respondent’s principal place of business is One Tower Square, Hartford, CT 06183.
3. From on or around January 1, 2016 through November 1, 2017, Respondent failed to provide 856 Oregon claimants who suffered a total loss on their vehicle with

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350 Winter Street NE, Suite 410
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1 written disclosures on the Director’s required form (“Vehicle Total Loss Notice”).¹ The
2 Vehicle Total Loss Notice includes information regarding the total loss process, vehicle
3 valuation, the duties of the insurer, and contact information for the Division of Financial
4 Regulation.

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6 **CONCLUSIONS OF LAW**

7 The Director CONCLUDES that:

8 4. By failing to provide Oregon claimants who suffered a total loss on their
9 vehicle with a Vehicle Total Loss Notice, Respondent violated ORS 742.554(2) in 856
10 instances.

11 5. Because the Director has reason to believe that Respondent has been engaged,
12 is engaging, or is about to engage in violation of the Insurance Code, the Director may
13 issue an order to Respondent to cease and desist, under ORS 731.252(1).

14 6. The Director may impose a civil penalty of up \$10,000 *per violation* upon any
15 person who violates a provision of the Insurance Code, under ORS 731.988(1).

16 **ORDERS**

17 Now therefore, the Director issues the following Orders:

18 7. Based upon the foregoing and as authorized by ORS 731.252(1), the Director
19 ORDERS Respondent to CEASE AND DESIST from violating any provision of the
20 Insurance Code.

21 8. Based upon the foregoing and as authorized by ORS 731.988(1), the Director
22 proposes to ORDER that Respondent be subject to a CIVIL PENALTY of \$171,200 for
23 violating ORS 742.554(2) in 856 instances (\$200 per violation).

24 9. The Director hereby suspends payment of \$100,000 of the CIVIL PENALTY
25 for a period of three years, provided Respondent:

26 (1) Pays the remaining \$71,200 of the CIVIL PENALTY pursuant to the

¹ Respondent processed 1,089 total loss claims during this time period.





1 terms of this Order;

2 (2) Satisfies auditing and reporting requirements as set forth below; and

3 (3) Does not violate the Insurance Code within the three-year time period.

4 10. Respondent shall conduct audits and report to the Director as follows:

5 (1) Eight weeks after the execution of this order by the Director,
6 Respondent will conduct an audit of 25 randomly selected files involving vehicle
7 total loss claims to confirm that the Vehicle Total Loss Notice was sent to each
8 claimant in accordance with ORS 742.554(2).

9 (2) Four months after the execution of this order by the Director,
10 Respondent will conduct an audit of 25 randomly selected files involving vehicle
11 total loss claims to confirm that the Vehicle Total Loss Notice was sent to each
12 claimant in accordance with ORS 742.554(2).

13 (3) Nine months after the execution of this order by the Director,
14 Respondent will conduct an audit of 25 randomly selected files involving vehicle
15 total loss claims to confirm that the Vehicle Total Loss Notice was sent to each
16 claimant in accordance with ORS 742.554(2).

17 (4) One year after the execution of this order by the Director, Respondent
18 will conduct an audit of 50 randomly selected files involving vehicle total loss
19 claims to confirm that the Vehicle Total Loss Notice was sent to each claimant in
20 accordance with ORS 742.554(2).

21 (5) If, after the audit described in Paragraph 10(4) has been completed and
22 reported, Respondent has not demonstrated substantial compliance with ORS
23 742.554(2),² additional audits may be required on a quarterly, semi-annually or
24 annual basis, at the Director's discretion.

25 (6) All results of the audits will be provided to the Director through the

26 ² To achieve substantial compliance, Respondent's failure rate must be 3% or less.

1 Division's secure Biscom account within one month of the start of each audit.

2 11. The CIVIL PENALTY assessed herein (\$71,200) is due and payable on the
3 effective date of this Order.

4 12. The suspended CIVIL PENALTY (\$100,000) will be waived three years from
5 the effective date of this Order, provided Respondent has complied with the foregoing
6 Order terms. The Director reserves the right to immediately assess and collect the
7 suspended civil penalty upon a determination that Respondent has violated any term of
8 this Order.

9 13. This Order is binding upon Respondent's successors and assigns.

10 SO ORDERED this 13th day of August, 2018.

11
12 CAMERON C. SMITH, Director
13 Department of Consumer and Business Services

14 /s/ Dorothy Bean
15 Dorothy Bean, Chief of Enforcement
16 Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Nicholas Seminara, state that I am an officer of Respondent and am authorized to act on its behalf. I have read the foregoing Order and know and fully understand the contents hereof. I have been advised of Respondent’s right to a hearing and right to be represented by counsel in this matter. Respondent voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. Respondent understands that the Director reserves the right to take further actions against it to enforce this Order or to take appropriate action upon discovery of other violations of the Insurance Code with the terms and conditions stated herein.

Respondent further assures the Director that neither Respondent nor its officers, directors, employees, or agents will effect insurance services in Oregon unless such activities are in full compliance with the Insurance Code. Respondent understands that this Consent Order is a public document.

Signature: /s/ Nicholas Seminara

Position Held: Executive Vice President

State of Connecticut

County of Hartford

Signed or attested before me on this 7th day of August, 2018

by Nicholas Seminara.

/s/ Sharon L. Bell
Notary Public

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