

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

In the Matter of:

Case No. INS-18-0115

LIFE INSURANCE COMPANY OF
NORTH AMERICA,

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”) conducted an investigation of LIFE INSURANCE COMPANY OF NORTH AMERICA (“LINA”) and determined that LINA engaged in activities in violation of Oregon Revised Statutes (“ORS”) 746.230(1)(b) and Oregon Administrative Rules (“OAR”) 836-080-0225(3) for failing to acknowledge and act promptly upon communications relating to claims.

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

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

FINDINGS OF FACT

The Director FINDS that:

1. LINA has been licensed in Oregon as a foreign insurer since August 5, 1957 with national producer number 65498. LINA’s principal place of business is Two Liberty Place TL18A, 1601 Chestnut Street, Philadelphia, PA 19192-2362.

2. On August 24, 2017, LINA entered into a consent order, in case INS-17-0059, (“2017 Consent Order”) with the Division of Financial Regulation (“Division”) for failing to acknowledge the receipt of an appeal request within 30 days for two consumers.

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 3. The 2017 Consent Order included a civil penalty of \$20,000 with \$10,000
2 suspended.

3 4. In August 2018, based on another consumer complaint, the Director requested
4 information regarding every appeal for Oregon consumers between January 1, 2016 and
5 August 27, 2018.

6 5. The information provided by LINA revealed that LINA had failed to
7 acknowledge the receipt of an appeal within thirty (30) days for eleven (11) consumers,
8 not including the two (2) addressed in the 2017 Consent Order.

9 6. Out of the eleven (11) late acknowledgements, there were three (3) appeals
10 that were not acknowledged for one hundred (100) days or more.

11 7. Four (4) of the appeals not acknowledged within thirty (30) days occurred
12 after the 2017 Consent Order.

13 CONCLUSIONS OF LAW

14 The Director CONCLUDES that:

15 8. Under ORS 731.252(1), whenever the Director has reason to believe that any
16 person has been engaged or is engaging or is about to engage in any violation of the
17 Oregon Insurance Code, the Director may issue an order to discontinue or desist from
18 such violation or threatened violation. LINA violated ORS 746.230(1)(b) and OAR 836-
19 080-0225(3).

20 9. Under ORS 746.230(1)(b), no insurer shall commit or perform the unfair
21 claim settlement practice of failing to acknowledge and act promptly upon
22 communications relating to claims. LINA violated ORS 746.230(1)(b) by failing to
23 respond to appeal requests from eleven (11) consumers.

24 10. Under OAR 836-080-0225(3), an insurer shall make an appropriate reply, not
25 later than the 30th day after receipt, to all other pertinent communications about a claim
26 from a claimant that reasonably indicate a response is expected. LINA violated OAR



1 836-080-0225(3) by failing to respond within thirty (30) days to eleven (11) appeal
2 requests.

3 11. Under ORS 731.988(1) the Director may impose a civil penalty of up to
4 \$10,000 *per violation* upon any person who violates a provision of the Oregon Insurance
5 Code.

6 12. In the 2017 Consent Order, the Director reserved the right to immediately
7 assess and collect the \$10,000 suspended civil penalty upon a determination that LINA
8 has violated any term of this Order, in accordance with Oregon Administrative
9 Procedures Act, ORS Chapter 183.

10
11 **ORDERS**

12 Now therefore, the Director issues the following Orders:

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

16 14. Based upon the foregoing and in accordance with ORS 731.988(1) and the
17 2017 Consent Order, the Director immediately assesses and ORDERS the collection of
18 the \$10,000 civil penalty that was suspended in the 2017 Consent Order.

19 15. Based upon the foregoing and in accordance with ORS 731.988(1), the
20 Director ORDERS a CIVIL PENALTY of \$100,000 for failing to acknowledge and act
21 promptly upon communications relating to claims in violation of ORS 746.230(1)(b) and
22 OAR 836-080-0225(3).

23 16. The Director agrees to SUSPEND the collection of \$50,000 of the \$100,000
24 CIVIL PENALTY assessed herein upon the condition that LINA commits no new
25 violations of the Oregon Insurance Code or any administrative rules adopted thereunder.
26

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1 17. If LINA complies with all of the terms and conditions set out in this Order and
2 commits no violations of the Oregon Insurance Code during the three year period from
3 the date of issuance of this Order, the Director hereby agrees to WAIVE the \$50,000
4 suspended CIVIL PENALTY.

5 18. The Director reserves the right to immediately assess and collect the \$50,000
6 suspended CIVIL PENALTY upon a determination that LINA has violated any term of
7 this Order, in accordance with Oregon Administrative Procedures Act, ORS Chapter 183.

8 19. The remaining portion of the CIVIL PENALTY assessed against LINA in the
9 amount of \$50,000 and the \$10,000 from the 2017 Consent Order is due and payable to
10 the Department of Consumer and Business Services at the time this Order is returned to
11 the Division.

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

15
16 SO ORDERED this 24th day of January, 2019 in Salem,
17 Oregon.

18 CAMERON C. SMITH, Director
19 Department of Consumer and Business Services

20
21 /s/ Dorothy Bean
22 Dorothy Bean, Chief of Enforcement
23 Division of Financial Regulation

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26

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ENTITY CONSENT TO ENTRY OF ORDER

I, William J. Smith, state that I am an officer of Life Insurance Company of North America (“LINA”) 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. LINA voluntarily and without any force or duress consents to the entry of this order expressly waiving any right to a hearing in this matter LINA 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. LINA will fully comply with the terms and conditions stated herein.

LINA understands that this order is a public document.

Life Insurance Company of North America

/s/ WJ Smith
Signature

State of Pennsylvania

County of Philadelphia

There appeared before me on this 22 day of January, 2019,
William J. Smith who was first duly sworn on oath, and stated that he/she was and is an officer of LINA and that he/she is authorized and empowered to sign this Consent to Entry of Order on behalf of LINA and to bind LINA to the terms hereof.

/s/ Kim Stroh
Notary Public

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