

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

In the Matter of:

Case No. INS-20-0008

UNITED STATES FIRE INSURANCE
COMPANY and TRAVEL INSURED
INTERNATIONAL, INC.,

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

Respondents.

THIS IS A FINAL 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 (“Insurance Code”), has conducted an investigation into the insurance related activities of United States Fire Insurance Company (“USFIC”) and Travel Insured International, Inc. (“TII”) (collectively “Respondents”) regarding violations of the Insurance Code.

Respondents wish to resolve and settle this matter with the Director and the Director concludes that the goal to protect the public is served with the issuance of this Consent Order.

Now therefore, as evidenced by the signatures subscribed in this Order, Respondents hereby consent to entry of this Order upon the Director’s Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

The Director FINDS that:

1. USFIC has been licensed by the Director, by and through the Division, as a

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1 property & casualty carrier since December 31, 2003 with its principal place of business at
2 305 Madison Avenue, Morristown, NJ 07960. USFIC provides short-term travel insurance
3 benefits in Oregon. USFIC’s National Association of Insurance Commissioners (“NAIC”)
4 company number is 21113.

5 2. TII has been a licensed nonresident business entity insurance producer since
6 December 13, 2001 with its principal place of business at 855 Winding Brook Drive,
7 Glastonbury, CT 06033. TII’s NAIC national producer number is 775937. In accordance
8 with the terms of an Administrative Services Agreement dated October 15, 2015, TII acts
9 as a claims administrator for the short-term travel insurance provided by USFIC.

10 Claims Communication

11 3. From January 1, 2018 to June 1, 2018, Respondents received 727 claims
12 (“Claims”) from Oregon consumers.

13 4. In ten instances, Respondents received pertinent communication from the
14 insured about the Claim that reasonably indicated a response was expected, and
15 Respondents failed to respond not later than the 30th day after receipt.

16 5. In 195 instances, Respondents provided an initial notification to the insured that
17 more time was needed to determine whether the Claim should be accepted or denied, but
18 failed to then notify its insured 45 days from the date of such initial notification and every
19 45 days thereafter while the investigation remained incomplete that more time was needed
20 for investigation and the reason additional time was needed.

21 Failure to Respond to the Director

22 6. On October 20, 2019, the Division received a complaint (“Complaint”) against
23 Respondents¹ from Oregon consumer “C.S.”

24 7. On October 24, 2019, the Division forwarded the Complaint to USFIC through
25

26 ¹ The Complaint was against USFIC and TII.





1 IREG² and requested that USFIC provide a response that addresses each of the issues raised
2 in the Complaint. USFIC’s response was due on or before November 15, 2019. USFIC
3 failed to respond on or before November 15, 2019.

4 8. On October 24, 2019, the Division forwarded the Complaint to TII via certified
5 mail at its last recorded mailing address³ and requested that TII provide a response that
6 addresses each of the issues raised in the Complaint. TII’s response was due on or before
7 November 18, 2019. TII failed to respond on or before November 18, 2019.

8 9. On November 21, 2019 a Division Consumer Advocate contacted USFIC by
9 phone (“Consumer Advocate Phone Call”) and spoke with its company compliance officer
10 (“Compliance Officer”). The Compliance Officer stated that she would find out the status
11 of USFIC’s response to the Complaint and reply to the Division. After no reply from
12 USFIC, the Division Consumer Advocate left a voice mail for the Compliance Officer on
13 December 4, 2019 and requested a response as soon as possible. As of the date of the
14 Notice Order, USFIC had not responded to the Consumer Advocate Phone Call.

15 10. On December 4, 2019, the Division Consumer Advocate sent an email to TII at
16 licensing@travelinsured.com (“Consumer Advocate Email”) and requested a response to
17 the Complaint. As of the date of the Notice Order, TII had not responded to the Consumer
18 Advocate Email.

19 11. On December 13, 2019, the Division Administrator contacted USFIC by phone
20 (“Administrator Phone Call”) and requested a response to the Complaint. As of the date
21 of the Notice Order, USFIC had not responded to the Administrator Phone Call.

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25 ² IREG is a secure data transmittal system developed by the Division to securely transmit documents between
the Division and regulated insurers.

26 ³ According to NAIC, at the time of the certified mailing, TII’s last recorded mailing address was PO Box
6503, Glastonbury CT 06033.

1 CONCLUSIONS OF LAW

2 The Director CONCLUDES that:

3 Cease and Desist

4 12. Pursuant to ORS 731.252(1), whenever the Director has reason to believe that
5 any person has been engaged or is engaging or is about to engage in any violation of the
6 Insurance Code, the Director may issue an order to discontinue or desist from such
7 violation or threatened violation.

8 Claims Communication

9 13. Pursuant to Oregon Administrative Rule (“OAR”) 836-080-0225(3), an insurer
10 shall make an appropriate reply, not later than the 30th day after receipt, to pertinent
11 communications about a claim from a claimant that reasonably indicate a response is
12 expected.

13 14. Respondents violated OAR 836-080-0225(3) in ten instances, as described in
14 Paragraph 4 above.

15 15. Pursuant to OAR 836-080-0235(4), if an insurer needs more time to determine
16 whether the claim of a first party claimant should be accepted or denied, it shall so notify
17 the claimant not later than the 30th day after receipt of the proofs of loss, giving the reason
18 more time is needed. Forty-five days from the date of such initial notification and every
19 45 days thereafter while the investigation remains incomplete, the insurer shall notify the
20 claimant in writing of the reason additional time is needed for investigation.

21 16. The 195 insureds described in Paragraph 5 were first party claimants as defined
22 by OAR 836-080-0210(3).

23 17. Respondents violated OAR 836-080-0235(4) in 195 instances, as described in
24 Paragraph 5 above.

25 Failure to Respond to the Director

26 18. Pursuant to ORS 731.296, the Director may address any proper inquiries to any

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1 insurer, licensee or its officers in relation to its activities or condition or any other matter
2 connected with its transactions. Any such person so addressed shall promptly and
3 truthfully reply to such inquiries using the form of communication requested by the
4 Director.

5 19. Respondents violated ORS 731.296 as described in Paragraph 7 through
6 Paragraph 11 above.

7 Civil Penalties

8 20. Pursuant to ORS 731.988(1) the Director may impose a civil penalty of up to
9 \$10,000 per violation upon any person that violates any provision of the Insurance Code
10 or any lawful rule or final order of the Director.

11
12 ORDERS

13 Now therefore, the Director issues the following ORDERS:

14 21. As authorized by ORS 731.252(1), the Director ORDERS Respondents to
15 CEASE AND DESIST from violating OAR 836-080-0225(3), OAR 836-080-0235(4), or
16 ORS 731.296.

17 22. Based upon the foregoing and as authorized by ORS 731.988(1), the Director
18 ORDERS that Respondents pay CIVIL PENALTIES as follows:

19 A. USFIC pay a CIVIL PENALTY of \$10,000 for violating ORS 731.296.

20 B. TII pay a CIVIL PENALTY of \$5,000 for violating ORS 731.296.

21 23. Respondents, jointly and severally, pay a CIVIL PENALTY of \$40,000 for
22 violating OAR 836-080-0225(3) and OAR 836-080-0235(4).

23 24. The CIVIL PENALTIES assessed above are due and payable at the time this
24 Order is returned to the Division.

25 25. This Order is a "Final Order" under ORS 183.310(6)(b). Subject to that
26 provision, entry of this Order in no way limits or prevents further remedies, sanctions, or

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1 actions which may be available to the Director under Oregon law to enforce this Order, for
2 violations of this Order, for conduct or actions of Respondent that are not covered by this
3 Order, or against any party not covered by this Order.

4
5 SO ORDERED this 18th day of November, 2020.

6 ANDREW R. STOLFI, Director
7 Department of Consumer and Business Services

8
9 /s/ Dorothy Bean
10 Dorothy Bean, Chief of Enforcement
11 Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Caren Alvarado, state that I am an officer of United States Fire 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. United States Fire 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. United States Fire 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 Insurance Code. United States Fire Insurance Company will fully comply with the terms and conditions stated herein.

United States Fire Insurance Company understands that this Order is a public document.

/s/ Caren Alvarado 2020.10.13
Signature Dated

Caren Alvarado
Printed name

Vice President Regulatory Affairs & Industry Relations
Office held

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