

STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of
Fremont Pacific Insurance Company

NOTICE OF INTENT TO SUSPEND,
STIPULATION AND FINAL ORDER
SUSPENDING CERTIFICATE OF
AUTHORITY

Case No. INS 02-04-018

STIPULATION

The Director of the Department of Consumer and Business Services (Director) proposes to suspend the certificate of authority of Fremont Pacific Insurance Company (Fremont Pacific), pursuant to ORS 731.418. Fremont Pacific stipulates that it has, by receipt of this document, received Notice of Intent to Suspend. Fremont Pacific enters into this stipulation to conclude this matter without further administrative or judicial proceedings, pursuant to ORS 183.415(5).

Fremont Pacific admits to and agrees with the following:

Findings of Fact

1

Since September 28, 1987, Fremont Pacific, a California corporation, has been issued an Oregon certificate of authority pursuant to ORS 731.402. The company is authorized to transact casualty including workers' compensation insurance within the state of Oregon.

2.

The National Association of Insurance Commissioners Insurance Regulatory Information System (IRIS) is a set of ratios that assists in identifying financially troubled insurance companies. The ratios are computed using data included in an insurance company's annual statement. The financial condition and operating results of Fremont Pacific as of December 31,

2001, resulted in seven ratios that had unusual values. Additionally, Fremont Pacific had a Risk-Based Capital ratio of 11%.

Conclusions of Law

ORS 731.418(1)(b) provides that the Director may suspend an insurer's certificate of authority if an insurer is using such methods and practices in the conduct of its business as to render its further transaction of insurance hazardous or injurious to its policyholders or the public. OAR 836-013-0110 specifies conditions the Director may consider in determining whether the continued operation of an insurer may be hazardous to the public, its insureds or its creditors. One such standard, OAR 836-013-0110(2), is the National Association of Insurance Commissioners Insurance Regulatory Information System and its related reports. Of the 12 IRIS ratios, Fremont Pacific had seven ratios with unusual results and a Risk-Based Capital ratio of 11%

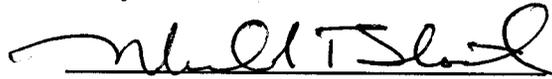
For this reason, Fremont Pacific is in such a condition as to render its further transaction of insurance in this state hazardous or injurious to its policyholders or the public.

Stipulation and Waiver

The below undersigned, Michael T. Stock, Deputy General Counsel and Vice President, Fremont Pacific Insurance Company, having read and reviewed the above findings of fact and conclusions of law and having further read the order which follows, does understand that the findings of fact, conclusions of law and this stipulation and waiver embody the full and complete agreement between Fremont Pacific and the Oregon Insurance Division. Fremont Pacific further understands that, pursuant to ORS 731.418, it has the right to a hearing in this matter; it has a right to be represented by legal counsel at such hearing; and it has a right to seek judicial review from any order adverse to it. Fremont Pacific freely and voluntarily waives its right to a hearing

on this matter, to representation by counsel at such hearing and to seek judicial review from any order adverse to it.

Fremont Pacific Insurance Company hereby agrees and stipulates to the above findings of fact and conclusions of law and agrees to the entry of the order that follows.



Michael T. Stock,
Deputy General Counsel & Vice President
Fremont Pacific Insurance Company
Date: 5-23-2002

FINAL ORDER

IT IS HERBY ORDERED that the certificate of authority issued to Fremont Pacific Insurance Company is suspended effective the date of this order. This suspension will expire and the certificate of authority (if not expired or terminated) will be reinstated if and when the Director determines that the cause or causes of the suspension have terminated.

DATED this 23rd day of May, 2002.



Mary C. Neidig, Director
Department of Consumer and
Business Services