

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the Matter of the Certificate of Authority of
Wasatch Crest Mutual Insurance Co., Salt Lake
City, Utah

SUSPENSION ORDER

) Case No. INS 03-07-003

INTRODUCTION

The Director of the Department of Consumer and Business Services (Director) hereby issues a Suspension Order to Wasatch Crest Mutual Insurance Co. ("Wasatch Crest Mutual" under Oregon Revised Statutes (ORS) 731.256 and 731.414 because she has reason to believe the following:

FINDINGS OF FACT

Since July 18, 1989, Wasatch Crest Mutual, a Utah corporation, has been issued a certificate of authority pursuant to ORS 731.402. It is currently authorized to transact property and casualty, excluding workers' compensation, insurance within the state of Oregon.

On or about May 15, 2003, Wasatch Crest Mutual filed financial statements reflecting policyholder surplus totaling \$9,319,117 as of March 31, 2003. The policyholder surplus consisted of surplus note(s) totaling \$15,236,079 and unassigned surplus totaling (\$5,916,962). The Director has disallowed the surplus note(s) totaling \$15,236,079 because there is insufficient evidence that admitted assets were received in exchange for the surplus note(s). As a result, the policyholder surplus of Wasatch Crest Mutual is (\$5,916,962) as of March 31, 2003.

ULTIMATE FINDINGS OF FACT

Wasatch Crest Mutual did not maintain at least \$2.5 million in capital or surplus, or any combination thereof, as required by ORS 731.554(1).

CONCLUSIONS OF LAW

Wasatch Crest Mutual did not comply with the minimum capital or surplus requirement in ORS 731.554(1) for a certificate of authority

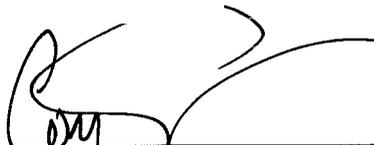
Such condition is a ground under ORS 731.414(1)(a) for suspending an insurer's certificate of authority without a hearing under ORS 731.414(2).

ORDER

Pursuant to ORS 731.414, the Oregon certificate of authority issued to Wasatch Crest Mutual is suspended. The period of suspension shall be continuous from the date of this order until rescinded by further written order of the Director, pursuant to ORS 731.426(1). Pursuant to ORS 731.426(2), during the period of suspension, Wasatch Crest Mutual shall not solicit or issue new policies of insurance in this state or assume any Oregon risk. During the period of suspension, Wasatch Crest Mutual shall also not issue renewal policies in this state. Wasatch Crest Mutual shall file its annual financial statement and pay any fees and taxes required to be paid. Wasatch Crest Mutual may service any existing policies of insurance issued to persons residing in Oregon.

Pursuant to ORS 731.422(2), the authority of all agents to represent Wasatch Crest Mutual within the state of Oregon is also suspended. The period of suspension shall be for the same period that the certificate of authority issued to Wasatch Crest Mutual is suspended. During the period of suspension, an agent may represent Wasatch Crest Mutual only to the extent that Wasatch Crest Mutual may service any existing policies of insurance issued to persons residing in Oregon and that Wasatch Crest Mutual has authorized the agent to represent it.

Issued in duplicate the 16th day of July, 2003.



Cory Streisinger
Director
Department of Consumer and Business Services

NOTICE

You are entitled to a hearing under ORS 183.415. You may be represented at a hearing by an attorney licensed in Oregon. If you want a hearing, you must deliver or mail a written request for a hearing to the Director addressed to Insurance Division, Hearings Section, 350 Winter Street NE Room 440-6, Salem, Oregon 97301-3883. The written request must be received by the Director within 21 calendar days after the date this order is delivered or mailed to you.

If you request a hearing within the time allowed, then you will be notified of the time and location of the hearing and information regarding contested case proceedings before the Director.

If you do not request a hearing within the time allowed, then you will waive your right to a hearing. Also, if you do not request a hearing within the time allowed, or if you do not appear at a scheduled hearing, then this order shall become final.