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 Proposed Plan of Acquisition of Control and Merger of Northwest Physicians Mutual Insurance Company, Salem, Oregon, by Underwriter for the Professions Insurance Company, Denver, Colorado.	)))))	Findings of Fact, Conclusions of Law and Order Case No. 05-11-012

INTRODUCTION

On September 9, 2005, Underwriter for the Professions Insurance Company ("UFTP") filed a Statement Regarding the Acquisition and Control of or Merger with a Domestic Insurer to acquire control of Northwest Physicians Mutual Insurance Company ("NPM") pursuant to the terms of an Agreement and Plan of Merger, as required by ORS 732.517 through 732.546. On November 7, 2005, UFTP filed an Amended Statement Regarding the Acquisition and Control of or Merger with a Domestic Insurer and an Amended and Restated Agreement and Plan of Merger (the "Agreement"). The Agreement was adopted and approved by the Board of Directors of UFTP on August 23, 2005, and by the Board of Directors of NPM on September 2, 2005.

Supplemental information was periodically provided until the filing was complete on December 1, 2005.

FINDINGS OF FACT

(1) NPM is an Oregon domiciled mutual insurance company, authorized under ORS Chapter 731 to transact casualty insurance (excluding workers' compensation) in Oregon.

(2) Northwest Physicians Insurance Company ("NPIC") is a newly formed Oregon stock insurance company formed to facilitate the change of control of NPM. NPIC was formed on November 8, 2005,

and has applied to be authorized under ORS Chapter 731 to transact property and casualty insurance (excluding workers' compensation) in Oregon and is a wholly-owned subsidiary of UFTP. NPIC has not yet completed the requirements to be issued a certificate of authority. This order is contingent upon NPIC receiving a certificate of authority issued by the Insurance Division of the Oregon Department of Consumer and Business Services once NPIC has completed the application requirements.

(3) UFTP is a Colorado domiciled stock insurance company authorized under ORS Chapter 731 to transact casualty insurance (excluding workers' compensation) in Oregon and is a wholly-owned subsidiary of The Doctors Company ("TDC").

(4) TDC, an Interinsurance Exchange, is a California domiciled reciprocal insurer authorized under ORS Chapter 731 to transact property, casualty (excluding workers' compensation), health, and marine and transportation insurance in Oregon. TDC, like NPM, is physician owned. However, TDC is much larger and financially stronger, with approximately ten times the number of policyholders. TDC and its affiliates had $441 million in surplus (almost 50 times the NPM surplus of $9 million) as of December 31, 2004. TDC and its affiliates had assets of $1.7 billion, compared to NPM's $77 million. In 2004, TDC and its affiliates wrote direct premiums totaling $497 million. NPM wrote direct premiums totaling $39 million.

(5) NPM is the largest writer of medical malpractice insurance in Oregon. In 2004, NPM wrote direct premiums in Oregon totaling $31.5 million, or 41% of the total medical malpractice premiums written in Oregon during the year. TDC wrote direct premium in Oregon totaling $4.2 million, or 6% of the total medical malpractice premiums written in Oregon during the year.

(6) Subject to the terms and conditions of the Agreement and in accordance with Oregon law, NPM will merge with and into NPIC. As a result of the merger, the separate existence of NPM will cease and NPIC will be the surviving corporation. Each ownership interest in NPM held by NPM members will be

canceled. Members who have an insurance policy issued by NPM that was in force on September 1, 2005 ("Record Date Members") will have their ownership interest converted automatically into the right to receive payment for their ownership interest. With respect to any group insurance policy under which physicians are provided insurance coverage by NPM, an endorsement to the policy provides that each physician is considered a member. If a medical practice entity has purchased a separate limit of coverage, it also is considered a member. Medical professionals who are covered under insurance policies issued by NPM, but do not have a separate policy or separate policy limits, are not members. Policyholders who have been issued an extended reporting endorsement following the nonrenewal, cancellation or termination of their policies are not members.

(7) Pursuant to the Agreement, all insurance policies issued by NPM will remain in force and will be assumed by NPIC, and all obligations, liabilities and duties of NPM under such insurance policies will become obligations, liabilities and duties of NPIC. Not more than 60 days after the merger, NPIC will either replace the assumed insurance policies with its own insurance policies or endorse the assumed insurance policies to acknowledge its liability under the insurance policies. After the merger is completed, policyholders of NPM will not have a separate right to approve or disapprove NPIC's assumption of the NPM's obligations, liabilities and duties under the insurance policies. If NPIC has not received a certificate of authority to transact insurance in Idaho or Washington when the merger occurs, TDC has agreed to assume NPM's obligations, liabilities and duties under insurance policies issued by NPM to policyholders in such states.

(8) The amount of consideration paid will be NPM's surplus at December 31, 2005, plus adjustments described below. The pre-interest consideration is currently estimated to be approximately $13.5 million, but may change significantly based on NPM's financial results through December 31, 2005, and the actuarial reserve study as of December 31, 2005. All Record Date Members will receive a

portion of the consideration. The consideration will be paid to Record Date Members over a five-year period. A cash payment totaling $2.5 million will be divided among Record Date Members and paid upon closing.

(9) The initial purchase price is estimated at $13.5 million, which is NPM's estimated statutory surplus as of December 31, 2005, adjusted as follows:

1) Decreased by the amount of the statutory deferred tax asset carried on NPM's books as of December 31, 2005;

2) Increased by the amount of $275,471 attributable to the tax assets of NPM, including NPM's net operating loss carry-forwards and capital loss carry-forwards;

3) Increased by the difference between 90 percent of the appraised value of NPM's headquarters building as of the appraisal performed in June 2005 and the statutory book value of the headquarters building as of December 31, 2005;

4) In the event the lot adjacent to NPM's headquarters is not sold prior to the closing, increased by the amount by which $371,000 exceeds the book value of the adjacent lot, as carried on NPM's annual statement as of December 31, 2005;

5) Increased by the mutually agreed upon value of NPM's non-admitted assets that consist of vehicles, furniture, equipment and pre-paid assets in an amount that will not exceed $100,000;

6) Increased by the amount of any net unrealized gains of NPM's bond portfolio; and

7) Decreased by $500,000 if the following expenses have not been accrued by NPM by December 31, 2005:

   a) 2005 management incentives and bonuses in the amount of $181,000;

   b) Software upgrades in the amount of $50,000;

   c) Year-end actuarial, accounting and audit expenses in the amount of $100,000.

   d) Costs and expenses of the activities of the NPM Representative in the amount of $100,000; and

   e) Personnel, phone, computer and miscellaneous costs in the amount of $69,000.

(10) The final purchase price will be paid out over a five year period, and will be subject to adjustments to reflect over- and under-reserving of claims incurred on or before December 31, 2005; persistency rates for policy renewals that are lower than the rates specified in the Agreement; costs associated with post-closing activities of the NPM Representative; losses associated with breaches of covenants, representations and warranties by NPM with respect to pre-closing activities; and compound interest at an annual rate of 4.5 percent paid on the unpaid balances of the purchase price as determined as of the final payment date.

(11) The purchase price may be adjusted based on reserve deficiencies and redundancies relating to claims incurred on or before December 31, 2005. These adjustments will be made as of December 31, 2006 through December 31, 2010. For each of those five years, the purchase price will be:

1) Decreased by the full amount of any deficiencies in NPM's loss reserves and defense and cost containment reserves relating to claims incurred on or prior to December 31 2005;
2) Increased by seventy-five percent (75%) of the amount of any redundancies in NPM's loss reserves and defense and cost containment reserves relating to claims incurred on or prior to December 31, 2005.

(12) At the December 31, 2006 and December 31, 2007 adjustment dates, NPIC will determine a persistency rate for the NPM Members as of December 31, 2005 (“Persistency Rate”). The Persistency Rate will be determined as the percentage of NPM Members as of December 31, 2005 who are insured by NPIC or an NPIC affiliate as of the relevant adjustment date. The calculation excludes NPM members who have ceased being an insured of NPM, NPIC or an affiliate of NPIC due to death, disability, retirement or nonrenewal by NPM, NPIC, or an affiliate of NPIC. The December 31, 2006 adjustment will reduce the purchase price by .5 percent for each one percent decrease in the persistency rate of members at December 31, 2006, below 91 percent. The December 31, 2007, adjustment will

reduce the purchase price by .5 percent for each one percent decrease in the persistency rate of members at December 31, 2007, below 83 percent. The persistency adjustment determined as of the December 31, 2007, adjustment date will be carried forward in the same manner as other adjustments, but no further persistency adjustments will be made.

(13) In addition to the adjustments related to reserve adequacy and persistency described above, the purchase price may be decreased for costs incurred by NPIC in connection with the engagement and activities of the NPM Representative and losses incurred by NPIC or UFTP as a result of a breach by NPM with respect to its representations, warranties or covenants under the Agreement; costs of corrective action required in connection with a market conduct examination or enforcement action by a regulator with respect to NPM; and taxes in excess of any accruals by NPM with respect to any period ending on or before the closing date.

(14) The Agreement creates a NPM Representative selected by NPM to represent the interests of the Record Date Members with respect to the purchase price adjustment provisions, the payment provisions and other matters, and provides for the set aside of funds in the amount of $100,000 to fund the activities of the NPM Representative. If these funds are exhausted during the five year period, then further payments from NPIC to the NPM Representative will reduce the amount of the future Contingent Payments. Any funds remaining in the $100,000 set aside prior to the final distribution to the Record Date Members in 2011 will increase the purchase price and will be paid to the Record Date Members as part of the final Contingent Payment. Each year the NPM Representative will review the purchase price adjustments. If an objection is made, NPIC and the NPM Representative will select a Neutral Actuary. If the Neutral Actuary determines that NPIC's calculation of the purchase price was less than five percent lower than the Neutral Actuary's determination of the purchase price, then future Contingent Payments will be reduced by an amount equal to the cost of retaining the Neutral Actuary. If the Neutral

Actuary determines that NPIC's calculation of the purchase price was lower than the Neutral Actuary's determination of the purchase price by five percent or more, then the cost of retaining the Neutral Actuary will be borne by NPIC.

(15) The actual amount of the purchase price will not become final until 2011. The interim payments of the consideration will be based on an annually updated restatement of year-end 2005 surplus, based on deficiencies or redundancies on NPM's reserves on claims incurred prior to January 1, 2006, and other adjustments referred to above. The purchase price, as adjusted, will be paid out to Record Date Members, in the aggregate, according to the following schedule:

Within 10 days after the Closing Date	$2.5 million
May 15, 2007	25% of the purchase price (determined as of the December 31, 2006 adjustment date) less the payment at Closing and any withheld amount.
May 15, 2008	40% of the purchase price (determined as of the December 31, 2007 adjustment date) less previous payments and any withheld amount.
May 15, 2009	60% of the purchase price (determined as of the December 31, 2008 adjustment date) less previous payments and any withheld amount.
May 15, 2010	75% of the purchase price (determined as of the December 31, 2009 adjustment date) less previous payments and any withheld amount.
May 15, 2011	100% of the purchase price (determined as of the December 31, 2010 adjustment date) less previous payments plus interest.

(16) No amounts that have been paid to NPM members will have to be repaid if adverse reserve development causes the relevant percentage of the purchase price as of a later point in time to be lower than the amounts already paid out, although the Agreement provides for an offset of the balloon interest payment against a prior overpayment of the purchase price in the computation of the final payment.

(17) Record Date Members who remain insured with NPIC or an affiliate through 2006 or who are not so insured due to death, disability, retirement or non-renewal by NPM, NPIC or an affiliate of NPIC

(“Continuing Members”) will receive a share of the closing payment and five annual contingent payments thereafter. Record Date Members who are not Continuing Members (“Non-Continuing Members”) will receive a share of the closing payment and a single contingent payment in 2011. Non-Continuing Members will ultimately receive only thirty-six percent (36%) of what they would have received had they been Continuing Members. The portion of the aggregate purchase price that is not allocated and paid to Non-Continuing Members shall be paid to Continuing Members using the same allocation formula described below.

(18) The consideration will be allocated among Continuing Members according to a formula that contains a flat dollar component and a variable component. The flat dollar component will be $3,000 for full time practitioners and $1,800 for part time practitioners. Medical entities with separate policies will not be eligible for a flat dollar component.

(19) The variable component will be based on a Continuing Member’s proportional contribution to premiums earned by NPM on policies issued to Continuing Members during the three years prior to the record date, not including surplus contributions. The variable component will be allocated to Continuing Members using the statutory allocation method in ORS 732.612(7)(a).

(20) Compound interest at an annual rate of 4.5 percent will be paid in a balloon payment as part of the final payment in 2011. The principal on which the interest is computed will be the unpaid balance of the final purchase price as of each contingent payment date. The interest will be computed using the final purchase price as of each adjustment date, rather than the interim purchase price figures used to determine the amount of the first four contingent payments. The Agreement provides for compounding of interest at the rate of 4.5 percent on an annual basis. The interest on each year’s outstanding balance is added to the principal in computing the next year’s interest. The source of the consideration for both the closing payment and the contingent payments will be the working capital of UFTP.

(21) Willamette Management Associates ("Willamette"), a consultant hired by NPM, issued a valuation report on September 27, 2005 which opined that the fair market value of the operating equity of NPM on a controlling basis is $12.5 million and the adjusted fair market value of the members' equity of NPM is $14.1 million, taking into account the fair market value of the NPM's real estate assets. The Agreement requires NPM to accrue $500,000 of liabilities with respect to post-closing expenses, which reduces the purchase price. Willamette advised NPM that these accruals are transaction-related costs that are independent of its valuation opinion. Had the accrual of these liabilities not reduced the purchase price, the purchase price would be $14 million, which is $100,000 below the estimated fair market value of the members' equity of NPM provided by Willamette. The valuation does not reflect any reduction in the purchase price to reflect adjustments for over- or under-reserving of claims incurred on or before December 31, 2005. AMI Risk Consultants, Inc., a consultant hired by the Insurance Division of the Department of Consumer and Business Services, performed a review of the valuation report prepared by Willamette and opined that the estimated value of NPM was $13.675 million. The AMI valuation is based on NPM's surplus as of December 31, 2004, whereas the Willamette valuation is based on information through July 31, 2005.

(22) NPIC will continue the business conducted by NPM and will remain as a domestic Oregon insurer. NPM had a moratorium on all new business for one year until March, 2005. NPM still has a moratorium on obstetrics, family practice with obstetrics, and neurosurgery. With the formation of NPIC, and the completion of the merger, NPIC will eliminate the moratorium. NPIC will continue its participation in the Rural Health Care Reinsurance Program.

(23) Premium rates will be actuarially determined based on anticipated losses and costs associated with policies issued. NPM has filed for an 8.3 percent overall reduction for 2006 and those rates will be adopted by NPIC.

(24) Employees of NPM will become employees of NPIC. In connection with this transaction, NPIC will enter into employment agreements with James T. Dorigan, Jr., Chief Executive Officer of NPM, and Dr. William J. Gallagher, Chairman of the Board of NPM. Each will become an Executive Vice President of NPIC. Both Mr. Dorigan and Dr. Gallagher will be employed by NPIC on substantially similar terms and conditions and at substantially the same base compensation that they receive as employees of NPM. In Mr. Dorigan's case, the NPIC incentive compensation plan will be more lucrative than NPM's incentive compensation plan if key performance indicators are achieved. Dr. Gallagher, who does not participate in NPM's incentive compensation plan, will be eligible to participate in NPIC's incentive compensation plan. Upon the proposed merger, Dr. Gallagher will be nominated as a member of the TDC Board of Directors.

(25) The NPM Board will continue as an Advisory Board to NPIC. For service on the Advisory Board, NPIC will pay the NPM directors the same compensation that they have received as directors of NPM. The Advisory Board, or its subcommittees, will advise NPIC management with respect to underwriting, claims handling, marketing, governmental affairs and other issues relating to writing medical malpractice insurance in Oregon.

(26) Other NPM employees will be employed by NPIC on substantially the same terms and at the same compensation as they receive as employees of NPM. The former NPM employees will be employed at will by NPIC subject to a severance payment equal to six months salary if they are terminated without cause or due to elimination or consolidation of their position within one year after the closing.

(27) The parties contemplate that NPIC will enter into a pooling agreement with TDC under which TDC will reinsure approximately 75 percent of NPIC's written premiums. There will be no retrocession

under this pooling agreement. By reinsuring with TDC, the parties anticipate that NPIC will realize cost savings because it will not need to utilize as much third-party reinsurance as did NPM.

(28) Due to limited surplus and the high cost of reinsurance, NPM has restricted its writings of higher risk specialties. Since NPIC will be better capitalized and will be able to obtain reinsurance at a lower cost, NPIC will write a wider range of higher risk specialties than NPM.

(29) Following the closing, NPIC's surplus will consist of its initial capitalization of $6 million and NPM's surplus. UFTP intends to infuse $3 million in addition to its original commitment of $3 million, for a total of $6 million in initial capitalization. This is necessary to obtain authorization for NPIC to write insurance in Washington. NPM reported surplus totaling $12.7 million as of September 30, 2005. TDC and UFTP contemplate that NPIC will seek permission to declare an extraordinary dividend in 2006 totaling $3 million. Approval of this extraordinary dividend request will be subject to the financial condition of NPIC when the request is made. At least $3 million of the initial capitalization will remain in NPIC through 2006.

(30) TDC and UFTP contemplate that NPIC will seek permission to declare another extraordinary dividend in 2007 in an amount equal to the remaining $3 million of NPIC's initial capitalization. Approval of this extraordinary dividend request will be subject to the financial condition of NPIC when the request is made.

(31) The Agreement provides for NPIC to adopt a policyholder dividend plan that will provide fifty-percent profit sharing of underwriting profit when NPIC's results are better than a combined ratio of 95 percent over a rolling three-year period. The dividend plan will be in effect for at least three years after the closing date. These dividends will be distributed as a credit against renewing premiums.

(32) NPIC will maintain its home office and its accounts and records as required by ORS 732.245 at NPM's current headquarters located in Salem, Oregon.

(33) A public hearing on the Agreement was held in Salem, Oregon, on November 17, 2005. James T. Dorigan, Jr., Chief Executive Officer of NPM, and Robert Francis, Chief Operating Officer of TDC, each testified regarding the Agreement. Additionally, the administrator of a medical practice entity and two physicians, all members of NPM, testified in favor of the transaction. The comments made by the NPM members included positive comments about the high level of service NPM provides its members and expressed a desire that this level of service continue.

(34) At the hearing, Mr. Francis testified that as a result of reinsurance and other cost savings, premiums for most policyholders will decrease for policies that renew in 2006. NPIC's ability to pay unanticipated claims would be enhanced. In addition, NPIC will begin to write coverage for specialties that have been under moratorium by NPM. He also stated that NPIC will continue NPM's patient safety training and other workshops. NPIC will explore opportunities to expand NPM's current programs in coordination with The Doctors Company's substantial patient safety and risk management programs.

(35) Except as provided in the Agreement or in these findings of fact, UFTP has no present plan or proposal to (i) cause NPIC to declare an extraordinary dividend, (ii) liquidate NPIC, (iii) sell any assets of NPIC (other than such sales of assets as may be contemplated in the ordinary course of business), (iv) merge NPIC with any person or persons, (v) pledge the assets of NPIC or (vi) make any other change in the business operations, corporate structure or management of NPIC.

(36) In order for the Agreement to be effective, it must be approved by at least two-thirds of the Record Date Members voting on the proposed transaction, in person or by proxy, at the NPM special meeting of members, at which a quorum is present. Additionally, the Agreement includes conditions in Article VIII that must be satisfied or waived prior to the closing.

(37) On the basis of the proposed Agreement, and specifically on the basis of the findings of fact above, the Director enters the following:

CONCLUSIONS OF LAW

1. The Agreement to acquire control of Northwest Physicians Mutual Insurance Company by Underwriter for the Professions Insurance Company that was submitted to the Director, Department of Consumer and Business Services, is properly supported by the required documents, and meets the requirements of the Oregon Insurance Code for approval with respect to acquisitions and mergers pursuant to ORS 732.517 to 732.546.

2. There is no evidence that:

   (a) The activity is contrary to law or would result in a prohibited combination of risks or classes of insurance.

   The merger by and between NPM, a domestic mutual insurer, and NPIC, a domestic stock insurer, is permitted by ORS 732.521(3). The resulting insurer, NPIC, will have capital and surplus in an amount that is adequate to transact insurance in Oregon. ORS 731.554(1).

   (b) The activity is inequitable or unfair to the policyholders, members, or shareholders of any insurer involved or to any other person affected by the proposed activity.

   The purchase price is based on NPM's surplus as of December 31, 2005, subject to adjustments provided in the Agreement. The purchase price is reasonable in light of the two valuations, and the adjustments provided in the Agreement. The plan distributes substantially the entire surplus of NPM to its members. The importance of policyholders to continue to maintain their relationship with NPIC is recognized in the higher percentage distribution for Continuing Members (100 percent) versus that for Non-Continuing Members (36 percent). The Director, in this specific instance only, approves this allocation of consideration, recognizing that the value of NPM is significantly diminished for all of its members if the business does not continue at a certain level. *See* ORS 732.612(7)(b).

   (c) The activity would substantially reduce the security of and service to be rendered to policyholders of any domestic insurer involved, or would otherwise prejudice the interests of such policyholders in this state or elsewhere.

   With respect to continued operations, the financial security afforded by the substantial capitalization of TDC, the continuity provided to NPM policyholders and employees, and the proposed dividend policy are all factors that substantially enhance the benefits of the proposed transaction to NPM's members. Improved efficiencies and lowered cost of reinsurance for NPIC will result in future savings and stability for Oregon physicians.

   (d) The activity provides for a foreign or alien insurer to be an acquiring party, and the insurer cannot satisfy the requirements of this state for transacting an insurance business involving the classes of insurance affected by the activity.

NPIC, the stock insurer that will merge with and acquire NPM, is an Oregon insurer. As such, this provision is not relevant to the Director's consideration.

(e) The activity or its consummation would substantially lessen competition of insurance in this state or tend to create a monopoly.

NPM is the largest writer of medical malpractice insurance in Oregon. It wrote 41 percent of the total medical malpractice premiums written in Oregon during 2004. TDC wrote direct premium in Oregon totaling 6 percent of the total medical malpractice premiums written in Oregon during 2004. The Agreement would not substantially lessen competition of insurance in this state or tend to create a monopoly.

(f) After the change of control and ownership, the domestic insurer to which the activity applies would not be able to satisfy the requirements for the issuance of a certificate of authority to transact the line or lines of insurance for which the insurer is currently authorized.

NPIC is adequately capitalized to transact property and casualty insurance in Oregon. *See* ORS 731.554. It will hold a Certificate of Authority to transact property and casualty insurance in Oregon. *See* ORS 731.354; 731.358.

(g) The financial condition of any acquiring party might jeopardize the financial stability of the insurers.

The financial condition of TDC and its affiliate, UFTP, will enhance – not jeopardize – the financial stability of NPIC. TDC has significantly greater assets and statutory surplus (assets in excess of liabilities) and has reported more positive operating results (net income) than NPM.

(h) The plans or proposals that the acquiring party has to liquidate the insurer, sell its assets or consolidate or merge it with any person, or to make any other material change in the insurer's business or corporate structure or management, are unfair and unreasonable to policyholders of the insurer and not in the public interest.

The plan proposes to distribute nearly the entire surplus of NPM to its members. All assets of NPM , *e.g.* buildings, land, fixtures, furniture, will become the property of the continuing entity, NPIC. There is no proposal to divert assets or surplus to any other person as a part of this transaction.

(i) The competence, experience and integrity of those persons who would control the operation of the insurer are such that it would not be in the interest of policyholders of the insurer and of the public to permit the activity or its consummation.

NPM has operated in Oregon under the oversight of Mr. Dorigan and Dr. Gallagher. Both individuals will remain as executive officers of NPIC. NPM's employees will also continue to be employed by NPIC. There is nothing to suggest that these individuals lack the necessary competence, experience, or integrity to continue in the operations of NPIC. Nor is the Director aware of any person that may become an officer or director of NPIC (including current officers and directors of TDC) who lacks the necessary competence, experience, or integrity to manage NPIC.

(j) The activity or its consummation is likely to be hazardous or prejudicial to the insurance-buying public.

The merger will not only not be hazardous or prejudicial to the insurance-buying public, but will be beneficial. Currently, Oregon physicians in various high-risk specialties have difficulty acquiring medical malpractice insurance. NPM had imposed moratoriums on certain types of coverage. NPIC will eliminate those moratoriums and begin offering coverage for more physicians in the state. Additionally, the capital and surplus NPIC will possess following the merger exceeds the current surplus of NPM.

(k) The activity is subject to other material and reasonable objections.

The are no other material and reasonable objections.

ORDER

Based on the foregoing Findings of Fact and Conclusions of Law, it is hereby ordered that the Amended Proposed Plan of Acquisition (as supplemented) to acquire control of Northwest Physicians Mutual Insurance Company by Underwriters for the Professions Insurance Company is hereby approved, conditioned upon NPIC receiving a certificate of authority issued by the Insurance Division of the Oregon Department of Consumer and Business Services.

DATED this 2nd day of December, 2005.

(Signed)
CORY STREISINGER, Director
Department of Consumer and Business Services

NOTICE

Pursuant to ORS 732.528 (6), any insurer or other party to the proposed activity, including the insurer proposed to be acquired, within 60 days after receipt of a notice of approval or disapproval, may appeal the final order of the director as provided in ORS 183.310 to 183.550. For purposes of the judicial review the specifications required to be set forth in the written notice from the director shall be deemed the findings of fact and conclusions of law of the department.