

**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)	ORDER APPROVING PLAN OF
Dissolution of Northwest Physicians Insurance)	DISSOLUTION
Company, Salem, Oregon)	Case No. INS 11-09-004

INTRODUCTION

On August 8, 2011, Northwest Physicians Insurance Company (“NPIC”) filed a draft Plan of Dissolution (“The Plan”) with the director pursuant to the provisions of ORS 732.235. Shareholders authorized the dissolution on August 11, 2010. Supplemental information to satisfy the requirements of ORS 732.235 was subsequently filed including the final Plan of Dissolution. The filing was deemed complete on September 22, 2011.

FINDINGS

NPIC is an Oregon domiciled stock insurance company authorized under ORS chapter 731 to transact property and casualty (excluding workers’ compensation) insurance business in Oregon. NPIC is a wholly owned subsidiary of Underwriter for the Professions (“UFTP”), a Colorado domiciled stock insurer. UFTP, in turn, is a wholly-owned subsidiary of The Doctors Company, an Interinsurance Exchange (“TDC”), a California domiciled reciprocal insurer.

On October 28, 2008, Cory Streisinger, Director, Department of Consumer and Business Services, signed Order INS 08-10-005 authorizing NPIC to discontinue providing commercial liability insurance in Oregon effective January 1, 2009. All existing policyholders were offered replacement policies with TDC.

A letter was submitted on behalf of NPIC dated August 12, 2010, that outlined initial

steps to be taken by NPIC to accomplish the dissolution of the company. The steps included the following: 1) Entering into an Assumption Reinsurance Agreement between NPIC and TDC under which TDC assumes all of NPIC's outstanding liabilities; 2) Paying an extraordinary dividend to UFTP in the amount of \$19 million to be made after the effective date of the Assumption Reinsurance Agreement and prior to December 31, 2010; 3) Selling its office building in Salem, Oregon to TDC at book value based on a recent appraisal; 4) Filing abbreviated quarterly financial statements in 2011; 5) Surrendering Certificates of Authority in Idaho and Washington; and 6) Requesting the release of its workers' compensation deposit following the surrender of its Idaho certificate of authority. Additionally, NPIC was required to retain its Oregon certificate of authority until after the final payment of consideration by UFTP to the former policyholders of Northwest Physicians Mutual Insurance Company (NPM). The demutualization and acquisition of NPM was approved by the director on December 2, 2005, by Case No. INS 05-11-012.

Teresa D. Miller, Administrator of the Insurance Division of the Department of Consumer and Business Services approved the above steps in a letter dated September 10, 2010. NPIC has completed each of above steps. UFTP made the final payment to former policyholders of Northwest Physicians Mutual Insurance Company on May 9, 2011.

NPIC is now requesting approval of the following final steps to dissolve NPIC. These steps include: 1) approval of the closing financial statement as of August 31, 2011, as NPIC's closing financial statement; 2) approval of the distribution of NPIC's remaining capital, surplus and any other assets to its sole shareholder, UFTP, prior to September 30, 2011; 3) approval by the Oregon Insurance Division to surrender NPIC's certificate of authority on September 30, 2011; and 4) approval to file Articles of Dissolution with the Oregon Insurance Division and take any other necessary actions to wind up and terminate the affairs of the Company . It is

anticipated the dissolution of NPIC will be completed prior to December 31, 2011.

On the basis of the proposed plan and in specific reliance on representations made by NPIC, the director makes the following findings:

1. The proposed Plan of Dissolution of Northwest Physicians Insurance Company submitted to the director of the Department of Consumer and Business Services is properly supported by the required documents and meets the requirements for approval of the Oregon Insurance Code with respect to voluntary dissolution of an insurer pursuant to ORS 732.235.
2. NPIC will settle all policyholder obligations in accordance with policy provisions, in the ordinary course of business, and consistent with its prior practices.
3. Settlement of outstanding claims will be handled by TDC with funds from TDC's loss and loss adjustment reserves pursuant to the Assumption Reinsurance Agreement.
4. No hearings on the plan have been requested nor does the director deem it necessary to hold one.

ORDER

Based on the foregoing findings, and for good cause appearing, it is hereby ordered that the written Plan of Dissolution of Northwest Physicians Insurance Company is approved.

Dated this 30th day of September, 2011.



Scott L. Harra, Acting Director
Acting Insurance Commissioner
Department of Consumer and Business Services

NOTICE

Pursuant to ORS 732.528(6), NPIC may, within 60 days after receipt of a notice of approval or disapproval, 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.