

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

BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF OREGON

In the Matter of the Certificate of Authority of)	SUSPENSION ORDER
LUMBERMENS MUTUAL CASUALTY)	
COMPANY, Long Grove, Illinois)	Case No. INS 12-08-005

INTRODUCTION

The Insurance Commissioner of the State of Oregon (Commissioner) hereby issues a Suspension Order to Lumbermens Mutual Casualty Company (LMCC) under Oregon Revised Statutes (ORS) 731.256 and 731.418 because the Commissioner has reason to believe the following:

FINDINGS OF FACT

Since March 25, 1925, LMCC, an Illinois corporation, has been issued a certificate of authority pursuant to ORS 731.402. It is currently authorized to transact property, casualty (including workers compensation), health, marine and transportation insurance within the state of Oregon.

On or about July 2, 2012, at the request of the Director of Insurance of the State of Illinois, the Circuit Court of Cook County, Illinois issued an order, 12CH24227, placing LMCC into rehabilitation.

Rehabilitation is a form of delinquency proceeding. Pursuant to ORS 731.418(2), without advance notice of a hearing thereon, the Commissioner may suspend immediately the certificate of authority of any insurer as to which proceedings for receivership, conservatorship, rehabilitation, or other delinquency proceedings, have been commenced in any state by the public insurance supervisory official of such state.

ULTIMATE FINDINGS OF FACT

The insurance supervisory official of the state of Illinois commenced a delinquency proceeding against LMCC.

CONCLUSIONS OF LAW

The Commissioner may suspend LMCC's Oregon certificate of authority without a hearing under 731.418 (2).

ORDER

Pursuant to ORS 731.418(2), the Oregon certificate of authority issued to LMCC is suspended. The period of suspension shall be continuous from the date of this order until rescinded by further written order of the Commissioner, pursuant to ORS 731.426(1). Pursuant to ORS 731.426(2), during the period of suspension, LMCC shall not solicit or issue new policies of insurance in this state or assume any Oregon risk, except that LMCC may assume certain reinsurance risks as described in paragraph 5 of the rehabilitation order. During the period of suspension, LMCC may not issue renewal policies in this state. LMCC shall file its annual financial statement and pay any fees and taxes required to be paid. LMCC shall service any existing policies of insurance issued to persons residing in Oregon in accordance with Oregon Law.

Pursuant to ORS 731.422(2), the authority of all producers to represent LMCC 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 LMCC is suspended. During the period of suspension, a producer may represent LMCC only to the extent that LMCC may service any existing policies of insurance issued to persons residing in Oregon and that LMCC has authorized the producer to represent it.

LMCC is hereby ordered to provide a copy of this suspension order to all appointed producers within 14 days of the date of this order. The company shall provide to the director within 21 days from the date of this order an affidavit certifying that notice to appointed producers has been provided.

Issued the 21 day of August, 2012.


Louis Savage
Insurance Commissioner

RIGHT TO A HEARING

The party has the right to a hearing pursuant to ORS 183.415. A party may request a hearing by sending a written request to the Insurance Division. A party may send the request to the Insurance Division by delivering it to the Labor and Industries Building, 350 Winter Street NE, Salem, Oregon; or mailing it to PO Box 14480, Salem, OR 97309-0405, or faxing it to 503-378-4351; or e-mailing it to mitchel.d.curzon@state.or.us. The Insurance Division must *receive* the request within 21 days from the date this notice was *sent* to the party.

If the Insurance Division receives from or on behalf of a party a written request for a hearing by the due date described above, then the Insurance Division will refer the request to the Office of Administrative Hearings (OAH). OAH will schedule the hearing and notify the party of the date and location of the hearing and other related information. OAH will conduct the hearing in accordance with the Oregon Administrative Procedures Act, ORS Chapter 183; and related rules, Oregon Administrative Rules (OAR) 137-03-0502 *et seq.* A party that is a corporation, partnership, limited liability company, unincorporated association, trust, or government agency must be represented at a hearing by an attorney licensed in Oregon except as otherwise provided by law. Subsequently, OAH will issue a proposed order, and the director will issue a final order.

If the Insurance Division does not receive from or on behalf of a party a written request for a hearing by the due date described above; or a party that has timely requested a hearing withdraws the request, notifies the Insurance Division or OAH that the party will not appear at a hearing, or does not appear at a scheduled hearing, then the director will issue a final order by default taking the action proposed therein. If the director issues a final order by default, then the record of this proceeding to date, including the designated portion of the Insurance Division's file on the party, automatically become part of the contested case record for the purpose of proving a *prima facie* case.