

**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
FREESTONE INSURANCE COMPANY,	)	
Wilmington, Delaware	)	Case No. INS 14-05-001

**INTRODUCTION**

The Insurance Commissioner of the State of Oregon (Commissioner) hereby issues a Suspension Order to FREESTONE INSURANCE COMPANY (FIS) under Oregon Revised Statutes (ORS) 731.256 and 731.418 because the Commissioner has reason to believe the following:

**FINDINGS OF FACT**

Since November 16, 1995, FIS, a Delaware corporation, has been issued a certificate of authority pursuant to ORS 731.402. It is currently authorized to transact Casualty (Including Workers' Compensation) insurance within the state of Oregon.

On or about April 28, 2014, at the request of the Insurance Commissioner of the State of Delaware, the Court of Chancery of the State of Delaware issued an order, 9574-VCL, placing FIS 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 Delaware commenced a delinquency proceeding against FIS.

## CONCLUSIONS OF LAW

The Commissioner may suspend FIS'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 FIS 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 The period of suspension shall be continuous from the date of this order until rescinded by further written order of the Commissioner, pursuant to ORS 731.426(1).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, FIS shall not solicit or issue new policies of insurance in this state or assume any Oregon risk. During the period of suspension, FIS shall also not issue renewal policies in this state. FIS shall file its annual financial statement and pay any fees and taxes required to be paid. FIS 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 FIS 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 FIS is suspended. During the period of suspension, a producer may represent FIS only to the extent that FIS may service any existing policies of insurance issued to persons residing in Oregon and that FIS has authorized the producer to represent it.

FIS 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 Commissioner within 21 days from the date of this order an affidavit certifying that notice to appointed producers has been provided.

Issued the 2 day of May, 2014.



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Laura Cali  
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](mailto: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 Commissioner 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 Commissioner will issue a final order by default taking the action proposed therein. If the Commissioner 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.