STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
DIVISION OF FINANCIAL REGULATION

In the Matter of: PALOMAR SPECIALTY INSURANCE COMPANY, Respondent.	Case No. INS-23-0016 ORDER TO CEASE AND DESIST, ORDER ASSESSING CIVIL PENALTY, AND CONSENT TO ENTRY OF ORDER THIS IS A FINAL ORDER

The Director of the Department of Consumer and Business Services for the State of Oregon ("Director"), acting in accordance with Oregon Revised Statutes ("ORS") chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748 and 750 ("Insurance Code"), has conducted an investigation into the insurance related activities of Palomar Specialty Insurance Company ("Palomar").

Palomar submits to the Director's jurisdiction and agrees to waive its rights to notice and an administrative hearing that arise under ORS 183.415, and wishes to resolve and settle this matter by consenting to entry of this Final Order.

Now therefore, as evidenced by the signatures subscribed in this Order, Palomar hereby consents to entry of this Order upon the Director's Findings of Fact and Conclusions of Law.

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387

FINDINGS OF FACT

The Director FINDS that:

1. Palomar has been licensed by the Director, by and through the Division of Financial Regulation, previously known as the Insurance Division (collectively the "Division"), as a domestic insurer since 1963 and provides property, casualty, marine and

transportation, and health products in Oregon. Palomar is domiciled in Oregon and has its statutory principal place of business at 1050 SW 6th Avenue, Suite 110 in Portland, Oregon 97204. Palomar's National Association of Insurance Commissioners ("NAIC") company code is 20338.

2. At 2:01 PM on February 28, 2023, Palomar contacted the Division by email to provide notice that Palomar would not be timely filing its annual financial statement, due every year on or before March 1, 2023.

3. In this same email, Palomar requested an extension of time to file its annual financial statement.

4. On March 1, 2023, the Division responded to Palomar's request and, in turn, requested information as to why Palomar needed the extension.

5. Palomar responded to this request by providing supplemental information; specifically, Palomar explained that certain key staff members had departed in December of 2022 and January of 2023, and that certain processes necessary to producing its annual financial statement had been delayed.

6. On March 6, 2023, the Division granted Palomar an extension of time to file, permitting Palomar to file on or before March 15, 2023. However, the Division also notified Palomar that the Division would be assessing a civil penalty due to Palomar's failure to file its annual financial statement on or before the statutory deadline of March 1, 2023.

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CONCLUSIONS OF LAW

The Director CONCLUDES that:

7. Pursuant to ORS 731.252 (1), whenever the Director has reason to believe that any person has been engaged or is engaging or is about to engage in any violation of the Insurance Code, the Director may issue an order to discontinue or desist from such violation or threatened violation.

8. Pursuant to ORS 731.574 (1), every authorized insurer shall file with the Director, on or before March 1 of each year, a financial statement for the year ending December 31 immediately preceding. This statement shall be on a form prescribed by the Director. The statement shall contain such detailed exhibit of the condition and transactions of the insurer, in such form and otherwise, as the Director prescribes.

9. Palomar violated ORS 731.574 (1) by failing to file its annual financial statement for the year ending on December 31, 2022 on or before March 1, 2023.

10. Pursuant to ORS 731.988 (1), the Director may assess CIVIL PENALTIES in an amount not to exceed $10,000 per violation against a person who violates any provision of the Insurance Code or any lawful rule of the Director.

ORDERS

The Director issues the following ORDERS:

11. As authorized by ORS 731.252 (1), the Director ORDERS Palomar to CEASE AND DESIST from violating ORS 731.574 (1).

12. Based upon the foregoing and in accordance with ORS 731.988 (1), the Director ORDERS Palomar pay a CIVIL PENALTY of $10,000 for violating ORS 731.574 (1) as described in Paragraph 9 above.

13. The Director hereby suspends payment of $8,000 of the CIVIL PENALTY for a period of three years, provided Palomar makes timely and accurate filings of its annual financial statements during that timeframe.

14. The suspended CIVIL PENALTY ($8,000) will be waived three years from the effective date of this Order, provided Palomar has complied with the foregoing Order terms. Palomar's failure to satisfy any terms of this order will render the suspended penalties immediately due and payable.

15. The non-suspended CIVIL PENALTY ($2,000) is due and payable at the time this Order is returned to the Division.

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16. This Order is binding upon Palomar's successors and assigns.

17. This Order is a "Final Order" under ORS 183.310 (6)(b). Subject to that provision, the entry of this Order does not limit other remedies that are available to the Director under Oregon law.

SO ORDERED this 6th day of April, 2023.

ANDREW R. STOLFI, Director
Department of Consumer and Business Services

/s/ Dorothy Bean
Dorothy Bean, Chief of Enforcement
Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Jeffery Lim , state that I am an officer of Palomar Specialty Insurance Company and I am authorized to act on its behalf. I have read the foregoing Consent Order, and I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. Palomar Specialty Insurance Company voluntarily and without any force or duress consents to the entry of this Consent Order expressly waiving any right to a hearing in this matter. Palomar Specialty Insurance Company understands that the Director reserves the right to take further actions to enforce this Consent Order or to take appropriate action upon discovery of other violations of the Insurance Code. Palomar Specialty Insurance Company will fully comply with the terms and conditions stated herein.

Palomar Specialty Insurance Company understands that this Consent Order is a public document.

/s/ Jeffery Lim 03/29/2023
Signature Dated

Jeffery Lim
Printed name

SVP
Office held

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