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

BEFORE THE INSURANCE COMMISSIONER OF THE STATE OF OREGON

In the Matter of:,	)	ORDER FOR HAZARDOUS
	)	OPERATING CONDITION
Sublimity Insurance Company	)	Case No. INS-FR 24-10-07

INTRODUCTION

The Director of the Oregon Department of Consumer and Business Services (Director) hereby issues an Order for Hazardous Operating Condition to Sublimity Insurance Company (Sublimity) under Oregon Revised Statutes (ORS) 731.385 and Oregon Administrative Rule (OAR) 836-013-0110 because the Director has reason to believe the following:

Sublimity is an Oregon domestic property & casualty insurance company, organized as a for-profit corporation and authorized to transact business under the provisions of ORS 732. Sublimity is subject to the provisions of the Oregon Insurance Code. Sublimity has been issued a certificate of authority pursuant to ORS 731.402 since April 1, 1918. It is currently authorized to transact Property, Casualty (excluding Workers Compensation), Surety and Marine & Transportation insurance within the state of Oregon.

ORS 731.385 and OAR 836-013-0110 outline criteria in which an insurer may be determined that the continued operation of the insurer may be hazardous to the policyholders or the insurance-buying public.

On or about August 16, 2024, Sublimity filed their June 30, 2024 quarterly financial statement. The company reported Capital & Surplus of $10,827,057, with a net loss of $3,627,927. The company's reported Capital & Surplus in excess of the minimum required amount under ORS 731.554(1) is

$8,327,057.[1]

On or about March 1, 2024, Sublimity filed their December 31, 2023 annual financial statement. The company reported Capital & Surplus of $14,556,509, with a net loss of $4,259,840.

On or about August 16, 2023, Sublimity filed their June 30, 2023 quarterly financial statement. The company reported Capital & Surplus of $14,403,501, with a net loss of $435,563.

The net loss from the period of July 1, 2023 to December 31, 2023 was equal to $3,924,277.[2]

The net loss for the 12 month period from July 1, 2023 to June 30, 2024 was equal to $7,452,204.[3]

The net loss for the twelve month period of July 1, 2023 to June 30, 2024 was equal to 89.49%[4] of the reported Capital & Surplus in excess of the minimum required under ORS 731.554(1).

Sublimity is within the definition of Hazardous Operating Condition pursuant to ORS 731.385 and OAR 836-013-0110(5).

ULTIMATE FINDINGS OF FACT

The Director of the Oregon Department of Consumer and Business Services has found Sublimity to be in Hazardous Operating Condition pursuant to ORS 731.385 and OAR 836-013-0110(5) & (6).

CONCLUSIONS OF LAW

The Director may issue an Order of Hazardous Operating Condition pursuant to the provisions of ORS 731.385.

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[1] Capital & Surplus reported 6/30/24 $10,827,057; Required Capital & Surplus per ORS 731.554(1) $2,500,000; Capital & Surplus in excess of the minimum required $10,827,057 - $2,500,000 = $8,327,057

[2] Net Loss 12/31/2023 - $4,259,840; Net Loss 6/30/2023 - $435,563; 7/1/23 to 12/31/23 - $4,259,840 - $435,563 = $3,924,277

[3] Net Loss 7/1/23 to 12/31/23 - $3,924,277; Net loss 1/1/24 to 6/30/24 - $3,627,927; Net loss 7/1/23 to 6/30/24 - $3,927,277 + $3,627,927 = $7,452,204

[4] Net loss 7/1/23 to 6/30/24 - $7,452,204; Capital & Surplus in excess of minimum required 6/30/24 - $8,327,057; $7,452,204/$8,327,057 – 89.49%.

ORDER

The Director hereby orders that Sublimity shall suspend the issuance of all insurance policies, both new and renewal policies, from the date of this order.

Issued the 8th day of November, 2024.

T. K. M

TK Keen
Deputy Insurance Commissioner
Administrator
Division of Financial Regulation

NOTICE OF RIGHT TO AN ADMINISTRATIVE HEARING

As provided by the Oregon Administrative Procedures Act, ORS Chapter 183, any person affected by the foregoing is entitled to a formal contested case hearing before an Administrative Law Judge assigned by the Office of Administrative Hearings.

In accordance with ORS 183.415, ORS 183.745 and 731.240, a party must file a written request for a contested case hearing within 21 days from the date the order was served personally, or served by registered or certified mail. An order that is served by registered or certified mail is complete and effective on the date it is mailed to the correct address, even if it is not received by the person to be notified or if that person fails or refuses to accept service of the order.

A written hearing request should be directed to:

Department of Consumer and Business Services
Division of Financial Regulation
350 Winter Street NE, Room 410
Salem, OR 97301-3881
Attn: Dorothy Bean
Dorothy.bean@oregon.gov

In accordance with OAR 137-003-0550(1), a party that is a natural person may submit a hearing request without the assistance of an attorney.

In accordance with OAR 137-003-0550(2)-(4), subject to exceptions, any hearing request that is submitted on behalf of a corporation, partnership, limited liability company, unincorporated association, trust, or governmental body by a person that is not licensed to practice law in Oregon must be ratified, in writing, by a person that is allowed to practice law in Oregon within 28 days from the day the hearing request was received by the Director. In that circumstance, the filing date will be the date the hearing request was received, not the ratification date. A hearing request that is not properly ratified is invalid.

Any party that validly requests a hearing will be notified of the time and place of the hearing. If a party does request a hearing, additional information regarding rights of the party will be provided prior to the hearing. A legal aid organization may be able to assist a party with limited financial resources.

The Director may enter a final order by default against any party that: 1) does not file a request a hearing within 21 days from the date the order was served; 2) files a hearing request, but does not timely ratify it (if required); 3) withdraws the request for a hearing; or, 4) notifies the Director of the Department of Consumer and Business Services or the Administrative Law Judge that they will not appear, or fails to appear, at the scheduled hearing.

Under ORS 183.415, in the absence of a timely demand for a hearing, no person shall be entitled to judicial review of the order.

STATEMENT OF REASONABLE ACCOMMODATION

All proceedings will be conducted in a wheelchair accessible location. Written materials may be provided and/or graphic displays may be presented during the proceeding. For any other accommodation needed by individuals due to a disability, please contact the agency staff member noted below.

AGENCY CONTACT INFORMATION

Questions concerning the issues raised in this Order or Notice may be directed to Dorothy Bean, Oregon Department of Consumer and Business Services, Division of Financial Regulation, telephone 503-947-7485, email dorothy.bean@oregon.gov

NOTICE TO ACTIVE DUTY SERVICEMEMBERS

Active duty Servicemembers have a right to stay these proceedings under the federal Servicemembers Civil Relief Act. For more information contact the Oregon State Bar at 800-452-8260, the Oregon Military Department at 503-584-3571 or the nearest United States Armed Forces Legal Assistance Office through http://legalassistance.law.af.mil. The Oregon Military Department does not have a toll free telephone number.