STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of Fremont Compensation Insurance Company	)	NOTICE OF INTENT TO SUSPEND, STIPULATION AND FINAL ORDER SUSPENDING CERTIFICATE OF AUTHORITY Case No. INS 02-05-006

STIPULATION

The Director of the Department of Consumer and Business Services (Director) proposes to suspend the certificate of authority of Fremont Compensation Insurance Company (Fremont Compensation), pursuant to ORS 731.418. Fremont Compensation stipulates that it has, by receipt of this document, received Notice of Intent to Suspend. Fremont Compensation enters into this stipulation to conclude this matter without further administrative or judicial proceedings, pursuant to ORS 183.415(5).

Fremont Compensation admits to and agrees with the following:

Findings of Fact

Since October 25, 1984, Fremont Compensation, a California corporation, has been issued an Oregon certificate of authority pursuant to ORS 731.402. The company is authorized to transact property, casualty including workers' compensation, marine and transportation, surety, and health insurance within the state of Oregon.

2.

Fremont Compensation reported policyholder surplus totaling $5,429,638 as of December 31, 2001 ORS 731.554 requires that Fremont Compensation maintain minimum capital and

surplus of $3,000,000. Thus, Fremont Compensation had $2,429,638 in excess of the minimum required capital and surplus. Fifty percent of that amount is $1,214,819. In 2001, Fremont Compensation's net operating loss was $6,022,659, an amount in excess of $1,214,819.

Conclusions of Law

ORS 731.418(1)(b) provides that the Director may suspend an insurer's certificate of authority if an insurer is using such methods and practices in the conduct of its business as to render its further transaction of insurance hazardous or injurious to its policyholders or the public. OAR 836-013-0110 specifies conditions the Director may consider in determining whether the continued operation of an insurer may be hazardous to the public, its insureds or its creditors. One such standard, OAR 836-013-0110(6), is whether the insurer's operating loss in the last 12-months (or any shorter period) is greater than 50% of the insurer's capital and surplus in excess of the amount of the minimum required capital and surplus.

With regards to Fremont Compensation, its operating loss for the 12-month period ending December 31, 2001, was $6,022,659, which exceeds 50% of Fremont Compensation's capital and surplus in excess of the minimum amount required (or $1,214,819). For this reason, Fremont Compensation is in such a condition as to render its further transaction of insurance in this state hazardous or injurious to its policyholders or the public.

Stipulation and Waiver

The below undersigned, Michael T Stock, Deputy General Counsel and Vice President, Fremont Compensation Insurance Company, having read and reviewed the above findings of fact and conclusions of law and having further read the order which follows, does understand that the findings of fact, conclusions of law and this stipulation and waiver embody the full and complete agreement between Fremont Compensation and the Oregon Insurance Division. Fremont

Compensation further understands that, pursuant to ORS 731.418, it has the right to a hearing in this matter; it has a right to be represented by legal counsel at such hearing; and it has a right to seek judicial review from any order adverse to it. Fremont Compensation freely and voluntarily waives its right to a hearing on this matter, to representation by counsel at such hearing and to seek judicial review from any order adverse to it.

Fremont Compensation Insurance Company hereby agrees and stipulates to the above findings of fact and conclusions of law and agrees to the entry of the order that follows.

Michael T. Stock,
Deputy General Counsel & Vice President
Fremont Compensation Insurance Company
Date: 5-23-2002

FINAL ORDER

IT IS HERBY ORDERED that the certificate of authority issued to Fremont Compensation Insurance Company is suspended effective the date of this order. This suspension will expire and the certificate of authority (if not expired or terminated) will be reinstated if and when the Director determines that the cause or causes of the suspension have terminated.

DATED this 28th day of May, 2002.

Mary C. Neidig, Director
Department of Consumer and
Business Services