STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **Federal Insurance Company**	)	**STIPULATION** and
	)	**FINAL ORDER**
	)	Case No. INS 09-07-012

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Federal Insurance Company (Federal).

Federal desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.417(3).

Federal waives all rights relative to an administrative hearing and judicial review thereof.

Federal stipulates to the following facts, conclusions, action, and to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

Federal has been licensed in Oregon as a foreign insurer since 4/30/1909. Federal's last recorded principal business address is located in Warren, New Jersey.

Filed OIGA Recoupment Assessment Certification Late

Federal is subject to enforcement action pursuant to Oregon Administrative Rules (OAR) 836-031-0855(8) because of the following circumstances. ORS 734.550 requires a person that is licensed in Oregon as an insurer and authorized to transact property and casualty insurance to be a member of the Oregon Insurance Guaranty Association (OIGA). ORS 734.570(3) requires OIGA to assess its member insurers an amount necessary to pay OIGA's expenses. If OIGA assesses its member insurers, then ORS 734.579(1) requires a member insurer to recoup the assessment from its insureds, unless OAR 836-031-0855 permits the insurer to do otherwise. If a member insurer recoups the assessment from its insureds, then

ORS 734.579(2) requires the insurer to annually certify to the director certain information about its recoupment assessment. OAR 836-031-0855(8) requires a member insurer to file a certification on a form specified by the director by June 1 of each year following the completion of a 12-month recoupment assessment period referred to in OAR 836-031-0855(6). At all relevant times, Federal was a member insurer of OIGA, was assessed by OIGA, recouped the assessment from its insureds, completed a recoupment assessment period, and filed its certification. Federal was required to file its certification for 2008 by 6/1/09. Federal filed its certification for 2008 on 6/24/09, 23 days late.

Action

Pursuant to ORS 731.988(1), Federal is assessed a civil penalty of $2,300.00. The payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered to the Insurance Division at the Labor and Industries Building, 350 Winter Street NE, Salem, Oregon; or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be *received* by the Insurance Division by the date of the final order.

Dated 9/10/09

/s/ Gerardo S. Malanga
[Signature of Representative]
Gerardo S. Malanga
[Printed Name of Representative]
Assistant Vice President
[Printed Title of Representative]
Federal Insurance Company

FINAL ORDER

The director incorporates herein the above stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated 10/12/09

/s/ Cory Streisinger
Cory Streisinger
Director
Department of Consumer and Business Services