STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

BEFORE THE DIRECTOR OF THE DEPARTMENT OF CONSUMER AND BUSINESS SERVICES

In the Matter of the Registration of Astraea Risk Retention Group, Inc., Scottsdale, Arizona	)	SUSPENSION ORDER
	)	
	)	Case No. INS 10-01-008

INTRODUCTION

The Director of the Department of Consumer and Business Services (Director) hereby issues a Suspension Order to Astraea Risk Retention Group, Inc. ("Astraea RRG"), under Oregon Revised Statutes (ORS) 735.345, 731.256 and 731.418, because the Director has reason to believe the following:

FINDINGS OF FACT

On September 6, 2005, Astraea RRG, an Arizona corporation, was registered in accordance with ORS 735.315, to conduct business as a risk retention group offering liability insurance within the state of Oregon.

On or about December 30, 2009, the Director of the Arizona Department of Insurance petitioned the Superior Court of Arizona in and for the County of Maricopa seeking an Order for Appointment of Receiver and Injunction (Case No. CV2009-039649) of Astraea RRG for the purpose of liquidation. The Order was granted on December 30, 2009. The Order also provided that all insurance policies or certificates issued by Astraea RRG are cancelled as of the date of the Order.

Liquidation is a form of delinquency proceeding (see ORS 734.014(1)). Pursuant to ORS 731.418(2), without advance notice of a hearing thereon, the Director 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.

The Arizona petition and Order included a finding that Astraea RRG, one of the defendants, is impaired or insolvent and unable to meet their obligations as they come due (Finding of Fact #11). ORS 735.315(7)(b) prohibits the solicitation or sale of insurance by, or operation of, a risk retention group that is in a hazardous financial condition or is financially impaired. ORS 735.315(10) requires a risk retention group not organized in this state and doing business in this state to comply with a lawful order issued in a delinquency proceeding if there has been a finding of financial impairment after an examination.

ULTIMATE FINDINGS OF FACT

The insurance supervisory official of the state of Arizona commenced a delinquency proceeding against Astraea RRG.

Astraea RRG is impaired or insolvent and unable to meet their obligations as they come due.

CONCLUSIONS OF LAW

ORS 735.345 provides that a risk retention group that violates any provision of ORS 735.300 to 735.365 is subject to criminal and civil penalties applicable to insurers generally, and to suspension or revocation of its certificate of authority to transact insurance.

The Director may suspend Astraea's Oregon certificate of authority without a hearing under 731.418 (2).

ORDER

Pursuant to ORS 735.345 and 731.418(2), the Oregon risk retention group registration issued to Astraea RRG is suspended. Upon suspension, Astraea RRG shall no longer solicit or issue new policies of insurance in this state or assume any Oregon risk. Astraea RRG shall also not issue renewal policies in this state. Suspension does not relieve Astraea RRG of any tax burden incurred as a result of its transaction of insurance in this state prior to suspension. Astraea RRG shall provide services as required

by existing service contracts held by persons residing in Oregon covered under existing reimbursement insurance policies issued to obligors of such service contracts in accordance with Oregon Law.

Pursuant to ORS 731.422(2), the authority of all producers to represent Astraea RRG within the state of Oregon is also suspended. Subsequent to suspension, a producer may represent Astraea RRG only to the extent that Astraea RRG may service any existing policies of insurance issued to persons residing in Oregon and that Astraea RRG has authorized the producer to represent it.

Astraea RRG is hereby ordered to provide a copy of this suspension order to all appointed producers within 14 days of the date of this order. Astraea RRG shall provide to the director within 21 days from the date of this order an affidavit certifying that notice to appointed producers has been provided.

Issued the 5th day of February 2010.

Cory Streisinger
Director
Insurance Commissioner
Department of Consumer and Business Services

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, Room 440 (4th Floor), 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. 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 director 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 director will issue a final order by default taking the action proposed therein. If the director 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.