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 the Certificate of Authority of Capson Physicians Insurance Company, Austin, Texas	)))	SUSPENSION ORDER Case No. INS-FR 19-2-007

INTRODUCTION

The Insurance Commissioner of the State of Oregon (Commissioner) hereby issues a Suspension Order to Capson Physicians Insurance Company (CPIC) under Oregon Revised Statutes (ORS) 731.256 and 731.418 because the Commissioner has reason to believe the following:

FINDINGS OF FACT

Since March 31, 1995, CPIC, a Texas corporation, has been issued a certificate of authority pursuant to ORS 731.402. It is currently authorized to transact Casualty, excluding workers' compensation insurance within the state of Oregon.

On or about February 11, 2019, at the request of the Texas Commissioner of Insurance, the District Court of Travis Count issued an order, D-1-GN-19-000723, placing CPIC into rehabilitation. The Texas Commissioner of Insurance requested that action not be taken against the company in an effort to facilitate the potential sale of the company. On June 14, 2019, the Texas Commissioner of Insurance filed an application for order of liquidation for CPIC, in Travis County.

Rehabilitation and Liquidation are a form of delinquency proceeding. Pursuant to ORS 731.418(2), without advance notice of a hearing thereon, the Commissioner 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.

ULTIMATE FINDINGS OF FACT

The insurance supervisory official of the state of Texas commenced a delinquency proceeding against CPIC.

CONCLUSIONS OF LAW

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

ORDER

Pursuant to ORS 731.418(2), the Oregon certificate of authority issued to CPIC is suspended. The period of suspension shall be continuous from the date of this order until rescinded by further written order of the Commissioner, pursuant to ORS 731.426(1). Pursuant to ORS 731.426(2), during the period of suspension, CPIC shall not solicit or issue new policies of insurance in this state or assume any Oregon risk. During the period of suspension, CPIC shall also not issue renewal policies in this state. CPIC shall file its annual financial statement and pay any fees and taxes required to be paid. CPIC shall service any existing policies of insurance issued to persons residing in Oregon in accordance with Oregon Law.

Pursuant to ORS 731.422(2), the authority of all producers to represent CPIC within the state of Oregon is also suspended. The period of suspension shall be for the same period that the certificate of authority issued to CPIC is suspended. During the period of suspension, a producer may represent CPIC only to the extent that CPIC may service any existing policies of insurance issued to persons residing in Oregon and that CPIC has authorized the producer to represent it.

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

Issued the 19 day of June, 2019.

Andrew R. Stolfi
Administrator/Insurance Commissioner
Division of Financial Regulation

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 Division of Financial Regulation. A party may send the request to the Division of Financial Regulation by delivering it to the Labor and Industries Building, 350 Winter Street NE, 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 douglas.s.sedwick@oregon.gov. The Division of Financial Regulation must *receive* the request within 21 days from the date this notice was *sent* to the party.

If the Division of Financial Regulation receives from or on behalf of a party a written request for a hearing by the due date described above, then the Division of Financial Regulation 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 Commissioner will issue a final order.

If the Division of Financial Regulation 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 Division of Financial Regulation or OAH that the party will not appear at a hearing, or does not appear at a scheduled hearing, then the Commissioner will issue a final order by default taking the action proposed therein. If the Commissioner issues a final order by default, then the record of this proceeding to date, including the designated portion of the Division of Financial Regulation's file on the party, automatically become part of the contested case record for the purpose of proving a *prima facie* case.