

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

In the Matter of:

Case No. INS-19-0135

ATRIO HEALTH PLANS, INC.,

Respondent.

FINAL ORDER TO CEASE AND
DESIST AND FINAL ORDER
ASSESSING CIVIL PENALTIES,
ENTERED BY CONSENT

The Director of the Department of Consumer and Business Services for the State of Oregon (“the Director”) conducted an investigation of ATRIO Health Plans, Inc. (“ATRIO”) under the Insurance Code, Oregon Revised Statutes (“ORS”) chapters 731, 732, 733, 734, 735, 737, 742, 743, 743A, 743B, 744, 746, 748, and 750, and determined that ATRIO violated ORS 732.554 and 732.576.

ATRIO wishes to settle this matter with the Director.

Now, therefore, as evidenced by the signature(s) subscribed in this Order, ATRIO hereby CONSENTS to entry of this Order upon the Director’s Findings of Fact and Conclusions of Law as stated below.

FINDINGS OF FACT

The Director FINDS that:

1. ATRIO has been licensed in Oregon as a domestic insurer since 2005. Its NAIC Company Code is 10123.
2. ATRIO’s main administrative office address is 2965 Ryan Dr. SE, Salem, OR 97301.
3. Chicago Pacific Founders acquired control of ATRIO pursuant to a Stock Purchase Agreement (“SPA”) dated December 6, 2018, filed with the Division of Financial

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 Regulation (“the Division”) as part of the Form A filing dated February 7, 2019, and
2 amended May 29, 2019. On June 20, 2019, the same day the transaction closed, ATRIO
3 paid two of the selling shareholders an extraordinary cash dividend in the amount of
4 \$2,584,036. The extraordinary cash dividend was not from earned surplus.

5 4. ATRIO mistakenly believed that no other notice or approval procedure was
6 needed as the distribution was structured as an adjustment to purchase price through the
7 SPA. Thus, ATRIO did not declare the extraordinary cash dividend and report it to the
8 Director within five days of declaration. Further, ATRIO did not notify the Director or
9 obtain his approval before paying the extraordinary cash dividend. ATRIO’s failure to do
10 so was not intentional.

11 5. Upon the Director notifying ATRIO of its failure to seek separate approval,
12 ATRIO promptly asked the Director on August 27, 2019, to retroactively approve the
13 extraordinary cash dividend payment.

14 6. On October 1, 2019, the Director, through the Division, retroactively approved
15 the extraordinary cash dividend payment.

16 CONCLUSIONS OF LAW

17 The Director CONCLUDES that:

18 7. The Director has reason to believe that ATRIO has violated ORS 732.554 and
19 732.576. Thus, under ORS 731.252(1), the Director may order ATRIO to cease and desist
20 from violating ORS 732.554 and 732.576.

21 8. By failing to declare the extraordinary cash dividend and notify the Director
22 within five days of the declaration, ATRIO violated ORS 732.554.

23 9. By failing to notify the Director before paying two of the selling shareholders
24 an extraordinary cash dividend, ATRIO violated ORS 732.576(2)(a).

25 10. By paying an extraordinary cash dividend that was not from earned surplus
26 without prior approval from the Director, ATRIO violated ORS 732.576(3)(a).

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1 11. ORS 731.988(1) authorizes the Director to impose upon ATRIO a civil penalty
2 of up to a maximum of \$10,000 per violation of a provision of the Insurance Code.

3 **ORDERS**

4 Now therefore, the Director issues the following Orders:

5 12. As authorized by ORS 731.252(1), the Director hereby ORDERS ATRIO to
6 CEASE AND DESIST from violating ORS 732.554 and 732.576.

7 13. As authorized by ORS 731.988(1), the Director ORDERS ATRIO to pay a total
8 of \$15,000 in CIVIL PENALTIES, allocated as follows:

- 9 A. \$5,000 for violating ORS 732.554;
- 10 B. \$5,000 for violating ORS 732.576(2)(a); and
- 11 C. \$5,000 for violating ORS 732.576(3)(a).

12 14. The civil penalties assessed herein are due and payable when this Order is
13 returned to the Division.

14 15. This Order is a “Final Order” under ORS 183.310(6)(b). Subject to that
15 provision, entry of this Order does not limit or prevent further remedies available to the
16 Director under Oregon law to enforce this Order or take action for violations of this Order
17 or of the Insurance Code not covered by this Order.

18
19 SO ORDERED this 18th day of December, 2019.

20
21 LOUIS SAVAGE, Acting Director
22 Department of Consumer and Business Services

23 /s/ Dorothy Bean

24 Dorothy Bean, Chief of Enforcement
25 Division of Financial Regulation
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ENTITY CONSENT TO ENTRY OF ORDER

I, Wendy Edwards, am an officer or manager of ATRIO Health Plans, Inc. (“ATRIO”), and I am authorized to act and sign on its behalf. I have read the foregoing Order, and I know and fully understand the contents hereof. The factual allegations stated herein are true and correct. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. ATRIO voluntarily consents to the entry of this Order without any force or duress, expressly waiving any right to a hearing in this matter, as well as any rights to administrative or judicial review of this Order. ATRIO understands that the Director reserves the right to take further action against it to enforce this Order or to take appropriate action upon discovery that ATRIO has committed other violations of the Insurance Code. ATRIO, along with its officers, directors, employees, or agents, will fully comply with the terms and conditions stated herein.

ATRIO understands that this Order is a public document.

Signature: /s/ Wendy Edwards

Position Held: President

State of Oregon

County of Marion

Signed or attested before me on this 13 day of December , 2019.

 /s/ Charles John Wilson

Notary Public

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