

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
3601 C Street, Suite 1324
Anchorage, Alaska 99503-5948

Order No. SR 01-03) Finding of Impairment and
In the Matter of) Suspension of Certificate of
FREMONT INDUSTRIAL) Authority No F- 276;
INDEMNITY COMPANY) Order under the Provisions
NAIC NO. 21040) Of AS 21.09.140
_____)

WHEREAS, a Certificate of Authority to transact the business of insurance in the State of Alaska was issued to **FREMONT INDUSTRIAL INDEMNITY COMPANY**, domiciled in California.

WHEREAS, AS 21.09.140(a)(2) states that the director shall suspend or revoke an insurer's certificate of authority if the insurer no longer meets the requirements for the authority granted, on account of the insurer becoming impaired or insolvent or otherwise.

WHEREAS, AS 21.09.175 states that if the director determines that an insurer transacting business in this state is impaired or in imminent danger of becoming impaired, the director may order an insurer to limit or change the insurer's business practices.

WHEREAS, AS 21.90.900 (18) states that "impaired" or "impairment" means that (A) an insurer's policyholder surplus is greater than zero but less than that required by AS 21.09.070 for the authority to transact the kinds of insurance

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1 being transacted; or (B) an insurer is being operated in a manner that has caused
2 or might cause irreparable loss and injury to the insurer or to the public.

3 **WHEREAS**, 3 AAC 21.510 provides that for the director to determine
4 whether an insurer is impaired or in imminent danger of becoming impaired, the
5 director may consider whether the insurer's operating results within the last 12
6 months including any net capital gain or loss, a change in non-admitted assets, and
7 cash dividends paid to shareholders, would reduce by more than 50 percent the
8 insurer's remaining policyholder surplus held in excess of the minimum
9 policyholder surplus required under AS 21.

10 **WHEREAS**, the 2000 annual statement of **FREMONT INDUSTRIAL**
11 **INDEMNITY COMPANY** reflects that during 2000 the surplus as regards
12 policyholders has decreased 91.2 per cent from \$149,183,777 to \$13,151,537.

13 **WHEREAS**, a Letter of Agreement of Regulatory Oversight of Fremont
14 Compensation Insurance Group dated November 27, 2000 has been issued by the
15 Department of Insurance in the State of California based on confirmation of
16 unfavorable operating trends and significant deterioration in the statutory surplus
17 of the group. **FREMONT INDUSTRIAL INDEMNITY COMPANY** is a
18 member company of the Fremont Compensation Insurance Group.

19 **WHEREAS**, based on the foregoing the director finds that **FREMONT**
20 **INDUSTRIAL INDEMNITY COMPANY** is impaired.

21 **IT IS HEREBY ORDERED**, pursuant to the provision of AS 21.09.140(a)
22 that Certificate of Authority No F- 276 issued to **FREMONT INDUSTRIAL**
23 **INDEMNITY COMPANY** to transact the business of insurance in the State of
24 Alaska shall be suspended for a period of one year unless terminated sooner as
25
26

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permitted by statute. Pursuant to AS 21.09.160(b), this suspension shall automatically suspend the authority of all its agents to act as agents of **FREMONT INDUSTRIAL INDEMNITY COMPANY** in this state.

IT IS FURTHER ORDERED, during the period of suspension, **FREMONT INDUSTRIAL INDEMNITY COMPANY** shall not solicit or write any new business in Alaska, but shall file the Annual Statement, pay fees and any taxes due as provided by AS 21.09.170(b).

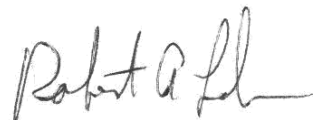
IT IS FURTHER ORDERED, Certificate of Authority No. F-276 will continue to be held in safekeeping by **FREMONT INDUSTRIAL INDEMNITY COMPANY** until such time as this Order of Suspension is replaced by an order of Revocation or the Certificate of Authority is surrendered.

IT IS FURTHER ORDERED, that **FREMONT INDUSTRIAL INDEMNITY COMPANY** file a financial plan with the director in accordance with AS 21.14.070 (b) or AS 21.14.070(c)(2) that meets the requirements for a financial plan given in AS 21.14.060.

IT IS FURTHER ORDERED, that **FREMONT INDUSTRIAL INDEMNITY COMPANY**, in accordance with its filed rating plans, will use a pro rata cancellation procedure for policyholders who choose to discontinue policies issued by the company.

This order is effective the 21st day of March 2001.

Dated this 21st day of March 2001.



ROBERT A. LOHR, DIRECTOR
DIVISION OF INSURANCE