

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 01-04) Finding of Impairment and
In the Matter of) Suspension of Certificate of
FRONTIER INSURANCE) Authority No F- 8054;
COMPANY) Order under the Provisions
NAIC NO. 34266) Of AS 21.09.140
_____)

WHEREAS, a Certificate of Authority to transact the business of insurance in the State of Alaska was issued to **FRONTIER INSURANCE COMPANY**, domiciled in New York.

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,
7 and cash dividends paid to shareholders, would reduce by more than 50 percent
8 the 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 **FRONTIER INSURANCE**
11 **COMPANY** reflects that during 2000 the surplus as regards policyholders has
12 decreased 91.9 per cent from \$199,575,914 to \$16,050,335.

13 **WHEREAS**, a letter dated March 13, 2001 has been received from Mark H.
14 Mishler, President of **FRONTIER INSURANCE COMPANY** stating that the
15 company "will voluntarily stop writing new and renewal business in your state."
16

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

19 **IT IS HEREBY ORDERED**, pursuant to the provision of AS 21.09.140(a)
20 that Certificate of Authority No F- 8054 issued to **FRONTIER INSURANCE**
21 **COMPANY** to transact the business of insurance in the State of Alaska shall be
22 suspended for a period of one year unless terminated sooner as permitted by
23 statute. Pursuant to AS 21.09.160(b), this suspension shall automatically suspend
24 the authority of all its agents to act as agents of **FRONTIER INSURANCE**
25 **COMPANY** in this state.
26

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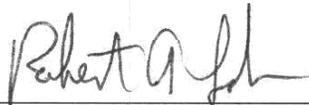
IT IS FURTHER ORDERED, during the period of suspension,
FRONTIER INSURANCE COMPANY shall not solicit or write any new
business in Alaska, but shall file the Annual Statement, pay fees and any taxes
due as provided by AS 21.09.170(b).

IT IS FURTHER ORDERED, Certificate of Authority No. F-8054 will
continue to be held in safekeeping by **FRONTIER INSURANCE 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 **FRONTIER INSURANCE**
COMPANY shall 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.

This order is effective the 9th day of April 2001.

Dated this 9th day of April 2001.



ROBERT A. LOHR, DIRECTOR
DIVISION OF INSURANCE