

STATE OF ARIZONA
FILED

MAY 4 2001

DEPT. OF INSURANCE
BY *CD*

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

In the Matter of:)	
)	No. 01A-084-INS
FRONTIER INSURANCE COMPANY)	
(NAIC No. 34266))	CONSENT ORDER
)	
Respondent.)	
)	
)	

An Order Summarily Suspending License and Notice of Hearing was issued by the Director of the Arizona Department of Insurance (the "Department") on March 29, 2001 concerning the suspension of the certificate of authority held by Frontier Insurance Company ("Respondent") to transact property and casualty with workers' compensation, disability, marine and transportation, surety and vehicle insurance business in Arizona. Respondent received a copy of this Notice. Respondent has been advised of its right to a hearing in this matter, which it waives. Respondent admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent Frontier Insurance Company ("Respondent") is domiciled in New York and presently holds a certificate of authority issued by the Arizona Department of Insurance ("Department") to transact property and casualty insurance with workers' compensation, disability, marine and transportation, surety, and vehicle insurance.
2. Respondent's December 31, 2000 Annual Statement contains adverse findings and information with respect to Respondent's financial condition within the meaning of A.A.C. R20-6-308(A)(1).
 - a. For the twelve months ending December 31, 2000, Respondent reported a net loss from operations of \$50,700,730.
 - b. As of December 31, 2000, Respondent reported a risk-based capital level of 7%

which represents a mandatory control event pursuant to A.R.S. §20-488.05.

3. For the twelve months ending December 31, 2000, Respondent's 2000 Annual Statement reported an operating loss, including but not limited to, net capital gain or loss, change in non-admitted assets, and cash dividends paid to shareholders of \$183,525,564, which is 1,240% of the Respondent's remaining surplus as regards policyholders of \$16,050,335. This operating loss is greater than 50% of the Respondent's remaining surplus as regards policyholders that is in excess of the minimum required of \$14,800,335, which constitutes an adverse finding under A.A.C. R20-6-308(A)(7).

CONCLUSIONS OF LAW

1. Respondent is in an unsound condition or in such condition as to render its further transaction of insurance in this state hazardous to its policyholders or to the people of this state, within the meaning of A.R.S. §20-220(A)(3) and A.A.C. R20-6-308.

2. Grounds exist for the Director to suspend or revoke Respondent's certificate of authority pursuant to A.R.S. §§20-219 and 20-220(A)(3).

ORDER

IT IS ORDERED:

1. Suspending the certificate of authority held by Respondent Frontier Insurance Company to transact insurance business in Arizona.

2. The hearing in this matter, currently set for May 21, 2001, shall be vacated.

DATED AND EFFECTIVE this 4th day of

May, 2001.



CHARLES R. COHEN, Director
Arizona Department of Insurance

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CONSENT TO ORDER

1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and admits the foregoing Findings of Fact and consents to the entry of the foregoing Conclusions of Law and Order.

3. Respondent is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent Order.

4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to it to induce it to enter into this Consent Order and that it has entered in this Consent Order voluntarily.

5. Respondent acknowledges that the acceptance of this Consent Order by the Director is solely to settle this matter against it and does not preclude any other agency, officer or subdivision of this state from instituting civil or criminal proceedings as may be appropriate now or in the future.

Date April 19, 2001

Frontier Insurance Company

By 

Its President

COPY of the foregoing mailed/delivered
this 4th day of May, 2001, to:

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