

SEP 10 2002

DEPT. OF INSURANCE
BY

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

In the Matter of:)	
)	Docket No. 02A-136-INS
FREMONT INDEMNITY COMPANY)	
(NAIC No. 21040))	CONSENT ORDER
)	
Respondent.)	

On August 6, 2002, the State of Arizona, Department of Insurance (the "Department"), issued an Order Summarily Suspending Certificate of Authority and Notice of Hearing to Fremont Indemnity Company ("Respondent"). Respondent wishes to resolve this matter without the commencement of formal proceedings, and 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 Fremont Indemnity Company ("Respondent") is domiciled in California and presently holds a certificate of authority issued by the Arizona Department of Insurance ("Department") to transact casualty, workers' compensation, disability, marine and transportation, property, surety, and vehicle insurance.

2. On December 1, 2000, the California Department of Insurance placed the Respondent and its affiliates under Regulatory Oversight.

3. As of May 31, 2002, the effective date of the merger of Fremont Pacific Insurance Company and Fremont Compensation Insurance Company into the Respondent, the Respondent reported a negative policyholder surplus of (\$3,710,525), which is less than the minimum free surplus of \$250,000 Respondent is required to maintain in accordance with A.R.S. § 20-211, which represents an adverse filing with respect to the financial condition of the Respondent within the meaning of A.A.C. R20-6-308(A)(1).

4. Respondent is in unsound financial condition or in such condition as to render its further transaction of insurance in this state hazardous to the 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.

1 **CONSENT TO ORDER**

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

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

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

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

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

16
17 SEPT. 3, 2002
Date

Fremont Indemnity Company

18 By Alan Faigan
19 Alan Faigan
20 Its: General Counsel
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1 COPY of the foregoing mailed/hand-delivered
2 this 10th day of September, 2002, to:

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6 Glendale, California 91203-3392

7 Mary-Lou Ann Misrahy, President
8 Fremont Indemnity Company
9 500 North Brand Boulevard
10 Glendale, California 91203-3392

11 Michael T. Stock, Statutory Agent for Service of Process
12 500 North Brand Boulevard
13 Glendale, California 91203-3392

14 California Insurance Department
15 300 Capitol Mall, Suite 1500
16 Sacramento, California 95814

17 Larry Etchechury, Director
18 Industrial Commission of Arizona
19 800 West Washington Street
20 Phoenix, AZ 85007-2922

21 Michael E. Surguine, Executive Director
22 Arizona Property and Casualty Guaranty Fund
23 3443 North Central, Suite 1000
24 Phoenix, AZ 85012

25 Casey Newcomb, Administrative Law Judge
26 Office of Administrative Hearings
27 1400 West Washington Street, Suite 101
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28 Sara Begley, Deputy Director
29 Catherine O'Neil, Assistant Director
30 Steve Ferguson, Assistant Director
31 Deloris Williamson, Assistant Director
32 Scott Greenberg, Chief Operating Officer
33 Paul Hogan, Market Conduct Chief Examiner
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