

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
Insurance Division
233 RICHMOND STREET
PROVIDENCE, RHODE ISLAND 02903**

**NOTICE
TO ALL SURPLUS LINES BROKERS LICENSED IN RHODE ISLAND**

IN ACCORDANCE WITH THE REQUIREMENTS OF R.I. GEN. LAWS §27-3-40, THIS NOTICE IS BEING MAILED TO ALL SURPLUS LINES BROKERS LICENSED IN RHODE ISLAND.

PURSUANT TO THE AUTHORITY GRANTED IN THE GENERAL LAWS OF THE STATE OF RHODE ISLAND, THE RHODE ISLAND INSURANCE COMMISSIONER ("COMMISSIONER") HEREBY DIRECTS THAT NO SURPLUS LINES BROKER LICENSED IN RHODE ISLAND SHALL PLACE INSURANCE WITH ANY OF THE FOLLOWING SURPLUS LINES INSURERS:

**FRONTIER PACIFIC INSURANCE COMPANY
WESTERN INDEMNITY INSURANCE COMPANY
UNITED CAPITOL INSURANCE COMPANY**

ON AUGUST 30, 2001, THE COMMISSIONER ISSUED ORDER # 01-0118, REMOVING ALL OF THE ABOVE SURPLUS LINES INSURERS FROM RHODE ISLAND'S LIST OF APPROVED SURPLUS LINES CARRIERS. A COPY OF THE ORDER IS AVAILABLE ON THE INSURANCE DIVISION WEB SITE AT [HTTP://WWW.DBR.STATE.RI.US/](http://www.dbr.state.ri.us/). YOU MAY ALSO OBTAIN A COPY OF THE ORDER VIA FACSIMILE OR REGULAR MAIL BY CONTACTING THE INSURANCE DIVISION AT THE PHONE NUMBER LISTED BELOW.

ALL SURPLUS LINES BROKER'S SHOULD BE AWARE OF THE FOLLOWING:

1. R.I. GEN. LAWS §27-3-38 PROVIDES IN PART THAT A SURPLUS LINES BROKER'S LICENSE:

"....may be suspended or revoked by the insurance commissioner whenever, in the commissioner's judgment, a suspension or revocation will best promote the interest of the people of this state."

VIOLATION OF THIS NOTICE WILL BE CONSIDERED SUFFICIENT CAUSE FOR THE COMMISSIONER TO ISSUE NOTICE OF SUSPENSION OR REVOCATION OF LICENSE.

2. R.I. GEN. LAWS §27-3-49 PROVIDES IN PART THAT:

"An insurance producer shall be personally liable on all contracts of insurance unlawfully made by or through him or her, directly or indirectly, for or in behalf of any company not authorized or approved to do business in this state."

PLEASE CALL MATT DIMAIO AT (401) 222-5454 FOR ANY QUESTIONS OR CONCERNS RELATING TO THIS NOTICE.

**STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS
DEPARTMENT OF BUSINESS REGULATION
233 RICHMOND STREET
PROVIDENCE, RHODE ISLAND 02903**

IN THE MATTER OF

**FRONTIER INSURANCE COMPANY
FRONTIER PACIFIC INSURANCE COMPANY
WESTERN INDEMNITY INSURANCE COMPANY
And
UNITED CAPTOL INSURANCE COMPANY**

RESPONDENTS

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ORDER SUSPENDING LICENSE AND REMOVAL FROM APPROVED LIST

DBR Order No. 01-0118

WHEREAS, Frontier Insurance Company (“Frontier”) is a New York domiciled insurer and is subject to that state’s insurance laws and a wholly owned subsidiary of Frontier Insurance Group, Inc., a Delaware domiciled holding company (“Frontier Group”);

WHEREAS, Frontier Pacific Insurance Company (“Frontier Pacific”) is a California domiciled insurer subject to that state’s insurance laws and a wholly owned subsidiary of Frontier;

WHEREAS, United Capitol Insurance Company (“United”) is an Illinois domiciled insurer subject to that state’s insurance laws and a subsidiary of Frontier;

WHEREAS, Western Indemnity Insurance Company (“Western”) is a Texas domiciled insurer subject to that state’s insurance laws and an affiliated insurer of Frontier and wholly owned subsidiary of the Frontier Group;

WHEREAS, Frontier, Frontier Pacific, United and Western collectively are hereinafter referred to as Respondents;

WHEREAS, the Director of the Department of Business Regulation (“Director”) has the statutory authority pursuant to Title 27 of the R.I. Gen. Laws to regulate and issue licenses to all insurance companies and to approve surplus line carriers, domestic or foreign, seeking to transact any business of insurance in the State of Rhode Island;

WHEREAS, pursuant to R.I. Gen. Laws §27-2-1 et seq., Frontier is a foreign insurance company licensed to transact business in Rhode Island and to write fire, miscellaneous property, water damage, burglary & theft, glass, boiler & machinery, elevator, animal, collision, personal injury liability, property damage liability, workers’ compensation and employers liability, fidelity and surety, credit, motor vehicle and aircraft physical damage, ocean marine, inland marine and marine protection and indemnity, accident & health, other liability and homeowners multi peril (the “License”);

WHEREAS, pursuant to R.I. Gen. Laws §27-3-36 et seq., Frontier Pacific, United and Western are on the Director's list of Rhode Island approved surplus lines insurers ("Approved List");

WHEREAS, pursuant to R.I. Gen. Laws §§ 27-2-24, 27-2-25 and 42-35-9, on or about June 19, 2001, the Director issued a Notice of Intent to Suspend or Revoke License and Approved Surplus Line Business and Opportunity for Hearing to Respondents ("Notice") concluding that Frontier, Frontier Pacific, United and Western are in unsound financial condition and that their condition is such as to render their further transaction of business hazardous to Rhode Island policyholders and the general public;

WHEREAS, pursuant to R.I. Gen. Laws §27-2-24 through §27-2-26, the Director has the power and duty to revoke or suspend the license issued to a foreign insurer in Rhode Island that is in unsound financial condition, and prohibit such foreign insurer from issuing any contracts or policies of insurance in Rhode Island;

WHEREAS, pursuant to R.I. Gen. Laws §27-3-40, if at any time the Director determines, in her judgment, that an approved surplus lines insurer is not in a safe or solvent financial condition, the Director shall remove that insurer from the Approved List and direct that no insurance be placed with that insurer;

WHEREAS, the Director has determined that it is in the best interest of the residents of the State of Rhode Island to suspend the License of Frontier, and to remove Frontier

Pacific, United and Western from the Approved List and direct that no insurance be placed with Frontier Pacific, United and Western;

WHEREAS, the Notice specified that if the Director did not receive a written request for a hearing no later than ten (20) days of the date of service of the Notice, the Director would regard the Respondents as having been provided with notice and an opportunity for a hearing, and as having waived the right to a hearing, and further provided that, unless such written request for a hearing were received within the aforementioned time period, no hearing would be held on this matter, and the Director would by final order suspend Frontier's License and remove Frontier Pacific, United and Western from the Approved List and direct that no insurance be placed with Frontier Pacific, United and Western;

WHEREAS, the Department's records reflect that Frontier, Frontier Pacific and Western received the Notice on June 25, 2001, and United received the Notice on June 27, 2001; and

WHEREAS, the Respondents responded to the Director in writing on July 13, 2001, voluntarily agreeing to the License suspension of Frontier and voluntarily agreeing to remove Frontier Pacific, Western and United from the Approved List and to not place insurance with Frontier Pacific, United and Western.

Based on the foregoing, it is hereby ORDERED:

1. That Frontier's License is hereby suspended pursuant to R.I. Gen. Laws §27-2-1 et seq. and §42-35-1 et seq.
2. That Frontier Pacific, United and Western be removed from the Approved List and no insurance shall be placed with Frontier Pacific, United and Western pursuant to R.I. Gen. Laws §27-3-1 et seq. and §42-35-1 et seq.

Dated this 30th day of August, 2001.

Marilyn Shannon McConaghy
Director

**THE DIRECTOR RESERVES THE RIGHT TO PUBLISH A
NOTICE OF THIS ORDER IN A NEWSPAPER OF GENERAL
CIRCULATION IN THE STATE OF RHODE ISLAND.**

CERTIFICATION

I hereby certify on this 7th day of September, 2001 that a copy of this Notice was sent by certified mail, return receipt requested and by first class mail, postage prepaid to:

Mark Henry Mishler
President
Frontier Insurance Company
195 Lake Louise Marie Road
Rock Hill, New York 12775-8000

Mark Henry Mishler
President
Frontier Pacific Insurance Company
101 West Broadway, Suite 700
San Diego, CA 92101-8208

Mark Henry Mishler
President
Western Indemnity Insurance Company
820 Gessmer , Suite 1200
Houston, TX 77024

Mark Henry Mishler
President
United Capitol Insurance Company
C/o McKenna, Storrer et al. 200 N. LaSalle Street
Chicago, IL 60601-1083

and by hand-delivery to:

Louis A. DeQuattro, Jr., Esq., CPA
Examiner-in-Charge
Department of Business Regulation
Insurance Division
233 Richmond Street
Providence, RI 02903.
