

**BEFORE THE INSURANCE COMMISSIONER OF THE
STATE OF OKLAHOMA**

FILED
MAR 28 2016
INSURANCE COMMISSIONER
OKLAHOMA

STATE OF OKLAHOMA, ex rel. JOHN)
D. DOAK, Insurance Commissioner,)
)
Petitioner,)
v.)
)
LUMBERMEN’S UNDERWRITING)
ALLIANCE, a reciprocal inter-insurance)
exchange domiciled in and organized under the)
laws of the State of Missouri licensed to do)
business in the State of Oklahoma)
)
Respondent.)

Case No. 16-0291-DIS

ADMINISTRATIVE ORDER WITH SUSPENSION INSTANTER

COMES NOW the State of Oklahoma, ex rel., John D. Doak, Insurance Commissioner,
by and through counsel, Dan R. Byrd, and alleges and states as follows:

JURISDICTION

1. John D. Doak is the Insurance Commissioner of the State of Oklahoma ("the Insurance Commissioner") and as such is charged with the duty of administering and enforcing all provisions of the Oklahoma Insurance Code, 36 O.S. §§ 101 et seq.

2. Respondent Lumbermen’s Underwriting Alliance (the “Company” or “Respondent”) is a reciprocal inter-insurance exchange domiciled in and organized under the laws of the State of Missouri authorized to transact the business of property, casualty, and workers’ compensation insurance in the State of Oklahoma pursuant to Certificate of Authority number 4720 (NAIC number 23108).

FINDINGS OF FACT

1. Due to the Company’s financial condition, on May 19, 2015, the Circuit Court of Cole County Missouri in Case No: 15AC-CC00224 issued a Judgment of Rehabilitation, which

ordered the Company into receivership for the purpose of rehabilitation and appointed John M. Huff, Director of Insurance, Financial Institutions and Professional Registration of the State of Missouri, and his successors in office, as the statutory Receiver of the Company. U.S. Epperson Underwriting Company, as Attorney-in-Fact for the Company, consented to the receivership. The Judgment of Rehabilitation in the Circuit Court of Cole County Missouri Case No. 15AC-CC00224 is attached hereto and incorporated by reference as Exhibit "A".

2. The Judgment of Rehabilitation found that the Company was in such a condition that its further transaction of business would be hazardous financially to its policyholders, creditors or the public. Specifically, the Company's Quarterly Statement As of March 31, 2015 attached hereto and incorporated by reference as Exhibit "B" showed that at year-end 2014, the Company's capital & surplus was reported to be a negative \$22,502,751, and at the end of the First Quarter 2015, the Company's capital & surplus was a negative \$41,884,165.

3. Based on the Judgment of Rehabilitation or the Company's financial impairment, Tennessee, North Dakota, Montana, West Virginia, Arkansas, Idaho, Nevada, Wyoming, Oregon, Kentucky, Georgia, and Maine suspended the Company's Certificates of Authority to transact business in those states. Ohio revoked the Company's Certificate of Authority to transact business in the State of Ohio.

4. Based on the facts stated in the Judgment of Rehabilitation, the Respondent is in unsound condition or in such condition as to render its further transaction of business in the State of Oklahoma hazardous to its policyholders or to the people of Oklahoma.

5. The Insurance Commissioner hereby finds that the condition and actions of the Respondent are such that the public health, safety, and welfare imperatively require emergency action.

CONCLUSIONS OF LAW

1. Pursuant to 36 O.S. § 619(A)(1), the Insurance Commissioner has the authority to suspend or revoke Respondent's certificate of authority if the Respondent is found by the Insurance Commissioner to have violated any provision of this Code other than those as to which refusal, suspension, or revocation is mandatory.

2. Pursuant to 36 O.S. § 619(A)(3), the Insurance Commissioner has the authority to suspend or revoke Respondent's certificate of authority if the Respondent is found by the Insurance Commissioner to be in 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 Oklahoma.

3. Pursuant to 36 O.S. § 619(C), in addition to or in lieu of any sanction, the Insurance Commissioner may require that Respondent restrict its insurance writings.

4. Pursuant to 75 O.S. §§ 314(C)(2) and 314.1, and O.A.C. 365:1-7-9, the Insurance Commissioner is authorized to take administrative action against Respondent on a summary and emergency basis pending proceedings for revocation or other action against the certificate of authority of Respondent if the Insurance Commissioner finds that the actions of the Respondent are such that the public health, safety and welfare imperatively requires emergency action, and incorporates a finding to that effect in this order.

ORDER

IT IS THEREFORE ORDERED by the Insurance Commissioner that Respondent's certificate of authority is hereby suspended instanter from writing any new business in this state, and Respondent is specifically ordered to immediately refrain from the activities set forth in 36 O.S. § 105, except insofar as said activities include the servicing of insurance or reinsurance contracts presently in force pending formal administrative proceedings in this matter. Said

suspension instanter shall continue pending the final outcome of proceedings for revocation, suspension or other action.

IT IS FURTHER ORDERED that Respondent is hereby given notice of opportunity to request a hearing within thirty (30) days of receipt of this order to determine if there are any reasons why Respondent's certificate of authority in the State of Oklahoma should not be subject to suspension. If Respondent does not request a hearing before the end of said thirty (30) days, this order shall become a final order and said suspension shall continue in force until lifted by order of the Insurance Commissioner pursuant to the laws of the State of Oklahoma.

If Respondent requests a hearing before the Insurance Commissioner or his duly appointed hearing examiner, the proceedings shall be conducted within ten (10) business days after receipt of the request and in accordance with the Oklahoma Insurance Code, 36 O.S. §§ et seq., and the Oklahoma Administrative Procedures Act, 75 O.S. §§ 250 et seq., unless the ten (10) day provision is waived by the Respondent. Any request for hearing should be directed to Dan R. Byrd, Assistant General Counsel, at the address set forth below.

WITNESS My Hand and Official Seal this 20th day of March, 2016.



JOHN D. DOAK
INSURANCE COMMISSIONER
STATE OF OKLAHOMA

A handwritten signature in cursive script that reads "James C. Mills".

JAMES MILLS
CHIEF OF STAFF

CERTIFICATE OF MAILING

I, Dan R. Byrd, hereby certify that a true and correct copy of the attached *Administrative Order with Suspension Instante* was mailed certified mail, return receipt requested on the 28th day of March, 2016 to:

J. Jeffery Poirer
Lumbermen's Underwriting Alliance, In Receivership
1905 NW Corporate Blvd.
Boca Raton, FL 33431-7303

**CERTIFIED MAIL NO:
7015 3010 0001 4604 1447**

And that a copy was delivered to Suma Mathew of the Oklahoma Insurance Department Financial and Examination Division.



DAN R. BYRD
Assistant General Counsel

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City, State, ZIP+4® _____

J. Jeffery Poirer
 Lumbermen's Underwriting Alliance,
 In Receivership
 1905 NW Corporate Blvd.
 Boca Raton, FL 33431-7303
 16-0291-DIS/DRB(mt)
 (Admin.Ord.With Susp.Inst.-3-28-16)

PS Form 3800, April 2015 PSN 7530-02-000-9047 See Reverse for Instructions

7015 3010 0001 4604 1447

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:

J. Jeffery Poirer
 Lumbermen's Underwriting Alliance,
 In Receivership
 1905 NW Corporate Blvd.
 Boca Raton, FL 33431-7303
 16-0291-DIS/DRB(mt)
 (Admin.Ord.With Susp.Inst.-3-28-16)



2. Article Number (Transfer from service label)
 7015 3010 0001 4604 1447

COMPLETE THIS SECTION ON DELIVERY

A. Signature Agent
 Addressee

B. Received by (Printed Name) Jennifer G. Hull C. Date of Delivery 4-1-16

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No



3. Service Type

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Collect on Delivery Restricted Delivery Signature Confirmation Restricted Delivery (over \$500)

Insured Mail

Insured Mail Restricted Delivery (over \$500)

PS Form 3811, July 2015 PSN 7530-02-000-9053 Domestic Return Receipt