

March 17, 1993

BULLETIN #565

RE: PROMED INTERNATIONAL LIMITED (BRITISH VIRGIN ISLANDS)

We have been requested by the California Insurance Department, acting in accordance with and pursuant to Section 1765.1 of the Insurance Code, to advise all Surplus Line brokers and Special Lines Surplus Line brokers that effective March 17, 1993, unless and until notified by the Department to the contrary, the above insurer should not be employed for placements of California business. No further new or renewal business may be placed with the company.

James S. Pugh
Assistant Manager

JSP/imb

DEPARTMENT OF INSURANCE
4S FREMONT STREET, 24th FLOOR
SAN FRANCISCO, CA 94105

March 17, 1993

The Surplus Line Association of California
388 Market Street, Suite 1150
San Francisco, CA 94111

**Subject: Promed International Limited British Virgin Islands
Order pursuant to California Insurance Code Section 1765.1**

Dear Gentle People:

Please issue a bulletin to your members notifying them that Promed International Limited (British Virgin islands) is unacceptable pursuant to CIC Section 176S.1. for placement of now or renewal business. Attached is a copy of the Department's order for your reference. if you have any questions, please contact me.

Very truly yours,
Carol A. Fistler
Senior Staff Counsel

(415) 904-5674

cc: Janice Kerr
Victoria Sidbury
Robis international Insurance Brokers, Inc.
Promed International Limited

DEPARTMENT OF INSURANCE

March 16, 1993

Mr. Mark Robis
Robis Inter-national insurance Brokers, Inc.
220 Montgomery St.# Ste. 420
San Francisco, CA 94104

Mr. Raul Aguilar
A Professional Law Corporation
44 Montgomery St., Ste 4240
San Francisco, CA 94104-4815

Promed international Limited
Bank of Nova Scotia Building
P.O. Box 438
Wickhams Cay
Road Town
Tortola, British Virgin Islands

**Subject: Promed International Limited, British Virgin islands;
Order Pursuant to CIC Section 1765.1**

Gentlemen:

Pursuant to California Insurance Code (CIC) Section 1765.1, the Department has reviewed information on Promed International Limited (hereinafter referred to as "Promed"). The Department's review is guided by legal and accounting standards as set forth in our California Insurance Code and other California laws. The Department has a number of concerns; which would require the issuance of an order and bulletin pursuant to CIC 1765.1 ordering that no further business be placed with ProZed. These concerns and the Department's intent to issue an order pursuant to CIC 1765.1 were previously forwarded to Promed, its surplus line broker, Robis International Insurance Brokers, Inc. and counsel on February 19, 1993. No response has been received. The Department's concerns are as follows.

1. On September 30, 1991 the British Virgin Islands' Supervisor of Insurance issued a restriction to Promed pursuant to section 6 of the Insurance Business (Special Provisions) Act prohibiting Promed from carrying on any new business or issuing any new policies. Furthermore the restriction stated that "Any attempt to do so Will be an offense under the Act." This action was ratified by the Executive Council of the Ministry of Finance of the British Virgin Islands, on December 11, 1991.
2. In 1992 while the restriction on Promed was still in effect they wrote \$2,929,785 worth of premium in California.
3. On December 10, 1992 an order on Def ault Judgment was issued against Promed in the United States District Court for the Eastern District of California (Civ. S-91-845 GEB GGH) in the case of **Promed International Limited v, Capitol Benefit Group, Inc., ANPAC Administrators, Inc., Charles L. Winters, Melody Rojas and Deposit Guaranty National Bank** The judgment rioted and awarded \$4,919,529.48 for, "Promed's failure to pay outstanding claims presented from March 14, 1991 through October 4, 1991."
4. Promed failed to pay Arthur Andersen for accounting services rendered. This nonpayment resulted in the issuance of a Judgment and Order Regarding Order to Show Cause Re Imposition of Sanctions on February 19, 1993 by Stuart Pollack in the Superior Court of the State of California for the County of San Francisco in case No. 934616, **Promed International Limited Insurance Brokers, Inc. v. John Garamendi, Insurance Commissioner of the State of California.**

This order struck and vacated a Preliminary Injunction entered in favor of Promad on September 17, 1991. The order also found in favor of Arthur Andersen regarding a debt now owing for services rendered for \$5,218, plus contractual interest accruing at a rate of 1% per month beginning on October 20, 1991. The Department, questions the financial stability of the insurer in that it has been unable to pay this debt which was due and owing quite some time ago. A financially stable insurer should be able to pay bills and claims in a timely fashion. The Department also questions the integrity and reputation of an insurer who does not pay their bills and has a reputation of not doing so,

5. The British Virgins Islands ordered that Promed be wound up under the provisions of the Companies Act, Cap. 243 with effect from February 17, 1993. The Department questions the financial stability of the insurer based upon this order. Therefore, Promed is unacceptable for placement of further new or renewal business pursuant to CIC 1765.1 because of the above described lack of financial stability, integrity and reputation.

You may make a written request for a hearing within thirty (30) days after service of this order. The Department will set a hearing for not less than twenty (20) nor more than thirty (30) calendar days of its receipt of your written request.

Very truly yours,
 Carol Fistler
 Senior Staff Counsel

(415) 904-5674

cc: Janice E Kerr, General Counsel
Victoria S. Sidbury, Bureau Chief of Corporate Affairs
Joyce E. Hee, Deputy Attorney General