



April 6, 1994

BULLETIN #633

RE: PARADIGM INSURANCE COMPANY (Indiana)

Stipulation for New Decision and Order and Disposition of Alternative Writ of Mandate and Temporary Restraining Order: Order _____

The CDI (California Department of Insurance) has requested this Association to provide its membership with the enclosed information regarding Paradigm Insurance Company.

Should you have questions or concerns regarding the above, please contact Carol Fistler, Staff Counsel Ell, Legal Division, California Department of Insurance, (415) 904-5674.

A.D. Freeman Jr.
Manager
ADF/imb
Enclosure(s)

DEPARTMENT OF INSURANCE

45 FREMONT STREET, 24th Floor
SAN FRANCISCO, CA 94105

April 4, 1994

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

Subject: PARADIGM INSURANCE COMPANY (Indiana)

Stipulation for New Decision and Order and Disposition
of Alternative Writ of Mandate and Temporary Restraining order:
Order

Dear Gentle People:

Please issue a bulletin to your members attaching the above referenced Stipulation and order. Per Exhibit "All of such stipulation and Order, the Commissioner has issued a new Decision and Order regarding Paradigm. The Department's November 4, 1993 order Pursuant to CIC x5 1765.1 is accordingly vacated. The terms of the new order (Exhibit "All) include the following:

"Paradigm has agreed that it will not underwrite any further business in California until Paradigm has -made a satisfactory Regulation 2174 filing or a Regulation 2174 exemption request

and the Department grants an exemption."

Very truly yours,

Carol A. Fistler
Staff Counsel III
(415) 904-5674

DANIEL E. LUNGREN, Attorney General
of the State of California
RICHARD F. Finn (State Bar No. 56995)
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Attorney for Respondent
Insurance Commissioner John Garamendi

SUPERIOR COURT OF THE STATE OF CALIFORNIA
FOR THE CITY AND COUNTY OF SAN FRANCISCO

PARADIGM INSURANCE COMPANY, an
Indiana Corporation,
Petitioner,

vs.

JOHN GARAMENDI, INSURANCE
COMMISSIONER OF THE STATE OF
CALIFORNIA
Respondent
No. 966731

STIPULATION FOR NEW
DECISION AND ORDER AND DISPOSITION OF ALTERNATIVE
WRIT OF MANDATE AND TEMPORARY RESTRAINING
ORDER: ORDER

Petitioner Paradigm Insurance Company and Respondent John Garamendi, Insurance Commissioner of the State of California, through their respective counsel of record, hereby stipulate and agree that:, respondent's decision of March 11, 1994 be and is hereby set aside; a new decision and order, in the form attached hereto as Exhibit A, shall be adopted by the respondent and; petitioner shall not underwrite any business in California until it has made a satisfactory Regulation 2174 filing or a Regulation 2174 exemption request and the Department grants an exemption.

Upon the filing of a Return showing the adoption of the new decision and order, the Alternative Writ of Mandate is discharged and the Temporary Restraining Order is vacated.

DATED: _____ 1994 AGUILAR AND SEBASIINELLI

RAUL V. AGUILAR, ESQ.

Attorneys for Petitioner

DATED: _____ 1994 DANIEL E. LUNGREN
Attorney General

RICHARD F. FINN
Supervising Deputy Attorney General
Attorneys for Respondent
Insurance Commissioner John Garamendi

DATED: MAR 29, 1994

STUART R. POLLAK
JUDGE OF THE SUPERIOR COURT

EXHIBIT A

BEFORE THE INSURANCE COMMISSIONER
OF THE STATE OF CALIFORNIA

In the Matter of File No. SF I5101-AP

PARADIGM INSURANCE COMPANY,
APOLLO GENERAL INSURANCE

AGENCY, INC.,
Respondents.

DECISION AND ORDER PURSUANT TO STIPUIATION On July 20, 1993, the Department of Insurance granted a Regulation 2174 exemption to Paradigm Insurance Company, a nonadmitted insurer, with the belief that Paradigm would predominantly write medical malpractice coverage. Based primarily upon information reported by the Surplus Line Association of California that Paradigm was not writing any medical malpractice insurance in California, on November 4, 1993 the Department issued an order under Insurance Code section 1765.1 that directed California surplus line brokers not to place any new. business with Paradigm. It has since been determined that due to brokers' errors in reporting and coding Paradigm's, policies, the information from the Surplus Line Association concerning medical malpractice placements was incorrect, and that Paradigm had in fact been placing such insurance in California.

There has also been a dispute between the Department and Paradigm concerning the scope of the exemption under Regulation 2174 and the nature and extent of the coverages that Paradigm would write. Paradigm has agreed that it will, not underwrite any further business in California until Paradigm has made a satisfactory Regulation 2174 filing or

a Regulation 2174 exemption request and the Department grants an exemption.

No finding is made by the Department as to call into question the integrity, reputation or financial stability of Paradigm, or the integrity or reputation of its management Based upon the determinations above, the Department's order of November 4, 1993 is vacated. The Department shall cause the Surplus Line Association of California, to issue a bulletin to its members advising said members that the order was vacated, and attaching this Decision and Order to such bulletin. This Decision and Order shall be effective immediately.

Dated:

JOHN GARAMENDI
Insurance Commissioner of the State of
California