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THE HONORABLE MIKE KREIDLER

2010 NOV -9 A 10:57

Hearings Unit, OIC
Patricia D. Petersen
Chief Hearing Officer

BEFORE THE OFFICE OF THE INSURANCE COMMISSIONER
IN THE STATE OF WASHINGTON

In The Matter Of: FEDERAL INSURANCE COMPANY, PACIFIC INDEMNITY COMPANY, GREAT NORTHERN INSURANCE CO., EXECUTIVE RISK INDEMNITY, INC., VIGILANT INSURANCE COMPANY, NORTHWESTERN PACIFIC INDEMNITY CO., Authorized Insurers.	Re: Order Nos.: 10-0209 and 10-0210 **DEMAND FOR A HEARING FROM ORDER NO. 10-0210, DEMAND FOR CONSOLIDATION OF THE HEARINGS ON ORDER NOS. 10-0209 AND 10-0210, DEMAND TO APPOINT AN ADMINISTRATIVE LAW JUDGE, AND DEMAND FOR A STAY OF EXECUTION OF ORDER NO. 10-0210 PENDING THE HEARING**

COME NOW Federal Insurance Company, Pacific Indemnity Company, Great Northern Insurance Co., Executive Risk Indemnity, Inc., Vigilant Insurance Company, and Northwest Pacific Indemnity Co. ("Respondents") by and through their undersigned counsel, and file this demand pursuant to RCW 48.04.010 and demand an administrative hearing with respect to Order No. 10-0210 ("Order"), which was issued on November 8, 2010, from the Office of the Insurance Commissioner ("OIC"), and which purported to suspend the Respondent's from writing new business in the State of Washington for a period of nine months commencing on November 18, 2010.

The Respondents further demand that the Notice of Hearing to Request Imposition of a Fine, Order No. 10-0209, which was issued on November 8, 2010, from the OIC ("Notice") be immediately consolidated with the hearing on the Order. Both the Order and the Notice

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involve common issues of law and fact. The Respondents respectfully request that the hearing on both matters, the Order and the Notice, be rescheduled and consolidated, with a prehearing conference in such consolidated matter to be scheduled for January 21, 2011.

The Respondents further demand that the OIC immediately appoint an administrative law judge to preside over this matter, and that the OIC immediately notify the Respondents what administrative law judge and / or officers or members of the OIC will preside over the hearing. Pursuant to RCW 48.04.020, the Respondents also demand a stay of the execution of the Order pending resolution of the administrative hearing(s), and that the OIC immediately confirm in writing that an automatic stay is in-force pursuant to that statute.

HAVING MADE THE FOREGOING DEMANDS, the Respondents hereby provide notice to the OIC, pursuant to RCW 48.04.010(2), that Respondents intend to seek relief from the Order and will challenge the Notice seeking imposition of a fine based on, inter alia, the following legal and factual grounds:

(1) The suspension and the proposed fines are violative of the Respondents' rights to equal protection and due process guaranteed by the constitutions of the United States and the State of Washington.

(2) The Respondents deny the factual allegations contained in the Order and Notice and demand strict proof thereof at the time of the hearing.

(3) The penalties and sanctions sought to be imposed in the Order and Notice are excessive, unfair and contrary to the public interests.

(4) The OIC has not alleged any actual or potential consumer harm and the penalties and sanctions sought to be imposed in the Order and Notice as disproportionate to the alleged violations.

(5) Any suspension of the Respondents' authority to write new business is unreasonable and unwarranted under the facts of this case.

(6) The imposition of the penalties and sanctions sought to be imposed in the

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Order and Notice would constitute an abuse of the OIC's discretion.

(7) The penalties and sanctions sought to be imposed are in conflict with and contrary to RCW 48.19.430, 48.05.185 and other applicable statutory and regulatory authority and imposition of such penalties and sanctions would constitute an error of law.

(8) The OIC now seeks to impose penalties and sanctions based upon certain matters that previously were fully resolved between the parties. The Commissioner is barred from imposing penalties and sanctions under principles of accord and satisfaction, res judicata and other equitable principles.

(9) The Respondents deny that they have engaged in any willful or intentional violations of law.

(10) The Respondents have undertaken numerous good faith activities in their attempts to provide insurance products and services to Washington consumers in a manner fully compliant with applicable laws.

The Respondents respectfully reserve the right to assert additional legal and factual grounds with respect to their challenge to the Order and the Notice seeking imposition penalties and sanctions.

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DATED this 9th day of November, 2010.

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