

**Office of Commissioner of Securities and  
Insurance, Montana State Auditor (CSI)**

840 Helena Avenue

Helena, MT 59601

T: (406) 444-2040

F: (406) 444-3497

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE  
OFFICE OF THE STATE AUDITOR  
STATE OF MONTANA**

---

	)	
	)	CASE NO. INS-2012-59
IN THE MATTER OF:	)	
ARTISAN CONTRACTORS INSURANCE	)	<b>ORDER OF SUSPENSION</b>
COMPANY RISK RETENTION GROUP, LLC,	)	<b>OF LICENSE</b>
Montana certificate of authority # 5553.	)	
	)	
	)	

---

Pursuant to Mont. Code Ann. § 33-28-109, the Office of the Commissioner of Securities and Insurance, Montana State Auditor (CSI), suspends the license of Artisan Contractors Insurance Company Risk Retention Group, LLC (ACIC RRG), for the following reasons:

1. The State Auditor is the Commissioner of Securities and Insurance (Commissioner) pursuant to Mont. Code Ann. § 2-15-1903.
2. The CSI is under the control and supervision of the Commissioner pursuant to Mont. Code Ann. §§ 2-15-1902 and 33-1-301.
3. The Commissioner shall administer the CSI to protect insurance consumers. Mont. Code Ann. § 33-1-311(3).

4. The Commissioner and the CSI have jurisdiction over this matter. Mont. Code Ann. § 33-1-311.

5. Pursuant to Mont. Code Ann. § 33-28-109(1)(c), a captive insurance company doing insurance business in Montana must submit an annual report, as required by Mont. Code Ann. § 33-28-107. Based on evidence received by the CSI, the CSI finds that ACIC RRG has not filed its annual report with the CSI.

6. Pursuant to Mont. Code Ann. § 33-28-109(1)(d), a captive insurance company doing insurance business in Montana must comply with the provisions of its own charter, bylaws, or other organizational document. Based on evidence received by the CSI, the CSI finds that, as of December 31, 2011, ACIC RRG does not have a board of directors, including a Montana director, and officers.

8. Pursuant to Mont. Code Ann. § 33-28-109(1)(f), a captive insurance company doing insurance business in Montana must not use methods that, although not otherwise specifically prohibited by law, nevertheless render its operation detrimental or its condition unsound with respect to the public or to its policyholders. Based on evidence received by the CSI, the CSI finds that ACIC RRG is using methods that render its operation detrimental or its condition unsound with respect to the public or to its policyholders. Specifically, ACIC RRG met with the CSI on December 14, 2011, and ACIC RRG agreed to or discussed the following:

a. ORG Captive Management would take over the accounting function of ACIC RRG and maintain control of ACIC RRG's operating account.

The CSI has no evidence that this has happened.

b. Install an independent board of directors. The CSI has no evidence that this has happened.

c. The CSI learned that Mike Ward has had business contact with ACIC RRG's MGA. Based on evidence the CSI has received, the CSI finds that Mr. Ward is being investigated by the states of Illinois and Louisiana for fraudulent insurance covering habitation risks. The CSI finds that this may be detrimental with respect to the public or to ACIC RRG's policyholders.

d. Based on the discussions with ACIC RRG during subsequent meetings with the CSI, the CSI finds that it is questionable whether ACIC RRG rates are adequate, which may be detrimental or unsound with respect to the public or to ACIC RRG's policyholders.

9. Pursuant to Mont. Code Ann. § 33-28-109(1)(f), a captive insurance company doing insurance business in Montana must not use methods that, although not otherwise specifically prohibited by law, nevertheless render its operation detrimental or its condition unsound with respect to the public or to its policyholders. Based on evidence received by the CSI, the CSI finds that ACIC RRG's filed subscription agreement is ambiguous regarding capital contributions and the terms for return of those contributions, which may be detrimental or unsound with respect to the public or to ACIC RRG's policyholders.

10. Pursuant to Mont. Code Ann. § 33-28-109(2), the CSI may suspend ACIC RRG's Montana certificate of authority if the CSI considers it in the best interest of the public or the policyholders.

**ORDER**

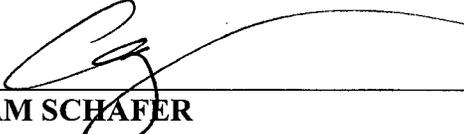
THEREFORE, IT IS HEREBY ORDERED that based on the foregoing, ACIC RRG's Montana license, certificate of authority # 5553, is **SUSPENDED**, effective immediately and ACIC RRG is prohibited from writing all new and renewal business, effective as of the date of this Order, until such time as this Order is rescinded or amended.

IT IS FURTHER ORDERED that this Order shall remain in effect until all of the above findings have been corrected by ACIC RRG to the satisfaction of the CSI.

IT IS FURTHER ORDERED that this Order shall remain in effect until ACIC RRG submits to the CSI a viable business plan, including updated financial projections, that is approved by the CSI.

IT IS FURTHER ORDERED that ACIC RRG shall infuse sufficient capital to satisfy the CSI that ACIC RRG can meet its obligations, maintain minimum capital and surplus, and maintain capital at no less than a 3:1 net writings to surplus ratio.

DATED this 9<sup>th</sup> day of March, 2012.

  
\_\_\_\_\_  
**ADAM SCHAFER**  
Deputy State Auditor

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that on this 9<sup>th</sup> day of March, 2012, a true and correct copy of the foregoing was served upon the following by U.S. mail, certified, postage prepaid:

ACIC RRG  
27 Gage Terrace  
Bigfork, Montana 59911

Via Hand-delivery:

Office of the CSI  
Jesse Laslovich

A handwritten signature in black ink, appearing to read "Jesse Laslovich", is written over a horizontal line. The signature is stylized and cursive.