

MAY 15 2014

BEFORE THE DEPARTMENT OF INSURANCE
STATE OF NEBRASKA

FILED

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| STATE OF NEBRASKA |) | |
| DEPARTMENT OF INSURANCE, |) | |
| |) | |
| Petitioner, |) | ORDER OF SUSPENSION |
| vs. |) | |
| |) | Cause No. C-2080 |
| FREESTONE INSURANCE COMPANY, |) | |
| formerly Dallas National Insurance Company, |) | |
| a Delaware Domestic Property and Casualty |) | |
| Insurance Company, |) | |
| |) | |
| Respondent. |) | |

The duly appointed and qualified Director of Insurance for the State of Nebraska, Bruce R. Range (“Director”), acting under the authority of Neb. Rev. Stat. §§ 44-134, 44-4801, and 44-4809 et al., and being fully advised in the premises, hereby finds, orders and concludes as follows.

1. Freestone Insurance Company (“Freestone”) is a Delaware domiciled property and casualty stock insurance company holding a Certificate of Authority to transact the business of insurance in Nebraska.

2. On April 28, 2014, the Court of Chancery of the State of Delaware entered a Rehabilitation and Injunction Order against Freestone in Case No. 9574-VCL.

3. Freestone did not contest the Insurance Commissioner’s Rehabilitation Petition in Case No. 9574-VCL, and Freestone consented to the relief requested by the Insurance Commissioner in Case No. 9574-VCL.

4. In the April 28, 2014 Rehabilitation and Injunction Order, the Delaware Court of Chancery declared Freestone impaired, in unsound condition, and in such condition as to render its further transaction of insurance presently or prospectively hazardous to Freestone's policyholders.

5. As a separate and independent basis for the entry of the April 28, 2014 Rehabilitation and Injunction Order, the majority of the directors of Freestone consented to the entry of the Order.

6. In the April 28, 2014 Rehabilitation and Injunction Order, the Delaware Court of Chancery found that rehabilitation of Freestone is in the best interests of Freestone's policyholders.

7. In the April 28, 2014 Rehabilitation and Injunction Order, the Court appointed Delaware Insurance Commissioner Karen Weldin Stewart and her successors in office as the Receiver of Freestone.

8. The April 28, 2014 Rehabilitation and Injunction Order directs the Receiver to continue her examination of the assets, business and affairs of Freestone and to take such steps to remove the causes of Freestone's impairment, unsound condition, or hazardous condition as she deems necessary.

9. Pursuant to Neb. Rev. Stat. § 44-134, whenever the authority of a foreign or alien company to do business is suspended or revoked by its state of domicile or state of entry into the United States or whenever any of the grounds mentioned in sections 44-4809, 44-4812, or 44-4817 exist as to a foreign or alien company, the Department of Insurance may suspend or revoke the certificate of authority of such company to do business in Nebraska, which order of

suspension or revocation shall be subject to appeal, and the appeal shall be in accordance with the Administrative Procedure Act.

10. Under the authority granted in Neb. Rev. Stat. § 44-134, the Department of Insurance has jurisdiction to suspend or revoke the Nebraska Certificate of Authority issued to Freestone, a foreign company.

11. Based upon the April 28, 2014 Rehabilitation and Injunction Order entered in Freestone's domiciliary state of Delaware, reasonable cause exists for suspending the Nebraska certificate of authority held by Freestone, pursuant to Neb. Rev. Stat. § 44-134.

IT IS THEREFORE ORDERED that the Nebraska Certificate of Authority held by Freestone is placed immediately under suspension pursuant to Neb. Rev. Stat. § 44-134.

IT IS FURTHER ORDERED that Freestone shall not undertake, engage in, commit to initiate, or accept any new or renewal insurance business in the State of Nebraska upon the date of this Order.

IT IS FURTHER ORDERED that Freestone shall have ten days from the date this Order is received to seek administrative review of this Order by mailing a written request for a hearing on this matter to the Director of Insurance for the State of Nebraska, 941 O Street, Suite 400, Lincoln, Nebraska 68508.

NOTHING IN THIS ORDER shall preclude the Director from taking further immediate action as deemed in the best interest of Freestone's policyholders and the public, including commencement of further legal proceedings as necessary.

Should the Director find, after hearing, that Freestone has failed to comply with any of the requirements set out above or has committed acts or is in a status or condition prohibited by Chapter 44 of the Nebraska Revised Statutes, the Director may enter an Order applying the

remedies and sanctions authorized by Chapter 44 or take other actions he deems appropriate as authorized by law.

Dated and effective this 15 day of May, 2014.



Bruce R. Ramage, Director
Nebraska Department of Insurance

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing Order of Suspension was served upon the Respondent and the appointed Receiver for Respondent by Certified Mail, Return Receipt Requested, on this 16th day of May, 2014:

Freestone Insurance Company
5501 LBJ Freeway, Suite 1200
Dallas, TX 75240

Delaware Insurance Commissioner Karen Weldin Stewart
Receiver for Freestone Insurance Company
841 Silver Lake Blvd.
Dover, DE 19904


