IN RE:))
BEACONHARBOR MUTUAL RISK RETENTION GROUP	ORDER APPROVING PLAN OF DISSOLUTION OF BEACONHARBOR MUTUAL RISK RETENTION GROUP
Docket No. INS-19-800))

I. BACKGROUND

Eric A. Cioppa, Superintendent of Insurance, issues this Order in this proceeding. The proceeding involves the proposed dissolution of BeaconHarbor Mutual Risk Retention Group ("BeaconHarbor").

Medical Mutual Insurance Company of Maine ("Medical Mutual") formed BeaconHarbor in 2012 as an industrial insured mutual captive insurance company. BeaconHarbor obtained approvals to do business in New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, and New York. BeaconHarbor has shared management, information technology systems, and internal controls with Medical Mutual.

BeaconHarbor has submitted a plan of dissolution dated as of October 30, 2019, signed by its trustees, Frank Lavoie and Barbara Sinclair (the "Plan"), in accordance with 24-A M.R.S. § 3484(5), and acknowledged and agreed to by Medical Mutual Insurance Company of Maine's president, Frank Lavoie. According to the Plan, BeaconHarbor's business "effectively ended" earlier this year, and the company has no insured members or policyholders. Because there are no members, there has been no membership vote on the proposed dissolution as provided in 24-A M.R.S. § 3484(3). The Plan further provides that upon its effective date (the date the trustees' certificate is filed with the Maine Secretary of State as required by 24-A M.R.S. § 3484(5)), Medical Mutual will assume all BeaconHarbor's assets, obligations, liabilities, and responsibilities.

II. DISCUSSION

Section 3484 of the Insurance Code sets out the requirements that an insurer must meet in order to dissolve. The insurer may not be the subject of a delinquency proceeding under Title 24-A Ch. 57. If a mutual company, the insurer must have a plan of dissolution that at least two-thirds of its policyholders have approved. The plan must provide for disposition of its in-force policies and full discharge of its obligations, and designate trustees to execute the plan. When the insurer's liabilities have been discharged or otherwise adequately provided for, and its assets liquidated and distributed as provided in the plan, the trustees must execute and deliver their sworn oath to that effect to the Superintendent. After an appropriate examination of the insurer's affairs, if the Superintendent finds that the trustees' representations are true and that the plan is not unlawful or unfair or inequitable or prejudicial to the interests of any policyholder or creditor, then the Superintendent must approve the plan. The plan must also be filed with the Secretary of State.

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As noted above, a dissolving mutual insurer must obtain approval of two-thirds of its policyholders. However, Subsection 3484(3) does not prohibit the dissolution of an insurer, such as BeaconHarbor, that does not have active policies. No policyholder has objected to the dissolution, and the required two-thirds approval is automatically satisfied because two-thirds of zero is zero. Therefore, the company may go forward with dissolution subject to the other terms of Section 3484.

Medical Mutual originally capitalized BeaconHarbor with \$1,050,000 of surplus via a combination of a \$1,000,000 surplus note and cash. The dissolution of BeaconHarbor will result in the termination of the surplus note and transfer of any remaining assets to Medical Mutual. At September 30, 2019, BeaconHarbor's reported assets were \$1,026,992, \$1,000,000 of which was a receivable from Medical Mutual and \$26,992 of which was cash. Thus, Medical Mutual will not be receiving any distribution in excess of the assets it initially contributed.

As discussed above, Medical Mutual will also assume all obligations, liabilities, and responsibilities of BeaconHarbor. BeaconHarbor reports no liabilities at September 30, 2019. Medical Mutual's most recently filed financial statements as of September 30, 2019 reports \$189,172,800 of surplus as regards policyholders. Medical Mutual is in a position to assume the obligations, liabilities, and responsibilities of BeaconHarbor.

Having examined the affairs of BeaconHarbor, I find that the Plan is not unlawful or unfair or inequitable or prejudicial to the interests of any creditor or any current or former policyholder.

III. ORDER

I order that the October 30, 2019 Plan of Dissolution be, and hereby is, approved.

IV. NOTICE OF HEARING RIGHTS

This Order is an agency action of the Superintendent of Insurance taken without a hearing pursuant to 5 M.R.S. § 9053(1). It is not directly appealable to Superior Court. Within (30) days after receiving notice of this Order, any aggrieved person whose interests are directly and substantially affected by this Order may request an adjudicatory hearing before the Superintendent in the manner provided in 24-A M.R.S. § 229(3). A request for hearing does not trigger an automatic stay; an application for stay may be made in the manner provided in 5 M.R.S. § 11004. If no timely request for hearing is filed, this Order will become final upon expiration of the thirty-day period, with no rights of appeal for judicial review. See 24-A M.R.S. § 236.

PER ORDER OF THE SUPERINTENDENT OF INSURANCE

December 2, 2019

Eric A. Cioppa Superintendent