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3 STATE OF OREGON
4 DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
5 DIVISION OF FINANCIAL REGULATION

6 In the Matter of

Case No. INS 15-12-003

7 AGATE RESOURCES, INC.,

ORDER TO CEASE AND DESIST,
ORDER ASSESSING CIVIL PENALTY,
AND CONSENT TO ENTRY OF ORDER

8 Respondent.

9 WHEREAS the Director of the Oregon Department of Consumer and Business
10 Services (“Director”), by and through the Division of Financial Regulation, commenced
11 this administrative proceeding, pursuant to Oregon Revised Statutes (“ORS”) 731.256, to
12 take enforcement action against Agate Resources, Inc. (“Agate”); and

13 WHEREAS Agate wishes to resolve and settle this matter with the Director,
14 NOW THEREFORE, as evidenced by the authorized signatures subscribed on
15 this order, Agate hereby CONSENTS to entry of this order upon the Director’s Findings
16 of Fact and Conclusions of Law as stated hereinafter.

17 FINDINGS OF FACT

18 The Director FINDS that:

19 1. Trillium Community Health Plan, Inc. (“Trillium”) is an Oregon corporation
20 formed on February 14, 2006. Trillium’s last known principal business address is 1800
21 Millrace Drive, Eugene, OR 97403.

22 2. Lane Individual Practice Association Inc. (“LIPA”) is an Oregon corporation
23 formed on January 29, 1996. LIPA owns 60% of Trillium’s issued and outstanding
24 shares of common stock.

25 3. Agate is an Oregon corporation formed on December 12, 2003. Agate’s last
26 known principal business address is 1800 Millrace Drive, Eugene, OR 97403. Agate

Division of Financial Regulation
Labor and Industries Building
350 Winter Street NE, Suite 410
Salem, OR 97301-3881
Telephone: (503) 378-4387



1 provides administrative services and leases employees and buildings for Trillium and
2 LIPA. Agate owns 40% of Trillium's issued and outstanding shares of common stock
3 and 100% of LIPA's issued and outstanding shares of common stock.

4 4. Trillium received its certificate of authority as a health care service contractor
5 in Oregon on April 18, 2006.

6 5. Agate has never been issued a certificate of authority evidencing the authority
7 to transact insurance in Oregon.

8 6. Trillium had a verbal reinsurance and risk sharing arrangement with its parent,
9 Agate, under which Trillium paid a per-member, per-month fee to Agate in return for a
10 percentage of the risk between \$100,000 and \$300,000. The risk sharing arrangement
11 started on August 1, 2012 and ended on December 31, 2014.

12 13 CONCLUSIONS OF LAW

14 The Director CONCLUDES that:

15 7. Agate transacted insurance as defined under ORS 731.102(1) and ORS
16 731.146(1)(c) by receiving a per member, per month fee from Trillium in return for a
17 percentage of the risk between \$100,000 and \$300,000.

18 8. Agate did not hold a certificate of authority under ORS 731.072(1). Agate
19 violated ORS 731.022 and ORS 731.354 because Agate transacted insurance without a
20 certificate of authority issued under ORS 731.072(1).

21 9. In accordance with ORS 731.988(1), the Director may assess civil penalties in
22 an amount not to exceed \$10,000 per violation against persons who violate any provision
23 of the Insurance Code.

24 25 ORDERS

26 Now, therefore, the Director issues the following ORDERS:



1 10. Pursuant to ORS 731.252, the Director hereby ORDERS Agate to
2 immediately cease and desist from having a reinsurance and risk sharing arrangement
3 with Trillium in violation of ORS 731.022 and ORS 731.354.

4 11. In accordance with ORS 731.988(1), the Director hereby ORDERS Agate to
5 pay a civil penalty of \$10,000 (ten thousand dollars) for violating ORS 731.022 and ORS
6 731.354. The payment shall be made in the form of a check payable to the "Department
7 of Consumer and Business Services." The payment shall be delivered or mailed to the
8 Division of Financial Regulation at the Labor and Industries Building, 350 Winter Street
9 NE, Room 410, Salem, OR 97301-3881; or mailed to the Division of Financial
10 Regulation at PO Box 14480, Salem, OR 97309-0405. The payment is due and payable
11 within 30 days of the final execution of this order.

12 SO ORDERED this 10 day of February, 2016 in
13 Salem, Oregon.

14 PATRICK M. ALLEN, Director
15 Department of Consumer and Business Services

16
17 /s/ Laura Cali
18 Laura N. Cali, FCAS, MAAA
19 Insurance Commissioner
20 Administrator, Division of Financial Regulation

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CONSENT TO ENTRY OF ORDER

I, Terry W. Coplin, state that I am an officer of Agate Resources, Inc. and I am authorized to act on its behalf. I have read the foregoing order, and I know and fully understand the contents hereof. I have been advised of the right to a hearing and of the right to be represented by counsel in this matter. Agate Resources, Inc. voluntarily and without any force or duress consents to the entry of this order expressly waiving any right to a hearing in this matter. Agate Resources, Inc. understands that the Director reserves the right to take further actions to enforce this order or to take appropriate action upon discovery of other violations of the Insurance Code. Agate Resources, Inc. will fully comply with the terms and conditions stated herein.

Agate Resources, Inc. understands that this order is a public document.

/s/ Terry W. Coplin

Signature

Terry W. Coplin

Printed name

Secretary – Officer

Office held

ACKNOWLEDGMENT

There appeared before me this 2 day of February, 2016,
Terry W. Coplin, who was first duly sworn on oath, and stated that she/he was and is an officer of Agate Resources, Inc. and that he is authorized and empowered to sign this Consent to Entry of Order on behalf of Agate Resources, Inc. and to bind Agate Resources, Inc. to the terms hereof.

/s/ Sandra Lee Stepp

Signature of Notary Public

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