

JUL 23 2001

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY [Signature]

In the Matter of:)
)
UNITED CAPITOL INSURANCE COMPANY)
(NAIC No. 39330))
)
Respondent.)
)
)
)

No. 01A-085-INS
CONSENT ORDER

An Order Summarily Suspending Certificate of Authority and Notice of Hearing was issued by the Director of the Arizona Department of Insurance (the "Department") on March 29, 2001 concerning the suspension of the certificate of authority held by United Captol Insurance Company ("Respondent") to transact property and casualty, disability, marine and transportation, surety and vehicle insurance business in Arizona. Respondent received a copy of this Notice. Respondent has been advised of its right to a hearing in this matter, which it waives. Respondent admits the following Findings of Fact are true and consents to entry of the following Conclusions of Law and Order.

FINDINGS OF FACT

1. Respondent United Capitol Insurance Company ("Respondent") is domiciled in Illinois and presently holds a certificate of authority issued by the Arizona Department of Insurance ("Department") to transact property and casualty, disability, marine and transportation, surety, and vehicle insurance.

2. For the twelve months ending December 31, 2000, Respondent's 2000 Annual Statement reported an operating loss, including but not limited to net capital gain or loss, change in non-admitted assets, and cash dividends paid to shareholders of \$24,882,328, which is 78% of the Respondent's remaining surplus as regards policyholders of \$33,123,996. This operating loss is greater than 50% of

1 the Respondent's remaining surplus as regards policyholders that is in excess of the minimum required
2 of \$31,873,996, which constitutes an adverse finding under A.A.C. R20-6-308(A)(7).

3 3. The Respondent's parent company, Frontier Insurance Company, is in an unsound
4 condition which renders Respondent's further transaction of insurance in this state hazardous to the
5 Respondent's policyholders or to the people of this state, which constitutes an adverse finding under
6 A.A.C. R20-6-308(A)(9).

7 CONCLUSIONS OF LAW

8 1. Respondent is in an unsound condition or in such condition as to render its further
9 transaction of insurance in this state hazardous to its policyholders or to the people of this state, within
10 the meaning of A.R.S. §20-220(A)(3) and A.A.C. R20-6-308.

11 2. Grounds exist for the Director to suspend or revoke Respondent's certificate of authority
12 pursuant to A.R.S. § 20-220(A)(3).

13 ORDER

14 IT IS ORDERED suspending the certificate of authority held by Respondent United Capitol
15 Insurance Company to transact insurance business in Arizona.

16 DATED AND EFFECTIVE this 20th day of July, 2001.

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19 CHARLES R. COHEN, Director
20 Arizona Department of Insurance
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CONSENT TO ORDER

1. Respondent has reviewed the foregoing Findings of Fact, Conclusions of Law and Order.

2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, and admits the foregoing Findings of Fact and consents to the entry of the foregoing Conclusions of Law and Order.

3. Respondent is aware of its right to notice and a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent irrevocably waives its right to such notice and hearing and to any court appeals relating to this Consent Order.

4. Respondent states that no promise of any kind or nature whatsoever, except as expressly contained in this Consent Order, was made to it to induce it to enter into this Consent Order and that it has entered in this Consent Order voluntarily.

5. Respondent acknowledges that the acceptance of this Consent Order by the Director is solely to settle this matter against it and does not preclude any other agency, officer or subdivision of this state from instituting civil or criminal proceedings as may be appropriate now or in the future.

5-18-01
Date

United Capitol Insurance Company

By: [Signature]

Its President

1 COPY of the foregoing mailed/hand-delivered
this 23rd day of July, 2001, to:

2 Mark Henry Mishler, President
3 United Capitol Insurance Company
9000 Central Park West, NE, Suite 400
4 Atlanta, GA 30328

5 Steven Stewart Zeitman, Statutory Agent
400 Perimeter Center Terrace, Suite 345
6 Atlanta, GA 30346

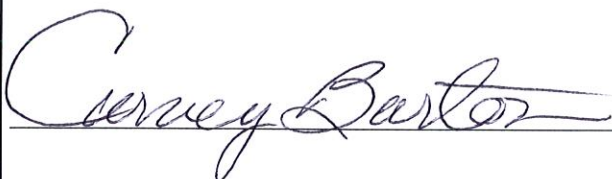
7 Illinois Department of Insurance
320 West Washington Street, 4th Floor
8 Springfield, IL 62767-0001

9 Jack King
Arizona Property and Casualty Guaranty Fund
10 3443 North Central, Suite 1000
Phoenix, AZ 85012

11 Eric Bryant, Administrative Law Judge
12 Office of Administrative Hearings
1400 West Washington Street, Suite 101
13 Phoenix, AZ 85007

14 Sara Begley, Deputy Director
Catherine O'Neil, Assistant Director
15 Steve Ferguson, Assistant Director
Deloris Williamson, Assistant Director
16 Scott Greenberg, Business Administrator
Paul Hogan, Market Conduct Chief Examiner
17 Arizona Department of Insurance
2910 N. 44th Street, Suite 210
18 Phoenix, Arizona 85018

19 Shelby L. Cuevas
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