

MAR 5 2009

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY CB

1	In the Matter of)	
2)	
3	JLH INSURANCE CORPORATION)	Docket No. 09A-023-INS
4	(AZ No. 3242))	
5)	ORDER SUMMARILY SUSPENDING
6	Respondent.)	CERTIFICATE OF AUTHORITY AND
7)	NOTIFICATION OF RIGHTS

8 The State of Arizona, Department of Insurance (the "Department") received evidence
 9 that JLH Insurance Corporation ("Respondent") violated provisions of Title 20, Arizona
 10 Revised Statutes ("A.R.S."). In light of the serious nature of these allegations, the Director of
 11 Insurance for the State of Arizona ("Director") finds that the public health, safety and welfare
 12 imperatively require emergency action, within the meaning of A.R.S. §41-1092.11(B).

FINDINGS OF FACT

- 13 1. Respondent is a captive insurer domiciled in Arizona and presently holds a
 14 certificate of authority issued by the Department to transact casualty insurance except for
 15 workers compensation or employer's liability.
- 16 2. The Respondent provided insurance to its parent company, WL Homes LLC, to
 17 cover the self-insured retention obligations of WL Homes LLC under the Steadfast Insurance
 18 Company Home Builders Protective Insurance Policy.
- 19 3. On February 19, 2009, WL Homes LLC, the Respondent's parent company, and
 20 several of its affiliates including JLH Realty and Construction, Inc., JLH Arizona Construction,
 21 LLC, WL Texas LP, WL Homes Texas LLC and Laing Texas LLC filed a voluntary petition for
 22 bankruptcy under the provisions of Chapter 11 of Title 11 of the United States Code in the
 23

1 United States Bankruptcy Court for the District of Delaware. This represents a hazardous
2 financial condition within the meaning of A.A.C. R20-6-308(A)(9).

3 4. The Respondent holds a \$3.8 million note issued by its affiliate JLH Realty and
4 Construction, Inc., which represents a hazardous financial condition within the meaning of
5 A.A.C. R20-6-308(A)(13).

6 5. The public health, safety and welfare imperatively require emergency action.

7 **CONCLUSIONS OF LAW**

8 1. The Director has jurisdiction over this matter.

9 2. The bankruptcy filing by the parent and affiliate companies of Respondent and
10 the inability of Respondent to collect the note receivable results in Respondent being in
11 hazardous financial condition and renders its operation hazardous or its condition unsound
12 with respect to the public and policyholders within the meaning of A.R.S. §§ 20-1098.09(6)
13 and A.A.C. R20-6-308(A)(9) and (13).

14 3. Grounds exist for the Director to suspend or revoke Respondent's certificate of
15 authority pursuant to A.R.S. §§ 20-1098.09(6).

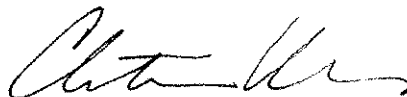
16 4. Grounds exist to order a summary suspension within the meaning of A.R.S. §
17 41-1092.11(B).

ORDER

IT IS ORDERED:

1. Suspending the Arizona certificate of authority held by Respondent and prohibiting the issuance of new and renewal insurance business, effective immediately;
2. During the suspension, Respondent shall comply with all applicable provisions of Title 20, including but not limited to, the following:
 - a. Within five (5) days from the date of this Order, Respondent's captive manager, Aon Insurance Managers (USA) Inc. shall provide the Department with evidence of its control and possession of all of the books and records, including all bank and investment accounts and other assets of Respondent.
 - b. Within thirty (30) days from the date of this Order, Respondent shall provide the Department with an Amended Business Plan detailing its plans for the run-off of the insurance claims and obligations.
 - c. Effective immediately, on the 10th day of each month, Respondent shall provide the Department with monthly financial reporting, claims reporting, and any other reports which the Department may require.

DATED this 4th day of March, 2009.



CHRISTINA URIAS
Director of Insurance

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NOTIFICATION OF RIGHTS

You have the right to request a hearing on this determination by filing a notice of appeal after your receipt of this notice. The notice of appeal must identify the party appealing, the party's address, the matter being appealed and must contain a detailed statement of the reason for the appeal. Your hearing will be treated as a "contested case" and promptly instituted and determined as prescribed by A.R.S. §§41-1001(4), 41-1092.11(B) and 41-1092.05(E) to the extent the Office of Administrative Hearings calendar permits. In any event, your hearing will be held within sixty (60) days of your notice of appeal is filed, unless the hearing is advanced or delayed by agreement or a showing of good cause by any party. The Department of Insurance will promptly serve a "Notice of Hearing" in accordance with A.R.S. §41-1092.05(E) that will inform you of the date, time and location of the hearing as well as the issues.

If you file an appeal, you may also request an "informal settlement conference" pursuant to A.R.S. §41-1092.06 by filing a written request **no more than twenty (20) days before the scheduled hearing.** The conference will be held within fifteen (15) days after our receipt of your request. If an informal settlement conference is requested, a person with the authority to act on behalf of the Department of Insurance will be present. Please note that you waive any right to object to the participation of the Department's representative in the final administrative decision of the matter if it is not settled.

Your notice of appeal and/or request for an informal settlement conference may be

1 addressed to the attention of:

Hearing Administration
Arizona Department of Insurance
Notice of Appeal
2910 North 44th Street, 2nd Floor
Phoenix, Arizona 85018-7256

5 COPY of the foregoing mailed/delivered
6 this 5th day of March, 2009 to:

7 Peter A. Joy, ARM
8 Executive Vice President
9 Aon Insurance Managers (USA) Inc.
76 St. Paul Street, Suite 500
Burlington, VT 05401-4477

10 Kimberly Wack
11 Aon Insurance Managers (USA) Inc.
1850 N. Central Ave., Suite 1700
12 Phoenix, AZ 85004

13 Gerrie Marks, Deputy Director
14 Steve Ferguson, Assistant Director, Financial Affairs
Stephanie Lefkowski, Chief Analyst, Captive Insurance
15 Leslie Hess, Legal Analyst, Financial Affairs
Arizona Department of Insurance
2910 North 44th Street, Second Floor
16 Phoenix, AZ 85018

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18 Curvey Walters Burton

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