

APR 17 2013

DEPT OF INSURANCE  
BY 

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of )  
)  
ULLICO CASUALTY COMPANY )  
(NAIC No. 37893) )  
)  
)  
Respondent. )  
)

Docket No. 13A-054-INS

ORDER SUMMARILY SUSPENDING  
CERTIFICATE OF AUTHORITY AND  
NOTIFICATION OF RIGHTS

The Arizona Department of Insurance (the "Department") alleges that Ullico Casualty Company (NAIC No. 37893) violated provisions of Arizona Revised Statutes ("A.R.S."), Title 20.

**FINDINGS OF FACT**

1. Ullico Casualty Company ("Respondent") is a Delaware domiciled insurance company and presently holds a certificate of authority issued by the Department to transact casualty, disability, marine and transportation, property, surety and vehicle insurance.

2. On March 11, 2013, the Court of Chancery of the State of Delaware (the "Court") entered a Rehabilitation and Injunction Order placing Respondent into rehabilitation and appointing the Insurance Commissioner for the State of Delaware as Rehabilitator of Respondent in C.A. No. 8392-VCG

3. The Court found the following grounds to place Respondent into rehabilitation:

a) Respondent is impaired, insolvent, in unsound condition, and in such condition as to render its further transaction of insurance presently or prospectively hazardous to its policyholders;

b) Respondent consented to an order of rehabilitation.

4. As reported in the Respondent's Annual Statement as of December 31, 2012, Respondent's surplus as regards policyholders of (\$52,883,209) does not meet the minimum capital and surplus of \$1,000,000 and \$250,000, respectively, as required pursuant to A.R.S.

1 §§ 20-210 and 20-211 and is impaired and deemed to be insolvent within the meaning of  
2 A.R.S. § 20-611(8).

3 5. Respondent's Annual Statement as of December 31, 2012, contains adverse  
4 findings or information such that Respondent is in such a financial condition as to render the  
5 continuance of its business hazardous to its policyholders or the people of this state within the  
6 meaning of Arizona Administrative Code R20-6-308(A)(1).

7 6. The public health, safety and welfare imperatively require emergency action,  
8 within the meaning of A.R.S. §41-1092.11(B).

### 9 CONCLUSIONS OF LAW

10 1. The Director has jurisdiction over this matter.

11 2. The Director shall have powers and authority expressly conferred by or  
12 reasonably implied from the provisions of Title 20, within the meaning of A.R.S. § 20-142(B).

13 3. Respondent is in unsound financial condition or in such condition as to render its  
14 further transaction of insurance in this state hazardous to the policyholders or to the people of  
15 this state, within the meaning of A.R.S. § 20-220(A)(3).

16 4. Grounds exist for the Director to refuse to renew, suspend or revoke  
17 Respondent's certificate of authority pursuant to A.R.S. §§ 20-219 and 20-220(A)(3).

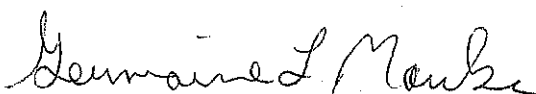
18 5. Grounds exist to order a summary suspension within the meaning of A.R.S. §  
19 41-1092.11(B).

### 20 ORDER

21 IT IS HEREBY ORDERED:

22 1. Respondent's Arizona certificate of authority is suspended. Respondent is  
23 prohibited from issuing any new or renewal insurance business effective immediately.

DATED this 17 day April 2013.



GERMAINE L. MARKS  
Director of Insurance

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

## 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, the Office of Administrative Hearings will hold your hearing as soon as reasonably possible after we receive your request 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(D) that will inform you of the date, time and location of the hearing as well as the issues involved.

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 addressed to the attention of:

Hearing Administration  
Arizona Department of Insurance  
Notice of Appeal  
2910 North 44<sup>th</sup> Street, Suite 210  
Phoenix, Arizona 85018-7256

COPY of the foregoing mailed/delivered  
this 17<sup>th</sup> day of April 2013 to:

Daniel Wolak, Acting President  
8403 Colesville Road  
Silver Spring, MD 20910

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23

Patrick McGlone, General Counsel  
Ullico Casualty Company  
1625 Eye Street NW  
Washington, DC 20006

Karen Weldin Stewart  
Insurance Commissioner  
841 Silver Lake Blvd.  
Dover, DE 19904

Lynette Evans  
Assistant Attorney General  
1275 West Washington  
Phoenix, AZ 85007

Kurt Regner, Assistant Director, Financial Affairs  
Dean Ehler, Assistant Director, Property and Casualty  
Mary E. Kosinski, Executive Assistant for Regulatory Affairs  
Darren Ellingson, Deputy Receiver  
Arizona Department of Insurance  
2910 North 44<sup>th</sup> Street, Suite 210  
Phoenix, AZ 85018

  
Curvey Walters Burton