

AUG 28 2014

DEPT OF INSURANCE
BY 

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

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In the Matter of)
)
AMERICAN MEDICAL AND)
LIFE INSURANCE COMPANY)
(NAIC No. 81418))
)
Respondent.)
_____)

Docket No. 14A-094-INS

**ORDER SUSPENDING
CERTIFICATE OF AUTHORITY
AND NOTIFICATION OF RIGHTS**

The Arizona Department of Insurance (the "Department") alleges that American Medical and Life Insurance Company ("Respondent") has violated provisions of Arizona Revised Statutes ("A.R.S."), Title 20.

FINDINGS OF FACT

1. Respondent American Medical and Life Insurance Company ("Respondent") is domiciled in New York and presently holds a certificate of authority issued by the Arizona Department of Insurance ("Department") to transact life and disability insurance.

2. Respondent's quarterly financial statement for the period ending June 30, 2014 indicates that Respondent has capital of \$2,000,000 and surplus of (\$3,033,359).

3. For the quarter ending June 30, 2014, Respondent reported a net loss of (\$2,025,499) and a change in non-admitted assets of (\$1,008,018) for a total operating loss of (\$3,033,517). This loss exceeds 50% of Respondent's remaining SAP surplus as regards policyholders.

4. The National Association of Insurance Commissioners ("NAIC") reported that Respondent had exceptional values for 7 out of 12 Insurance Regulatory Information System

1 ratios and was assigned a Level "A" status based on an NAIC Financial Analysis Solvency
2 Tools ("FAST") score of 645.

3 5. Respondent failed to file an Audited Financial Report for the year ending
4 December 31, 2013 with its state of domicile and with the NAIC.

5 6. Respondent is in unsound financial condition or in such condition as to render
6 its further transaction of insurance in this state hazardous to the policyholders or to the
7 people of this state, within the meaning of A.R.S. §20-220(A)(3), 20-220.01 and A.A.C. R20-
8 6-308.

9 10 **CONCLUSIONS OF LAW**

11 1. The Director has jurisdiction over this matter.

12 2. Respondent's quarterly statement as of June 30, 2014 demonstrates that its
13 operating loss in the last twelve-month period or any shorter period of time, including net
14 capital gain or loss, change in non-admitted assets and cash dividends paid to shareholders,
15 is greater than fifty per cent of the insurer's remaining surplus as regards policyholders in
16 excess of the minimum required, in violation of A.R.S. §§ 20-219, 20-220(A)(3), and 20-
17 220.01(A)(5).

18 3. Respondent's FAST score deems Respondent to be hazardous to its policyholders
19 or creditors or the general public, within the meaning of A.R.S. § 20-220.01(A)(2).

20 4. Respondent's failure to file its Audited Financial Report for the year ending
21 December 31, 2013 is a failure to meet financial and holding company filing requirements in the
22 absence of a reason satisfactory to the director, within the meaning of A.R.S. § 20-220.01(A)(13)

23 5. Respondent is in unsound financial condition or in such a condition as to render
the further transaction of insurance in this state hazardous to its policyholders or to the

1 people of this State, within the meaning of A.R.S. §§ 20-220(A)(3); 22-220.01(A)(2), (5) and
2 (13) and A.A.C. R20-6-308.

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

5 **ORDER**

6 IT IS ORDERED suspending the Arizona certificate of authority held by Respondent
7 and prohibiting the issuance of new and renewal insurance, effective immediately.

8 DATED this 20th day of August 2014.

9 

10 GERMAINE L. MARKS
11 Director of Insurance

12 **NOTIFICATION OF RIGHTS**

13 Pursuant to Title 20 of the Arizona Revised Statutes, Respondent is hereby notified
14 that it may request a hearing pursuant to A.R.S. § 20-161 to contest the order. Such a
15 request must be in writing and received at the following address within thirty (30) days from
16 the date hereof:

17 Arizona Department of Insurance
18 2910 North 44th Street, Suite 210
19 Phoenix, Arizona 85012
20 ATTN: Director's Office

21 Upon receipt of a timely written request for hearing, the Director will issue an order setting the
22 time and place of the hearing.

1 COPY of the foregoing mailed/hand-delivered
this 28th day of August, 2014, to:

2 Sydney Taylor, Interim Chief Executive Office
3 American Medical and Life Insurance Company
4 14 Wall Street, Suite 5H
New York, NY 1005

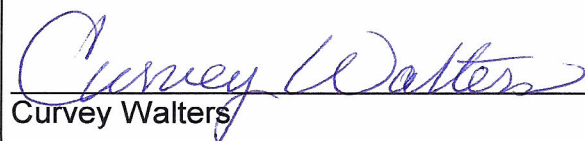
5 Medina Jett
6 American Medical and Life Insurance Company
7 14 Wall Street, Suite 5H
8 New York, NY 1005

9 Michael E. Surguine
10 Executive Director
11 Arizona Life and Disability Insurance Guaranty Fund
12 1110 W. Washington, Suite 270
Phoenix, AZ 85007

13 Michael Maffei, Assistant Deputy Superintendent and Chief
14 Life Bureau
15 New York State Department of Financial Services
16 One State Street
17 New York, NY 10004-1511

18 Lynette Evans
19 Assistant Attorney General
20 Arizona Attorney General's Office
21 1275 West Washington
22 Phoenix, Arizona 85007

23 Darren T. Ellingson, Deputy Director
Kurt Regner, Assistant Director
David Lee, Chief Financial Examiner
Cary W. Cook, Chief Financial Compliance Officer
Shelby Cuevas, Financial Affairs Legal Analyst
Arizona Department of Insurance
2910 N. 44th Street, Suite 210
Phoenix, Arizona 85018


Curvey Walters