STATE OF ARIZONA FILED

STATE OF ARIZONA

DEC 2 0 2018

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE BY____WEK

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In the Matter of:

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INSURANCE COMPANY, (NAIC NO. 67032)

NORTH CAROLINA MUTUAL LIFE

Respondent.

No. 18A-155-INS

ORDER SUMMARILY SUSPENDING CERTIFICATE OF AUTHORITY AND NOTIFICATION OF RIGHTS

The Arizona Department of Insurance (the "Department") alleges that **North Carolina Mutual Life Insurance Company ("Respondent")** has violated provisions of Arizona Revised Statutes ("A.R.S."), Title 20. In light of the serious nature of these allegations, the Director of Insurance for the State of Arizona ("Director") finds that the public health, safety and welfare imperatively require emergency action, within the meaning of A.R.S. § 41-1092.11(B).

FINDINGS OF FACT

- Respondent is domiciled in North Carolina and presently holds a certificate of authority issued by the Arizona Department of Insurance ("Department") to transact life and disability insurance.
 - 2. Respondent's September 30, 2018 Quarterly Statement disclosed the following:
 - a. Statutory surplus in the amount of (\$28,636,265)¹ which does not meet the \$100,000 minimum required pursuant to A.R.S. §§ 20-210(A) and 20-211(A); and

¹ This is a negative number.

- Exceptional values for seven National Association of Insurance
 Commissioners (NAIC) Insurance Regulatory Information System (IRIS)
 ratios as of December 31, 2017 which is an adverse finding under A.R.S.
 § 20-220.01(A)(2).
- 3. In light of the serious nature of these allegations, the Director finds that the public health, safety and welfare imperatively require emergency action, within the meaning of A.R.S. § 41-1092.11(B).

CONCLUSIONS OF LAW

- 1. Respondent's continued operation of insurance business in this state is deemed to be hazardous to its policyholders or creditors or the general public based on adverse findings reported in financial condition examination reports, audit reports and actuarial opinions, reports or summaries, pursuant to A.R.S. § 20-220.01(A)(1).
- 2. Respondent's continued operation of insurance business in this state is deemed to be hazardous to it policyholders or creditors or the general public based on the NAIC IRIS and its other financial analysis solvency tools and reports, pursuant to A.R.S. § 20-220.01(A)(2).
- 3. Respondent is in unsound financial condition or in such condition as to render its further transaction of insurance in this state hazardous to the policyholders or to the people of this state, within the meaning of A.R.S. § 20-220(A)(3).
- 4 The Director shall suspend or revoke the certificate of authority of any insurer which no longer meets the requirements for the authority originally granted, on account of deficiency in assets or otherwise, pursuant to A.R.S. § 20-219(2).

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ORDER

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

DATED AND EFFECTIVE this ______ Zota day of <u>Reember</u>, 2018.

Keith A. Schraad

Interim Director of Insurance

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), 41-1092.05(E) and 41-1092.11(B) to the extent the Office of Administrative Hearings' calendar permits. In any event, your hearing will be held within 60 days of the filing of your notice of appeal, unless the hearing is advanced or delayed by agreement or a showing of good cause by any party. The Department will 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 to be determined.

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 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 will be present. Please note that you waive any right to

1 object to participation of the Department's representative in the final administrative decision of 2 the matter if it is not settled. 3 Your notice of appeal and/or request for an information settlement conference may be addressed to the attention of: 4 **Arizona Department of Insurance Hearing Administration – Notice of Appeal** 5 100 N. 15th Ave., Suite 102 Phoenix, Arizona 85007-2624 6 7 8 9 10 11 Michael Lamont Lawrence, President North Carolina Mutual Life Insurance Company 12 411 W. Chapel Hill Street Durham, NC 27701-3616 13 Respondent 14 North Carolina Mutual Life Insurance Company c/o Charles Watts, Jr. 15 411 W. Chapel Hill Street Durham, NC 27701-3616 16 Statutory Home Office of Respondent 17 Michael E. Surguine **Executive Director** Arizona Life and Disability Insurance Guaranty Fund 18 100 N. 15th Ave., Suite 102 Phoenix, Arizona 85007-2624 19 20 Kurt Regner, Assistant Director Cary Cook, Chief Financial Compliance Officer Mary E. Kosinski, Regulatory Legal Affairs Officer 21 Liane Kido, Financial Affairs Division Arizona Department of Insurance 22 100 N. 15th Ave., Suite 102 Phoenix, Arizona 85007-2624 23

1	COPY of the foregoing delivered electronically same date to:
2	Deian Ousounov
3	Assistant Attorney General
4	AdminLaw@azag.gov Attorney for the Department of Insurance
5	Dangue Mostine
6	Francine Martinez
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