

SEP 26 2019

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY AS 9/26/2019

In the Matter of:

SCOTTISH RE (U.S.), INC.
(NAIC NO. 87572)

Respondent.

No. 19A-129-INS

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

The Arizona Department of Insurance (the "Department") alleges that **Scottish Re (U.S.), Inc. ("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

1. Respondent is domiciled in Delaware and presently holds a certificate of authority issued by the Arizona Department of Insurance ("Department") to transact disability and life insurance (limited to reinsurance only) in Arizona.

2. Respondent's continued operation of insurance business in the State of Arizona is deemed to be hazardous to its policyholders, creditors and/or the general public for the following reasons:

- a. Respondent's September 30, 2018 Financial Statement, which was the last financial statement Respondent filed with the Department, disclosed a surplus in the amount of **thirty-four million six thousand eight hundred seventy-three dollars (\$34,006,873.00)**.

1 b. Respondent failed to file with the Department its December 31, 2018 Annual
2 Statement and its March 31 and June 30, 2019 Quarterly Financial Statements.
3 As a result of Respondent's failure, the Department was unable to determine
4 Respondent's financial condition, specifically whether it meets its minimum
5 surplus requirement of one hundred thousand dollars (\$100,000.00).

6 c. On March 6, 2019, the Court of Chancery of the state of Delaware (the "Court")
7 entered a Rehabilitation and Injunction Order against Respondent (the "Order").
8 The Court declared Respondent "impaired and in unsound condition" and
9 placed Respondent in rehabilitation, *State of Delaware v. Scottish Re (U.S.)*,
10 Inc., C.A. No. 201-0175-AGB (Del. Ch. March 6, 2019).

11 3. In light of the serious nature of these allegations, the Director finds that the
12 public health, safety and welfare imperatively require emergency action, within the meaning of
13 A.R.S. § 41-1092.11(B).

14 **CONCLUSIONS OF LAW**

15 1. Respondent failed to maintain minimum required surplus, pursuant to A.R.S. §
16 20-210.

17 2. Respondent's capital is deemed impaired, within the meaning of A.R.S § 20-
18 611(8).

19 3. Respondent's continued operation of insurance business in this state is deemed
20 to be hazardous to its policyholders or creditors or the general public, pursuant to A.R.S.
21 § 20-220.01(A).

1 4. Respondent's unsound condition renders its further transaction of insurance in
2 the State of Arizona hazardous to its policyholders or to Arizona residents, pursuant to A.R.S.
3 § 20-220(A)(3).

4 5. The Director shall suspend or revoke the certificate of authority of any insurer
5 which no longer meets the requirements for the authority originally granted, on account of
6 deficiency in assets or otherwise, pursuant to A.R.S. § 20-219(2).

7 **ORDER**

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

11 DATED AND EFFECTIVE this 26th day of September, 2019.

12 
13 _____
14 Keith A. Schraad
15 Director of Insurance

16 **NOTIFICATION OF RIGHTS**

17 **You have the right to request a hearing on this determination by filing a notice of**
18 **appeal after your receipt of this notice.** The notice of appeal must identify the party
19 appealing, the party's address, the matter being appealed and must contain a detailed
20 statement of the reason for the appeal. Your hearing will be treated as an "appealable
21 agency action" and promptly instituted and determined as prescribed by A.R.S. §§ 41-
22 1092(3), 41-1092.05(E) and 41-1092.11(B) to the extent the Office of Administrative
23 Hearings' calendar permits. In any event, your hearing will be held within 60 days of the filing
24 of your notice of appeal, unless the hearing is advanced or delayed by agreement or a

1 showing of good cause by any party. The Department will serve a "Notice of Hearing" in
2 accordance with A.R.S. § 41-1092.05(D) that will inform you of the date, time and location of
3 the hearing as well as the issues to be determined.

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

11 Your notice of appeal and/or request for an information settlement conference may be
12 addressed to the attention of:

13 **Arizona Department of Insurance**
14 **Hearing Administration – Notice of Appeal**
15 **100 N. 15th Ave., Suite 102**
16 **Phoenix, Arizona 85007-2624**

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18
19
20 **COPY** of the foregoing mailed by U.S. First Class Mail and
21 Certified Mail, Return Receipt Requested
this 27th day of September, 2019, to:

22 Meredith Ratajczak, President
23 Scottish Re (U.S.), Inc.
14120 Ballantyne Corporate Place, Suite 300
Charlotte, NC 28277
24 Respondent

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National Registered Agents
RE: Scottish Re (U.S.), Inc.
3800 N. Central Avenue, Suite 460
Phoenix, AZ 85012
Statutory Agent for Respondent

COPY of the foregoing emailed/delivered same date to:

Kurt Regner, Assistant Director
Cary Cook, Chief Financial Compliance Officer
Mary E. Kosinski, Regulatory Legal Affairs Officer
Liane Kido, Financial Affairs Division
Arizona Department of Insurance
100 N. 15th Ave., Suite 102
Phoenix, Arizona 85007-2624

COPY of the foregoing delivered electronically same date to:

Deian Ousounov
Assistant Attorney General
AdminLaw@azag.gov
Attorney for the Department of Insurance


Francine Martinez