R&Q REINSURANCE COMPANY

STATE OF ARIZONA

Department of Insurance and Financial Institutions

FILED April 10

, 2023 by AS

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(NAIC NO. 22705)

DEPARTMENT OF INSURANCE AND FINANCIAL INSTITUTIONS

STATE OF ARIZONA

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In the Matter of:

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No. 23A-014-INS

ORDER SUMMARILY SUSPENDING CERTIFICATE OF AUTHORITY AND NOTIFICATION OF RIGHTS

Respondent.

The Arizona Department of Insurance and Financial Institutions (the "Department") alleges that R&Q Reinsurance 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 the Department ("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 a Pennsylvania domiciled insurer and presently holds a certificate of authority, issued by the Department on November 12, 1974, authorizing Respondent to transact the following kinds of insurance in Arizona: casualty and workers' compensation; disability; marine and transportation; property; surety; and vehicle.
- 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 reason(s):
 - a. On or about February 27, 2023, Respondent filed its Annual Statement of the Condition and Affairs for the year ended December 31, 2022 ("Financial Statement"). The Financial Statement revealed Respondent's surplus, as regards policyholders, in the negative amount

of twelve million seven hundred fifty-four thousand seven hundred eighty-two dollars (-12,754,782.00).

- b. On or about March 23, 2023, the Commonwealth Court of Pennsylvania, Case No. 1 RQR 2023, granted the Petition for Liquidation of Respondent, filed by the Acting Insurance Commissioner of the Commonwealth of Pennsylvania, and appointed the Acting Insurance Commissioner Michael Humphreys and his successors in office as a Statutory Liquidator of Respondent.
- 3. Respondent's hazardous financial condition places its policyholders and the Arizona public at risk of harm due to Respondent's adverse financial condition. Respondent's adverse financial filings, as indicated by its Financial Statement and Pennsylvania's liquidation order indicate Respondent's substantial operating losses and inability to safely continue its operations. 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

- 4. The Director may order summary suspension of a license if it makes a finding that the public health, safety or welfare imperatively requires emergency action, pursuant to A.R.S. § 41-1092.11(B).
- 5. Respondent no longer meets the minimum statutory required surplus of \$250,000.00. A.R.S. § 20-210(A).
 - 6. Respondent's capital is impaired and is deemed to be insolvent. A.R.S. § 20-611(9).
- 7. Respondent's surplus level reported in the 2022 Financial Statement is considered hazardous to Respondent's continued operations. A.R.S. § 20-220.01(A).

1	8. Respondent is in unsound financial condition or in such condition as to render its further
2	transaction of insurance in this state hazardous to the policyholders or to the people of the State of
3	Arizona, within the meaning of A.R.S. § 20-220(A)(3).
4	9. The Director shall suspend or revoke the certificate of authority of any insurer which no
5	longer meets the requirements for the authority originally granted, on account of deficiency in assets or
6	otherwise, pursuant to A.R.S. § 20-219(2).
7	<u>ORDER</u>
8	IT IS ORDERED summarily suspending the Arizona certificate of authority held by R&Q
9	Reinsurance Company and, effective immediately, prohibiting the issuance of new and renewal
10	Arizona insurance policies.
11	DATED AND EFFECTIVE this day of, 2023.
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13	Barbara Richardson
13 14	Barbara D. Richardson, Director Arizona Department of Insurance and Financial
	Barbara D. Richardson, Director
14	Barbara D. Richardson, Director Arizona Department of Insurance and Financial
14 15	Barbara D. Richardson, Director Arizona Department of Insurance and Financial Institutions
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14 15 16 17 18 19 20	Barbara D. Richardson, Director Arizona Department of Insurance and Financial Institutions 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
14 15 16 17 18 19 20 21	Barbara D. Richardson, Director Arizona Department of Insurance and Financial Institutions 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. §§ 41-1092(43), 41-1092.05(E) and 41-1092.11(B) to the extent the Office of Administrative

by any party. The Department will 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 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 object to 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 information settlement conference may be addressed to the attention of:

Arizona Department of Insurance and Financial Institutions Hearing Administration – Notice of Appeal 100 N. 15th Ave., Suite 261 Phoenix, Arizona 85007-2630

1	COPY of the foregoing mailed by U.S. First Class and Certified Mail, Electronic Receipt Requested
2	this 11th day of April , 2023, to:
3	R&Q Reinsurance Company Attn: John William Fischer, President
4	Two Logan Square, Suite 600 Philadelphia, PA 19103
5	Respondent 9489 0090 0027 6486 6714 57
6	Cogency Global Inc. RE: R&Q Reinsurance Company
7	300 West Clarendon Avenue, Suite 240 Phoenix, AZ 85013
8	Statutory Agent for Respondent 9489 0090 0027 6486 6714 40
9	COPY of the foregoing emailed/delivered same date to:
10	Kurt Regner, Deputy Assistant Director Cary Cook, Assistant Financial Compliance Officer
11	Deian Ousounov, Assistant Director Gio Espinosa, Regulatory Legal Affairs Officer
12	Liane Kido, Financial Affairs Division Arizona Department of Insurance and Financial Institutions
13	100 N. 15 th Ave., Suite 261 Phoenix, Arizona 85007-2630
14	
15	COPY of the foregoing delivered electronically same date to:
16	R&Q Reinsurance Company Attn: John William Fischer, President
17	John.Fischer@rqih.com Respondent
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19	Ana Starcevic
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