

STATE OF ARIZONA

JUL 21 1997

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY [Signature]

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In the Matter of:) Docket No. 97A-125-INS
)
AMERICAN EAGLE INSURANCE COMPANY) SUSPENSION ORDER
)
NAIC No. 15920)
_____)

Upon information obtained by the Assistant Director of the Corporate and Financial Affairs Division of the Arizona Department of Insurance, the Director of Insurance ("Director") makes the following findings of fact, conclusions of law, and issues the following order:

1. American Eagle Insurance Company ("Respondent") is domiciled in Texas and presently holds a certificate of authority issued by the Arizona Department of Insurance ("Department") to transact casualty with workers compensation, marine and transportation, property, surety and vehicle business.
2. Respondent's 1996 Annual Statement and its quarterly financial statement as of March 31, 1997, contain adverse findings and information with respect to Respondent's financial condition.
3. Respondent's surplus decreased by \$31,843,884 during the twelve month period ending March 31, 1997. This amount constitutes a 228.78% decrease in surplus as regards policyholders that is in excess of the minimum required. This finding is considered an adverse finding within the meaning of A.A.C. R20-6-308(A)(1).

1 4. Respondent failed eight (8) Insurance Regulatory
2 Information System (IRIS) ratios, which is considered an adverse
3 finding within the meaning of A.A.C. R20-6-308(A)(2).

4 5. Respondent disclosed in its quarterly financial
5 statement as of March 31, 1997, premiums and agents' balances or
6 uncollected premiums in the amount of \$39,767,879.00, which was
7 262% of Respondent's surplus as regards policyholders as of that
8 date. Respondent's assets are not of sufficient fair market
9 value, liquidity, and diversity to assure Respondent's ability to
10 meet its outstanding obligations as they mature, within the
11 meaning of A.A.C. R20-6-308(A)(5).

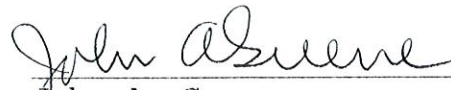
12 6. Respondent's operating loss during the twelve
13 month period ending March 31, 1997, was (\$48,843,884), or 350.92%
14 of its remaining surplus as regards policyholders that is in
15 excess of the minimum required, and is considered an adverse
16 finding within the meaning of A.A.C. R20-6-308(A)(7).

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

22 8. The public health, safety, and welfare
23 imperatively require emergency action, within the meaning of
24 A.R.S. §41-1064(C).
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1 IT IS HEREBY ORDERED that Respondent's certificate of
2 authority to transact insurance in Arizona is suspended effective
3 this date.

4 EFFECTIVE this 18 day of July, 1997

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7 John A. Greene
8 Director of Insurance

9 **NOTICE**

10 The determination set forth in this order is an
11 "appealable agency action" pursuant to A.R.S. §41-1092.
12 Consequently, you have the right to obtain a hearing on this
13 determination by filing a Notice of Appeal within thirty (30)
14 days after your receipt of this order. If your Notice of Appeal
15 is received after that thirty (30) day period, it will not be
16 accepted without a determination of good cause for the late
17 filing. The Notice of Appeal must identify the party appealing,
18 the party's address, the determination being appealed, and must
19 contain a concise statement of the reasons for the appeal. Your
20 hearing will be held within sixty (60) days after your Notice of
21 Appeal is filed, unless the hearing is advanced or delayed by
22 agreement or a showing of good cause by any party. The
23 Department of Insurance will serve a Notice of Hearing at least
24 thirty (30) days before the hearing, which will inform you of the
25 date, time and location of the hearing, as well as the issues in
26 controversy.

27 If you file a Notice of Appeal, you may also request an
28 Informal Settlement Conference by filing a written request no

1 later than twenty (20) days before the scheduled hearing. The
2 conference will be held within fifteen (15) days of your
3 request. If an Informal Settlement Conference is requested, a
4 person with the authority to act on behalf of the Department of
5 Insurance will be present. Please note that you waive any right
6 to object to the participation of the Department's representative
7 in the final administrative decision of the matter if it is not
8 settled.

9 The Notice of Appeal and request for Informal
10 Settlement Conference described above may be addressed to:

11 Deputy Director
12 Arizona Department of Insurance
13 2910 North 44th Street, Suite 210
14 Phoenix, Arizona 85018
15 Attn: Hearing Administration

16 A copy of the foregoing
17 mailed this 21st day of
18 July, 1997

19 Frederick G. Anderson
20 Vice President and Secretary
21 American Eagle Insurance Company
22 12801 North Central Expressway, Suite 800
23 Dallas, Texas 75243

24 Charles R. Cohen, Deputy Director
25 Catherine M. O'Neil, Assistant Director
26 Gary A. Torticill, Assistant Director
27 Deloris Williamson, Assistant Director
28 Scott Greenberg, Business Administrator
Erin Haney-Klug, Market Conduct Chief Examiner
Sara M. Begley, Deputy Receiver
Arizona Department of Insurance
2910 North 44th Street, Suite 210
Phoenix, Arizona 85018

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