

JUL 23 1993

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

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By

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In the Matter of)	Docket No. 8153
)	
NANSEEKAY LIFE INSURANCE)	NOTICE OF DETERMINATION AND
COMPANY)	ORDER FOR SUPERVISION
)	
Respondent.)	
_____)	

The Director of Insurance of the State of Arizona, upon information and belief and as set forth herein, finds that Respondent's condition is such as to render the continuance of its business hazardous to the public or to holders of its policies. Based upon such condition, the Respondent no longer meets the requirements for the authority originally granted.

The allegations supporting this Notice of Hearing are as follows:

1. Respondent is an Arizona insurer authorized to transact insurance in Arizona (NAIC No. 86797).
2. On or about January 18, 1993 Respondent was under financial examination by the Arizona Department of Insurance (ADOI).
3. ADOI requested Respondent to produce certain documents relative to the financial examination and ADOI granted Respondent repeated extensions of time within which to respond to this document production request.
4. On or about March 23, 1993, ADOI suspended the certificate of authority of Respondent for failure to produce these financial documents and found that Respondent's continued transaction of insurance business in the State of Arizona was

1 hazardous to the public welfare within the meaning of A.R.S.
2 §41-1064(C).

3 5. Respondent was recently the subject of an
4 examination by ADOI to determine its financial condition as of
5 December 31, 1992.

6 6. The financial examination referenced above
7 indicates that:

8 (a) Respondent transferred assets to a Merrill Lynch
9 custodial account of one of Respondent's non-insurer affiliates.
10 This custodial account also includes the investments of an
11 Arizona domestic life and disability insurer affiliate, American
12 Trend Life Insurance Company. This transfer constitutes a
13 violation of A.R.S. §§20-501(2) and 20-532(E).

14 (b) Respondent transferred the above referenced
15 investments without the prior approval of the Director in
16 violation of A.R.S. §20-481.12.

17 (c) Respondent reported total assets of \$4,070,057 in
18 its 1992 annual statement. Of these total assets, \$3,820,828
19 are currently not held in Respondent's name.

20 (d) Respondent's failure to hold these assets in its
21 name renders Respondent's financial condition hazardous.

22 7.(a) Pursuant to A.R.S. §20-156, Respondent was
23 billed by ADOI for the cost of the financial examination
24 described in paragraph 5 above.

25 (b) ADOI has repeatedly sent invoices to Respondent
26 seeking payment of these examination expenses. As of this date,
27 Respondent owes \$19,147.86 in examination expenses.
28

1 (c) Respondent's failure to pay these outstanding
2 examination expenses when due constitutes a violation of A.R.S.
3 §§20-156, 20-159 and 20-220(A), and further constitutes a
4 refusal to be examined within the meaning of A.R.S.
5 §20-220(A)(5).

6 NOW, THEREFORE, I, SUSAN GALLINGER, Director of
7 Insurance for the State of Arizona, for the purpose of
8 protecting and preserving the public health, safety and welfare,
9 and by virtue of the authority vested in me by Arizona Revised
10 Statutes, Sections 20-142, 20-169 through 20-171 and 20-219,

11 ORDER:

12 1. The Respondent's Certificate of Authority
13 continues to be suspended.

14 2. The requirements to abate the Director's Order are:

15 a) Transfer all assets described herein together with
16 any and all investment income accrued thereon back into
17 Respondent's name.

18 b) Pay any and all outstanding obligations currently
19 due to creditors including but not limited to examination
20 expenses owed to ADOI as set forth herein.

21 3. It is in the best interest of the public to place
22 Respondent under supervision by the Arizona Department of
23 Insurance for a period of sixty (60) days from the date hereof.
24 The Director is therefore applying and effectuating the
25 provisions of Article 2, Chapter 1, Title 20, Arizona Revised
26 Statutes.

27 4. Pursuant to Arizona Revised Statutes, Section
28 20-170, the Director appoints Robert Rodack as Supervisor.

1 5. Pursuant to Arizona Revised Statutes, Section
2 20-170, the Director herewith orders that Respondent, during the
3 period of supervision, may not do any of the following things
4 without prior approval of the Director or his supervisor.

5 (a) Dispose of, convey or encumber any of its
6 assets or its business in force;

7 (b) Withdraw any of its bank accounts;

8 (c) Lend any of its funds;

9 (d) Invest any of its funds;

10 (e) Transfer any of its property;

11 (f) Incur any debts, obligations or liabilities,
12 whether insurance related or otherwise;

13 (g) Merge or consolidate with another company; or

14 (h) Enter into any new reinsurance contract or
15 treaty.

16 6. This matter will be heard on the 24th day of
17 September, 1993, at 2:00 o'clock, P.M. at the Arizona Department
18 of Insurance, 2910 North 44th Street, Suite 210, Phoenix,
19 Arizona, 85018 to consider whether Respondent has complied with
20 the Director's requirements. If the Respondent has not
21 complied, the Director will appoint a conservator who shall
22 immediately take charge of Respondent and all of its property,
23 books, records and effects. The conservator shall conduct the
24 business of Respondent and take such steps toward the removal of
25 the cause and conditions which have necessitated this Order, as
26 the Director may determine.


1 7. Pursuant to Arizona Revised Statutes, §20-171(C),
2 the costs incident to the services of the Director, or her
3 supervisor, or both, including the cost of preparing a transcript
4 of proceedings in any hearing requested by the Respondent, shall
5 be charged against the assets and funds of the Respondent and
6 shall be paid when fixed and determined by the Director.

7 8. Arizona Revised Statutes, Section 20-164, entitles
8 any person affected by such a hearing to appear in person and by
9 counsel, to be present during the giving of all evidence, to
10 have a reasonable opportunity to inspect all documentary
11 evidence, to examine witnesses, to present evidence in support
12 of his or her interest and to have subpoenas issued by the
13 Director of Insurance to compel attendance of witnesses and
14 production of evidence in his or her behalf.

15 9. The Director herewith delegates all of her
16 authority, powers, duties and functions, whether ministerial or
17 discretionary, with which she is vested as Director of Insurance
18 of the State of Arizona, whether implied or express, to Katrina
19 Rogers for the purpose of acting as hearing officer in this
20 matter. This delegation of authority shall continue until
21 specifically revoked.

22 10. Because good cause exists therefore, this Notice
23 and Order shall become effective immediately.

24 DATED this 23rd day of July, 1993.

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 SUSAN GALLINGER
 Director of Insurance

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COPY of the foregoing mailed/delivered
this 23rd day of July, 1993, to:

Charles R. Cohen, Acting Deputy Director
Gary Torticill, Chief Examiner and Assistant Director
Jeffrey Solem, Senior Examiner/Analyst
Nancy Howse, Assistant Chief Examiner
Laurie Gannon, Accountant
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