

1 been surrendered to the ADOI along with requests for withdrawal
2 through merger.

3 3. In addition, Home Insurance Company of Wisconsin (NAIC
4 No. 40363) (domiciled in New Hampshire) and US International
5 Reinsurance Company (NAIC No. 38032) (domiciled in New
6 Hampshire) have reinsured all of their business to Home under a
7 quota share reinsurance arrangement. These companies'
8 certificates of authority to transact business in Arizona were
9 suspended by the ADOI effective September 28, 1995, based upon
10 the companies' failure to maintain the minimum surplus required
11 by A.R.S. § 20-211.

12 4. Pursuant to an Order of the New Hampshire Insurance
13 Commissioner, dated May 26, 1995, the acquisition of control of
14 Home and its subsidiaries including those referred to in
15 paragraph 2. above (collectively, the "Insurers"), by ZCI
16 Investments Limited and its ultimate controlling person, Zurich
17 Insurance Company, was approved. The Order provided, among
18 other things, that it is in the best interests of policyholders
19 and the insurance buying public that after the closing of the
20 transaction, the licenses of the Insurers be restricted to
21 servicing existing business, and the Insurers' existing policies
22 be non-renewed upon expiration.

23 5. Home has represented to the ADOI that based upon the
24 Order of the New Hampshire Insurance - Commissioner, - Home
25 immediately ceased writing insurance except in those states
26 which had statutory or regulatory requirements precluding the
27 non-renewal of personal automobile insurance; and further, based
28 upon the financial condition of Home and the New Hampshire

1 Order, Home has received approval to non-renew all personal
2 automobile policies in the states of California, New Jersey, New
3 York and West Virginia.

4 6. Home has represented to the ADOI that as of December
5 31, 1995, it had a total of 876 private passenger vehicle
6 insurance policies remaining in force in Arizona, consisting of
7 standard and "Gold Key" preferred driver risks.

8 7. The NAIC Examiner Team designated Home as requiring
9 First Priority Regulatory Attention based upon a review of
10 Home's 1994 IRIS Ratios and Annual Statement. This designation
11 is adverse to Home's financial condition within the meaning of
12 A.A.C. R20-6-308(A)(2).

13 8. Home's Audited Financial Report as of December 31, 1994
14 disclosed substantial doubt as to Home's ability to continue as
15 a going concern, due to a deterioration of its financial
16 condition and operating results. This information is adverse to
17 Home's financial condition within the meaning of A.A.C.
18 R20-6-308(A)(1).

19 9. Home's September 30, 1995 Quarterly Statement disclosed
20 continued deterioration of its financial condition and operating
21 results. Home's surplus as regards policyholders deteriorated
22 from \$618,797,290 as of December 31, 1994 to \$383,727,348 as of
23 September 30, 1995, a total decrease of \$234,969,943. This
24 decrease is equal to approximately 61% of Home's remaining
25 surplus as regards policyholders, and is adverse to Home's
26 financial condition within the meaning of A.A.C. R20-6-308(A)(7).

1 10. Home has requested the ADOI's approval to begin the
2 non-renewal of Home's remaining private passenger vehicle
3 insurance policies in Arizona.

4 CONCLUSIONS OF LAW

5 1. The Director has jurisdiction of this matter pursuant
6 to A.R.S. Title 20.

7 2. Home is in an unsound condition or in such condition as
8 to render its further transaction of insurance in this state
9 hazardous to its policyholders or to the people of this state,
10 within the meaning of A.R.S. § 20-220(A)(3) and A.A.C. R20-6-308.

11 3. Home no longer meets the requirements for the
12 authority originally granted, on account of deficiency in assets
13 or otherwise, within the meaning of A.R.S. § 20-219(2).

14 4. Continuation of the policies of Home would jeopardize
15 its solvency, within the meaning of A.R.S. § 20-1631(C)(6).

16 5. Non-renewal of Home's private passenger vehicle
17 insurance policies in Arizona would be in the best interests of
18 Home's policyholders and the insurance buying public.

19 6. Home is not an "unauthorized insurer" within the
20 meaning of A.R.S. § 20-405 with respect to any action or
21 proceeding it initiates at any time in this state which arises
22 out of Home's transaction of insurance business in this state
23 during any period when it was authorized to transact such
24 insurance business under its Certificate of Authority.

25 ORDER

26 IT IS HEREBY ORDERED THAT:

27 1. The Arizona certificate of authority for Home is
28 suspended effective as of the date of this Order.

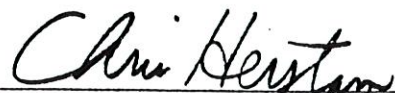
1 2. Home shall deposit with the ADOI, through the office
2 of the Arizona State Treasurer, a security deposit in the amount
3 of two times Home's liability for unearned premiums and loss and
4 loss adjustment expense reserves on account of Arizona private
5 passenger vehicle insurance, for the protection of Arizona
6 insureds and claimants, pursuant to that Security Deposit,
7 Assignment and Trust Agreement between ADOI, Home and the
8 Arizona State Treasurer dated March 21, 1996.

9 3. Home shall immediately begin non-renewing its Arizona
10 private passenger vehicle insurance policies in accordance with
11 A.R.S. § 20-1632.

12 4. Home shall continue to make all required statutory
13 filings with the ADOI until such time as all of its Arizona
14 insurance obligations have been extinguished and withdrawal from
15 the insurance business in Arizona has been completed.

16 5. Home shall continue to pay examination fees pursuant
17 to A.R.S. § 20-159 to reimburse the ADOI for expenses of
18 monitoring the run-off of Home's insurance obligations, and
19 effecting any changes to the ADOI's records with respect to the
20 status of Home and its merged subsidiaries.

21 DATED at Phoenix, Arizona this 4th day of April, 1996.

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25 Chris Herstam
26 Director of Insurance
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CONSENT TO ORDER

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1. Respondent is aware of its right to notice of hearing and a hearing at which Respondent may be represented by counsel, present evidence and cross-examine witnesses. Respondent irrevocably waives its right to such notice and hearing, and to any court appeals relating thereto.

2. Respondent admits the jurisdiction of the Director of Insurance, State of Arizona, admits the foregoing Findings of Fact, and consents to the entry of the foregoing Conclusions of Law and Order.

3. Respondent states that no promise of any kind or nature whatsoever was made to it to induce it to enter into this Consent to Order and that it has entered into this Consent to Order voluntarily.

4. Respondent acknowledges that the acceptance of this Order is solely for the purpose of settling this matter against it and does not preclude any other agency or officer of this state or subdivision thereof from instituting other civil or criminal proceedings as may be appropriate now or in the future.

5. ROGER MOAK represents that (s)he is the SENIOR VICE PRESIDENT + GENL. CNSL. of Home Insurance Company and that, as such, (s)he is authorized by it to enter into this Consent Order on its behalf.

3-15-96
(Date)

Roger Moak for the
Home Insurance Company

1 COPY of the foregoing mailed/delivered


2 this 5th day of April, 1996, to:

3 Charles R. Cohen, Deputy Director
4 Gregory Y. Harris, Executive Assistant Director
5 Erin Klug, Executive Assistant
6 Catherine O'Neil, Assistant Director
7 Gary Torticill, Assistant Director/Chief Examiner
8 Deloris Williamson, Assistant Director
9 Kelly McKay, Deputy Assistant Director
10 Nancy Howse, Deputy Chief Examiner
11 Barbara Lewis, Compliance Section Manager
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14 John Battles, CPCU
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21 
22 Curvey Walters Burton

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