

OCT 23 2008

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
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In the Matter of:)	Docket No. 02A-165-INS
Foundation Reserve Insurance)	
Company, Inc.)	
(NAIC No. 23051),)	
Respondent,)	
)	
)	

**ORDER VACATING
CONSENT ORDER**

Based upon reliable evidence provided to the Director of Insurance by the Assistant Director of the Financial Affairs Division of the Department of Insurance, the Director finds as follows:

FINDINGS OF FACT

1. Respondent, Foundation Reserve Insurance Company, Inc., (NAIC No. 23051), is a New Mexico domiciled property and casualty insurer that was initially granted authority to transact property, casualty and vehicle insurance business in Arizona effective January 7, 1969.

2. On September 6, 2002, the New Mexico Superintendent of Insurance issued an Order finding that Respondent was in hazardous financial condition under New Mexico law, and on September 12, 2002 appointed a Superintendent designee responsible for overseeing the efforts of Respondent's Board of Directors to rectify the hazardous condition and its effect on operations ("Supervision Order").

3. On October 2, 2002, the Director issued a consent order suspending the certificate of authority of Respondent based upon Respondent's hazardous financial

1 condition (A.R.S. §20-220) and Respondent's failure to meet the requirements for the
2 authority originally granted to it, on account of deficiency in assets or otherwise
3 (A.R.S. §20-219(2)).

4 4. On April 20, 2005, The New Mexico Superintendent of Insurance
5 terminated the Supervision Order as Respondent was no longer in hazardous financial
6 condition.

7 5. Respondent filed an application for reinstatement of its certificate of
8 authority in Arizona on March 19, 2008 and requested the addition of the workers
9 compensation line of business.

10 6. Respondent is no longer in hazardous financial condition, has corrected all
11 deficiencies and meets the requirements for the authority to transact insurance within
12 the meaning of A.R.S. Title 20.

13 7. Respondent is current in regard to all filings and fees required to be made
14 to the Department and Respondent owes no outstanding fines and penalties.

15 **CONCLUSIONS OF LAW**

16 1. The Director has jurisdiction over this matter.

17 2. Respondent is no longer in unsound financial condition or in such
18 condition as to render the further transaction of insurance in this State hazardous to its
19 policyholders or to the people of this State within the meaning of A.R.S. §20-220(A)(3)
20 and A.A.C. R20-6-308.

21 3. Respondent meets the requirements for the authority originally granted
22 within the meaning of A.R.S. §20-291(2).

23 4. Respondent's issuance of motor vehicle insurance policies would not
24 place Respondent in violation of the laws of this State and would not jeopardize
25 Respondent's solvency within the meaning of A.R.S. §20-1631(D)(6).

