

OCT 24 2005

DEPT OF INSURANCE  
BY CR

STATE OF ARIZONA  
DEPARTMENT OF INSURANCE

In the Matter of	)	
	)	Docket No. 05A- <u>148</u> -INS
<b>HIGHLANDS INSURANCE COMPANY,</b>	)	
<b>IN RECEIVERSHIP</b>	)	
<b>(NAIC No. 22489)</b>	)	<b>ORDER RELEASING</b>
Petitioner.	)	<b>RETALIATORY DEPOSIT</b>
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Arizona Revised Statutes ("A.R.S.") § 20-588(A)(2) provides that upon application to and written order of the Director of Insurance, deposited funds shall be released and returned to an insurer to the extent that such deposit is in excess of the amount required.

A.R.S. § 20-588(A)(3) provides that upon application to and written order of the Director of Insurance, deposited funds shall be released and returned, upon proper order of a court of competent jurisdiction, to the Receiver of an insurer.

**FINDINGS OF FACT**

1. Highlands Insurance Company ("Highlands"), a Texas domiciled insurance company, received its Arizona certificate of authority to transact casualty with workers' compensation, marine and transportation, property, surety and vehicle insurance in Arizona on June 3, 1964.

2. Highlands' Arizona certificate of authority was suspended on February 7, 2003.

3. On November 7, 2003, in the District Court of Travis County, Texas, 53<sup>rd</sup> Judicial District in *The State of Texas vs. Highlands Insurance Company*, Case No. GV304537, an Agreed Permanent Injunction and Order Appointing Receiver was entered against Highlands and, pursuant to such Order, the Commissioner of Insurance of the State of Texas was

1 appointed as the Receiver of Highlands for the purpose of conserving the assets and  
2 rehabilitating the business of Highlands.

3 4. The Arizona State Treasurer presently holds a statutory retaliatory deposit in the  
4 form of a United States Treasury Note with a par value of fifty-five thousand dollars (\$55,000)  
5 ("Retaliatory Deposit"). The Retaliatory Deposit was made by Highlands Underwriters  
6 Insurance Company ("Highlands Underwriters"), a Texas stock insurance company, as a  
7 condition for doing business in the State of Arizona. As a result of a merger, Highlands was  
8 vested with all property of Highlands Underwriters, including the Retaliatory Deposit. The  
9 Retaliatory Deposit was held for the protection of all of Highlands Underwriters' policyholders  
10 within the United States.

11 5. The Receiver has requested the return of the Retaliatory Deposit to the general  
12 assets of Highlands in receivership.

13 6. Due to a change in the application of Texas law, the Retaliatory Deposit is no  
14 longer required.

**CONCLUSIONS OF LAW**

15 1. The Director has no personal liability for the release of such deposit so made by  
16 her in good faith as provided in A.R.S. § 20-588(B).

17 2. The Receiver is entitled to the release of the Retaliatory Deposit pursuant to  
18 A.R.S. § 20-588(A)(2) and (3).

**ORDER**

19  
20 THEREFORE, IT IS ORDERED that the fifty-five thousand dollar (\$55,000) Retaliatory  
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23

1 Deposit shall be released to the Receiver.

2 DATED this 21<sup>st</sup> day of October 2005.

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CHRISTINA URIAS  
Director of Insurance

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6 COPY of the foregoing mailed/delivered  
this 24<sup>th</sup> day of October, 2005 to:

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8 Mary P. Blevins  
9 Prime Tempus Inc.  
10 Special Deputy Receiver  
11 Highlands Insurance Company in Receivership  
12 27310 Ranch Road 12  
13 Dripping Springs, Texas 78620

14 Michael E. Surguine  
15 Executive Director  
16 Arizona Property and Casualty Insurance Guaranty Fund  
17 1110 W. Washington, Suite 270  
18 Phoenix, Arizona 85007

19 Gerrie Marks, Deputy Director  
20 Mary Kosinski, Executive Assistant for Legal Affairs  
21 Steve Ferguson, Assistant Director  
22 Deloris Williamson, Assistant Director  
23 Mary Butterfield, Assistant Director  
Kurt Regner, Chief Financial Analyst  
Leslie Hess, Deputy Receiver  
Herbert Swafford, Legal Analyst  
Arizona Department of Insurance  
2910 North 44<sup>th</sup> Street, Second Floor  
Phoenix, AZ 85018

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Curvey Walters Burton

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