

DEC 14 2006

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY 

In the Matter of)
)
CNP INSURANCE COMPANY)
(NAIC No. 27938))
)
Respondent.)
_____)

Docket No. 06A-059-INS

**ORDER SUMMARILY REVOKING
CERTIFICATE OF AUTHORITY
AND NOTIFICATION OF RIGHTS**

The State of Arizona, Department of Insurance (the "Department"), has received evidence that CNP Insurance Company ("Respondent") violated provisions of Title 20, Arizona Revised Statutes ("A.R.S.").

FINDINGS OF FACT

1. Respondent CNP Insurance Company is domiciled in Arizona and presently holds a Certificate of Authority issued by the Department to transact property and casualty without workers' compensation insurance.

2. On April 3, 2006, the Department suspended Respondent's Certificate of Authority based on several violations of Title 20, including that Respondent was in unsound financial condition, or in such condition as to render the further transaction of insurance in this state hazardous to its policyholders or to the people of this State, within the meaning of A.R.S. §20-220(A)(3).

3. After the suspension of Respondent's Certificate of Authority, Respondent informed the Department that it would file its 2005 Annual Statement, as required by A.R.S. §20-223, albeit after the March 31, 2006 filing deadline, however as of this date, Respondent has not filed its 2005 Annual Statement.

1 4. Respondent is a member of an insurance holding company system and has not
2 filed its Annual Registration Statement (Form B) on or before March 31, 2006, as required by
3 A.R.S. §20-481.09

4 5. Due to Respondent's failure to file its Annual Statement and other required
5 disclosures, the Director is unable to determine whether Respondent meets the requirements
6 for the authority originally granted within the meaning of A.R.S. §20-219.

7 6. As found in the *Order Summarily Suspending Certificate of Authority and*
8 *Notification of Rights* filed on April 3, 2006, the United States District Court, District of Arizona
9 in Case No. CIV 04-2354-PHX-EHC, *Insurance Company of the West v. CNP Insurance*
10 *Company, et. al.* issued protective orders enjoining and restraining Respondent from removing
11 or disposing in any manner certain of its assets. The protective orders apply to substantially
12 all of Respondent's assets and, as a result, Respondent is not able to pay for expenses
13 incurred in the ordinary course of business or to retain professionals and staff to conduct
14 operations.

15 7. Respondent continues to be in unsound financial condition, or in such condition
16 as to render its further transaction of insurance in this state hazardous to the policyholders or
17 to the people of this state, within the meaning of A.R.S. §20-220(A)(3) and A.A.C R20-308(5),
18 (17) and (18).

19 8. In light of the serious nature of these allegations, the Director finds that the
20 public health, safety and welfare imperatively require emergency action.

21 ...

22 ...

23 ...

1 **CONCLUSIONS OF LAW**

2 1. The Director has jurisdiction over this matter.

3 2. In light of the serious nature of these allegations, the Director finds that the
4 public health, safety and welfare imperatively require emergency action, within the meaning of
5 A.R.S. § 41-1092.11(B).

6 3. Respondent's conduct as described above constitutes the failure to file an
7 Annual Report with the Director, a violation of A.R.S. § 20-223(A).

8 4. Respondent's conduct as described above constitutes the failure to file its
9 Annual Registration Statement (Form B) required to be filed on or before March 31, 2006, a
10 violation of A.R.S. §20-481.09.

11 5. Due to Respondent's conduct as described above, the Director is unable to
12 determine whether Respondent meets the requirements for the authority originally granted
13 within the meaning of A.R.S. § 20-219.

14 6. Respondent's conduct as described above constitutes being in unsound
15 condition or in such a condition as to render the further transaction of insurance in this state
16 hazardous to its policyholders or to the people of this State, a violation of A.R.S. §20-
17 220(A)(3).

18 7. Grounds exist for the Director to suspend or revoke Respondent's Certificate of
19 Authority pursuant to A.R.S. §§20-219(B), 20-220(A)(3), 20-223(C) and 20-481.28.

20 ...

21 ...

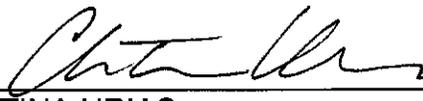
22 ...

23 ...

1 **ORDER**

2 **IT IS ORDERED** that Respondent CNP Insurance Company's Certificate of Authority is
3 hereby revoked, effective immediately.

4 DATED AND EFFECTIVE this 13th day of December, 2006.

5
6 
7 _____
8 CHRISTINA URIAS
9 Director of Insurance

10 **NOTIFICATION OF RIGHTS**

11 **You have the right to request a hearing on this determination by filing a notice of**
12 **appeal after your receipt of this notice.** The notice of appeal must identify the party
13 appealing, the party's address, the matter being appealed and must contain a detailed
14 statement of the reason for the appeal. Your hearing will be treated as a "contested case" and
15 promptly instituted and determined as prescribed by A.R.S. §§41-1001(4), 41-1092.11(B) and
16 41-1092.05(E) to the extent the Office of Administrative Hearings calendar permits. In any
17 event, your hearing will be held within sixty (60) days of the date your notice of appeal is filed,
18 unless the hearing is advanced or delayed by agreement or a showing of good cause by any
19 party. The Department of Insurance will promptly serve a "Notice of Hearing" in accordance
20 with A.R.S. §41-1092.05(E) that will inform you of the date, time and location of the hearing as
21 well as the issues.

22 If you file an appeal, you may also request an "informal settlement conference"
23 pursuant to A.R.S. §41-1092.06 by filing a written request **no more than twenty (20) days**

1 **before the scheduled hearing.** The conference will be held within fifteen (15) days after our
2 receipt of your request. If an informal settlement conference is requested, a person with the
3 authority to act on behalf of the Department of Insurance will be present. Please note that you
4 waive any right to object to the participation of the Department's representative in the final
5 administrative decision of the matter if it is not settled.

6 Your notice of appeal and/or request for an informal settlement conference may be
7 addressed to the attention of:

Hearing Administration
Arizona Department of Insurance
Notice of Appeal
2910 North 44th Street, Suite 210
Phoenix, Arizona 85018-7269

10 COPY of the foregoing mailed/hand-delivered
11 this 14th day of December, 2006 to:

12 CNP Insurance Company
13 c/o Low & Childers P.C.
2999 N. 44th Street, Suite 250
Phoenix, AZ 85018-7247

14 S. David Childers
15 Low & Childers P.C.
2999 N. 44th St., Ste. 250
16 Phoenix, AZ 85018-7247

17 Gerrie Marks, Deputy Director
Mary Kosinski, Executive Asst. for Regulatory Affairs
18 Alan Griffieth, Chief Financial Examiner
Steve Ferguson, Assistant Director
19 Kurt Regner, Chief Financial Analyst
Leslie Hess, Legal Analyst, Financial Affairs
Herb Swafford, Legal Analyst, Financial Affairs
20 Arizona Department of Insurance
2910 N. 44th Street, Second Floor
21 Phoenix, Arizona 85018

22 
23 Curvey Walters Burton