

JUN 29 2010

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE  
BY [Signature]

In the Matter of )  
 )  
 **PHICO INSURANCE COMPANY** )  
 **IN LIQUIDATION** )  
 (NAIC No. 35718) )  
 )  
 Petitioner. )

Docket No. 10A-087 -INS

**ORDER RELEASING WORKERS'  
COMPENSATION DEPOSIT**

Arizona Revised Statutes (A.R.S.) § 23-961 provides that workers' compensation deposits shall be held by the Director of Insurance as security for fulfillment of the obligations of an insurer under Title 23. A.R.S. §20-588(A)(3) provides that deposited funds shall be released upon proper order of a court of competent jurisdiction to the receiver of the insurer, upon application to and written order of the Director of Insurance.

**FINDINGS OF FACT**

1. PHICO Insurance Company in Liquidation ("Petitioner"), domiciled in Pennsylvania, received its Arizona certificate of authority to transact surety, casualty, marine, transportation, and property insurance on January 24, 1983 and workers' compensation insurance on August 7, 1996.

2. The Director suspended Petitioner's certificate of authority on September 26, 2001 (Docket No. 01A-222-INS).

3. On February 1, 2002, in M. Diane Koken, Insurance Commissioner of the Commonwealth of Pennsylvania v. PHICO Insurance Company, Docket NO. 427MD2001, the Commonwealth Court of Pennsylvania entered its Order placing PHICO Insurance Company

1 in liquidation and appointing the Insurance Commissioner of Commonwealth of Pennsylvania  
2 as Liquidator of PHICO Insurance Company.

3 4. Petitioner has a workers' compensation deposit including invested income in the  
4 approximate amount of \$136,000 (One hundred thirty six thousand dollars) currently being  
5 held by the Director through the Arizona State Treasurer exclusively as security for the  
6 fulfillment of Petitioner's workers' compensation obligations pursuant to A.R.S. § 23-961 (the  
7 "PHICO WC Deposit").

8 5. The Statutory Liquidator of PHICO Insurance Company in Liquidation (the  
9 "Liquidator") and The Industrial Commission of Arizona ("ICA") have agreed to a settlement of  
10 the ICA proof of claim filed in the PHICO liquidation. The settlement provides that the  
11 Liquidator on behalf of the Petitioner and the ICA agree that the Arizona Director of Insurance  
12 release Thirty Three Thousand Twenty Dollars (\$33,020.00) of the PHICO WC Deposit held  
13 by the Director to the ICA, and release the remaining balance of the PHICO WC Deposit (after  
14 payment of custodial fees) to the Liquidator.

### 15 **CONCLUSIONS OF LAW**

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

18 2. ICA is entitled to the release of Thirty Three Thousand Twenty Dollars  
19 (\$33,020.00) of the PHICO WC Deposit pursuant to A.R.S. Title 23 and the terms of the  
20 settlement.

21 3. The Liquidator is entitled to the release of the balance of the PHICO WC Deposit  
22 pursuant to A.R.S. § 20-588, Title 23 and the terms of the settlement.  
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