

DEC 7 2010

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE
BY CB

1 In the Matter of)
 2)
 3 AquaGuardian Insurance Company, Inc.)
 4 (NAIC No. 11845))
 5)
 6 Petitioner.)

Docket No. 10A-181 -INS

ORDER

7
 8 Arizona Revised Statutes (A.R.S.) § 20-1098.01 provides that if the Arizona Director of
 9 Insurance ("Director") is satisfied that documents and statements filed by Petitioner comply
 10 with Title 20, Chapter 4, Article 14, the Director may grant Petitioner a captive insurer license.
 11 A.R.S § 23-961 provides that workers' compensation deposits shall be held by the Director as
 12 security for fulfillment of the obligations of an insurer under Title 23. Upon the Petitioner's
 13 written application for the release of deposited funds, the Director shall issue an Order
 14 releasing and returning the deposited funds to the Petitioner to the extent that the deposit is in
 15 excess of the amount required. A.R.S. § 20-588(A)(2).

FINDINGS OF FACT

- 16
 17 1. Petitioner is currently licensed in the State of Arizona as a casualty insurer.
 18 2. Petitioner filed an application with the Department for (i) conversion from a
 19 casualty insurer to a captive insurer, (ii) termination of its workers' compensation authority in
 20 the State of Arizona, and (iii) the release of its workers' compensation and statutory deposits.
 21 3. Petitioner has filed the documents and statements necessary to comply with Title
 22 20, Chapter 4, Article 14 to convert to a captive insurer.
 23

1 4. The Arizona State Treasurer presently holds a workers' compensation deposit in
2 the approximate amount of \$400,000 on behalf of Petitioner ("WC Deposit") pursuant to
3 A.R.S. § 23-961 for the protection of its Arizona workers' compensation policyholders and
4 claimants.

5 5. Petitioner has no obligations under any workers' compensation policy of
6 insurance to any policyholders or claimants who are residents of Arizona.

7 6. The Arizona State Treasurer currently holds a statutory deposit in the
8 approximate amount of \$518,904 on behalf of Petitioner ("Statutory Deposit") pursuant to
9 A.R.S. § 20-213.

10 7. Petitioner's Statutory Deposit will no longer be required upon conversion to a
11 captive insurer.

12 **CONCLUSIONS OF LAW**

13 1. The Director is satisfied that Petitioner has complied with the provisions Title 20,
14 Chapter 4, Article 14 in connection with its conversion to a captive insurer.

15 2. Petitioner is entitled to release of its WC Deposit in accordance with A.R.S. §§
16 23-961 and 20-588.

17 3. Upon conversion to a captive insurer, Petitioner is entitled to the release of its
18 Statutory Deposit in accordance with A.R.S. § 20-588 and A.A.C. R20-6-303.

19 4. The Director has no personal liability for the release of the WC Deposit and
20 Statutory Deposit made in good faith as provided in A.R.S. § 20-588(B).

21 **ORDER**

22 THEREFORE IT IS ORDERED THAT:

23 1. Petitioner's request to convert to a captive insurer is granted.

2. Petitioner's request to terminate its workers' compensation authority is granted.
3. The WC Deposit in the approximate amount of \$400,000 shall be released to Petitioner.
4. The Statutory Deposit in the approximate amount of \$518,904 shall be released to Petitioner.
5. The Director has no personal liability for the release of the WC Deposit and Statutory Deposit made in good faith as provided in A.R.S. § 20-588(B).

Effective this 6th day of December, 2010.

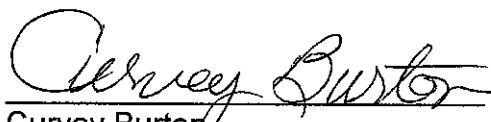


CHRISTINA URIAS
Director of Insurance

COPY of the foregoing mailed/delivered
this 7th day of December, 2010, to:

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AIMS Insurance Program Managers, Inc.
AquaGuardian Insurance Company, Inc.
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Scottsdale, Arizona 85251

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