

DEC 23 2015

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT OF INSURANCE  
BY MJS

In the Matter of:

**AFFIRMATIVE INSURANCE COMPANY,  
(NAIC NO. 42609)**

No. 15A-188-INS

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

**Respondent.**

The Arizona Department of Insurance (the "Department") alleges that **Affirmative Insurance Company ("Respondent")** has violated provisions of Arizona Revised Statutes ("A.R.S."), Title 20. In light of the serious nature of these allegations, the Director of Insurance for the State of Arizona ("Director") finds that the public health, safety and welfare imperatively require emergency action, within the meaning of A.R.S. § 41-1092.11(B).

**FINDINGS OF FACT**

1. Respondent is domiciled in Illinois and presently holds a certificate of authority issued by the Arizona Department of Insurance ("Department") to transact property and casualty insurance.

2. Respondent's September 30, 2015 Quarterly Statement disclosed SAP surplus in the amount of (\$13,497,920)<sup>1</sup>.

3. Respondent's SAP surplus does not meet the \$250,000 minimum required pursuant to A.R.S. § 20-210.

<sup>1</sup> This is a negative number.

1 4. On or about September 16, 2015, the Circuit Court of Cook County, Illinois,  
2 County Department, Chancery Division filed an Agreed Order of Rehabilitation in People of the  
3 State of Illinois, ex rel. Anne Melissa Dowling, Acting Director of Insurance of the State of  
4 Illinois v. Affirmative Insurance Company, No. 2015CH13718.

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

8 **CONCLUSIONS OF LAW**

9 1. Respondent's continued operation of insurance business in this state is deemed  
10 to be hazardous to its policyholders or creditors or the general public based on adverse  
11 findings reported in financial condition examination reports, audit reports and actuarial  
12 opinions, reports or summaries, pursuant to A.R.S. § 20-220.01(A)(1) and Arizona  
13 Administrative Code R20-6-308(A)(1).

14 2. Respondent is in unsound financial condition or in such condition as to render its  
15 further transaction of insurance in this state hazardous to the policyholders or to the people of  
16 this state, within the meaning of A.R.S. § 20-220(A)(3).

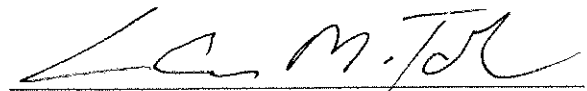
17 3. The Director shall suspend or revoke the certificate of authority of any insurer  
18 which no longer meets the requirements for the authority originally granted, on account of  
19 deficiency in assets or otherwise, pursuant to A.R.S. § 20-219(2).

20 ...  
21 ...  
22 ...  
23 ...

1 ORDER

2 IT IS ORDERED summarily suspending the Arizona certificate of authority held by  
3 Respondent and effective immediately, prohibiting the issuance of new and renewal Arizona  
4 insurance except for guaranteed renewable insurance as provided by Arizona or federal law.

5 DATED AND EFFECTIVE this 21 day of December, 2015.

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7 

8 Andy Tobin  
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), 41-1092.05(E) and  
16 41-1092.11(B) 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 filing of your notice of appeal,  
18 unless the hearing is advanced or delayed by agreement or a showing of good cause by any  
19 party. The Department will serve a "Notice of Hearing" in accordance with A.R.S. § 41-  
20 1092.05(E) that will inform you of the date, time and location of the hearing as well as the  
21 issues to be determined.

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**  
**before the scheduled hearing.** The conference will be held within fifteen (15) days after our  
receipt of your request. If an informal settlement conference is requested, a person with the  
authority to act on behalf of the Department will be present. Please note that you waive any

1 right to object to participation of the Department's representative in the final administrative  
2 decision of the matter if it is not settled.

3 Your notice of appeal and/or request for an information settlement conference may be  
4 addressed to the attention of:

5 **Arizona Department of Insurance**  
6 **Hearing Administration – Notice of Appeal**  
7 **2910 North 44<sup>th</sup> Street, Suite 210**  
8 **Phoenix, Arizona 85018-7256**

9 COPY of the foregoing mailed/hand-delivered  
10 this 23 day of December, 2015, to:

11 Affirmative Insurance Company  
12 Douglas Harrell  
13 P.O. Box 9030  
14 Addison, TX 75001-9030  
15 Respondent

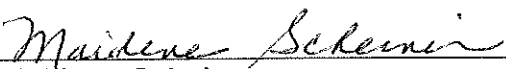
16 Affirmative Insurance Company  
17 c/o Joseph G. Fisher  
18 4450 Sojourn Drive, Suite 600  
19 Addison, TX 75001-5094  
20 Statutory Agent for Respondent

21 Office of the Special Deputy Receiver  
22 Illinois Department of Insurance  
23 222 Merchandise Mart Plaza, Suite 960  
Chicago, IL 60654

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Arizona Property and Casualty Insurance Guaranty Fund  
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6 Maidene Scheiner

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