

MAY 8 1996

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY CWB

In the Matter of)	Docket No. 96A-070
)	
FIRST COLUMBIA LIFE INSURANCE)	
COMPANY, IN LIQUIDATION)	ORDER RELEASING DEPOSIT
(NAIC No. 73776))	
)	
)	

1. First Columbia Life Insurance Company ("FCLIC") is an insurance company domiciled in the State of Louisiana formerly authorized to transact the business of insurance in the State of Arizona.

2. On November 18, 1988, FCLIC was placed in liquidation in the State of Louisiana, Parish of East Baton Rouge, 19th Judicial District Court, No. 335484, Division "L".

3. On or about May 7, 1987, FCLIC placed on deposit with the Arizona Department of Insurance ("ADOI") through the Arizona State Treasurer a certificate of deposit in the amount of \$100,000. The deposit was designated as a "Special Voluntary Deposit for the Protection of Arizona Policyholders Only".

4. The Liquidator of FCLIC requested release of the deposit held by ADOI.

5. The Arizona Life and Disability Insurance Guaranty Fund ("ALDIGF") has paid in excess of \$633,142 in benefits to or on behalf of FCLIC's Arizona resident contract-holders. ALDIGF has not received any distributions from FCLIC as of this date.

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6. The ADOI and the Liquidator of FCLIC have disagreed as to the nature of the deposit. The Liquidator and the ADOI have agreed to resolve this dispute on the terms set forth in the attached letter dated May 3, 1996.

IT IS HEREBY ORDERED:

1. The FCLIC deposit is to be released and returned pursuant to A.R.S. §20-588(A)(3) for distribution as follows: The ADOI shall redeem the certificate of deposit and shall remit \$75,000 to ALDIGF and the balance to the FCLIC Liquidator.

2. Pursuant to A.R.S. §20-588(B), the Director shall have no personal liability for any such release of any such deposit or part thereof so made by him in good faith.

DATED this 7th day of May, 1996.


CHRIS HERSTAM
Director of Insurance

COPY of the foregoing mailed/delivered this 8th day of May, 1996, to:

Charles R. Cohen, Deputy Director
Gregory Y. Harris, Executive Assistant Director
Sara M. Begley, Deputy Receiver
Gary A. Torticill, Assistant Director
Kelly M. Stephens, Deputy Assistant Director
Cary Cook, Solvency Support Manager
Department of Insurance
2910 N. 44th St., Suite 210
Phoenix, Arizona 85018

Jack Trimble, Managing Secretary
Arizona Life and Disability Insurance Guaranty Association
P.O. Box 10236
Phoenix, Arizona 85064

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L. Dean Fryday, Jr.
Assistant Attorney General
State of Louisiana Department of Justice
Public Protection Division
Baton Rouge, Louisiana 70804-9095

David Hubbard, Estate Manager
First Columbia LIC in Liquidation
Office of Receivership
P.O. Box 91064
Baton Rouge, LA 70821-9064

Carweyl D. Burton

OFFICE OF RECEIVERSHIP

**P.O. Box 91064
Baton Rouge, LA 70821-9064**

(504) 332-2500

FAX (504) 332-2553

May 03, 1996

Ms. Sara M. Begley
ARIZONA DEPARTMENT OF INSURANCE
RECEIVERSHIP DIVISION
2910 North 44th St., Suite 210
Phoenix, AZ 85018

Re: First Columbia Life Insurance Company in Liquidation

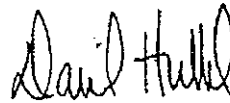
Dear Ms. Begley:

The supervisory court has approved the release of \$25,000.00 of the statutory deposit to the First Columbia estate. The Arizona Guaranty Fund will retain \$75,000.00 to cover losses and expenses. The domiciliary receiver does not believe this is the most equitable resolution considering all claimants involved. However, in order to avoid the burden and cost of litigation, and expedite estate closure, it is in the Liquidator's best interest to conclude this matter now.

The First Columbia estate is offsetting \$75,000.00 against the Arizona Guaranty Fund's claim against the First Columbia estate. Please forward to me an acknowledgment of the offset against the guaranty fund's claim.

Attached you will find an executed "Form E126" for release of the deposit. I have requested the funds be wire transferred to the First Columbia account in order to expedite conclusion of this matter.

Sincerely,



David Hubbard
Estate Manager
First Columbia Life Insurance Company
In Liquidation

cc: Bill Jolly
Dean Fryday



Department Of Insurance
State Of Arizona
Corporate and Financial Affairs Division
Telephone: (602) 912-8420
Telecopier: (602) 912-8421

FIFE SYMINGTON
Governor

2910 NORTH 44TH STREET, SUITE 210
PHOENIX, ARIZONA 85018-7256

CHRIS HERSTAM
Director of Insurance

NOTICE OF TRUST DEPOSIT RELEASE

PLEASE APPROVE RELEASE OF THE FOLLOWING SECURITY FROM THE ACCOUNT OF THE ARIZONA STATE TREASURER ON BEHALF OF THE DIRECTOR OF INSURANCE, WHO IS, IN TURN, HOLDING THE SECURITY FOR:

First Columbia Life Insurance Company in Liquidation
(Name of Insurance Company)

(NAIC#)

Issuer Name : First Interstate Bank
Face Amount : \$100,000.00
Maturity Date : 9-9-96 Interest Rate : 4.25 %
CUSIP # : _____ Cert. of Deposit #: 100190202561421

Which was classified as a: (check one type only)

- Ordinary Trust Deposit - for the benefit and protection of ALL policyholders
- Special Voluntary Deposit - for the benefit and protection of ARIZONA policyholders only
- Retaliatory Deposit - for the benefit and protection of ALL policyholders or ARIZONA policyholders only (check ALL or ARIZONA)
- HCSO Escrow Reserve Deposit - pursuant to A.R.S. §20-1056

WHOSE INSTRUCTIONS FOR RETURN DELIVERY ARE:

A. _____ (check) To be reinvested by Arizona State Treasurer's appointed Trustee. Form E125 has been filed for approval.

B. Release or Receiver's Name : _____
Mail Cert. of Street Address : _____
Deposits to : & Instructions : _____

Wire Transfer Institution : Hancock Bank of Louisiana
Book Entry ABA No. : 065400153
Securities Cr. Account No. : 56002830 DC4
OR their City : Baton Rouge
Maturity State : Louisiana
Proceeds to : Other Information : Attn: Vikki Hebert, Trust Dept.

BY AN AUTHORIZED REPRESENTATIVE OF THE INSURANCE COMPANY:
(authorizing resolution may be required)

Name : David Hubbard Signature : David Hubbard
Title : Estate Manager Toll Free or
Date : 5-3-96 Collect Phone No. : (504) 332-2500