

JUN 18 1996

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

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BY W.B.

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In the Matter of)	Docket No. 96A-097
)	
AMERICAN BONDING COMPANY,)	
COMPANY, IN RECEIVERSHIP)	ORDER RELEASING DEPOSIT
(NAIC No. 10138))	
)	
_____)	

1. American Bonding Company ("ABC") is an insurance company domiciled in the State of Arizona formerly authorized to transact the business of insurance in the State of Arizona.

2. On September 26, 1994, the Arizona Department of Insurance issued an "Order Suspending Authority to Transact New and Renewal Insurance Business other than Surety".

3. On January 31, 1995, the Superior Court of the State of California in and for the County of Los Angeles issued an "Order Appointing Conservator and Restraining Order".

4. On February 2, 1995, the Superior Court of the State of Arizona in and for the County of Maricopa issued an "Order for Appointment of Receiver and Injunction" ("Receivership Order") appointing the Director of Insurance as Receiver of ABC and directing him to rehabilitate the Company.

5. The Arizona Receiver and the California Conservator have coordinated efforts with respect to the administration of the ABC estate and the California Conservator has, for the most part, deferred to the Arizona Receiver with respect to the administration of the ABC estate.

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6. The Receivership Order directs the Receiver to "collect, receive and take exclusive custody, control and possession of all records, property and assets of any kind or nature owned beneficially or otherwise by ABC".

7. ABC has on deposit \$1,665,000 in securities with the Arizona State Treasurer held for the protection of all of ABC's policyholders within the United States.

8. The Receiver has requested that this deposit be released to the Receiver to fund the continued payment of ABC's "Senior Creditor Obligations" consistent with the Receiver's ongoing rehabilitation efforts. Senior Creditor Obligations are defined as those claims described in A.R.S. §20-629(A)(1)-(4). The Receiver is finalizing a Rehabilitation Plan for ABC that will be filed in the Maricopa County Superior Court. The Rehabilitation Plan provides for the continued payment of ABC's Senior Creditor Obligations and does not contemplate seeking reinstatement of ABC's certificate of authority to transact insurance in Arizona or elsewhere.

9. The purpose of the deposit will be served by releasing it to the Receiver to fund the continued payment of ABC's Senior Creditor Obligations.

IT IS HEREBY ORDERED:

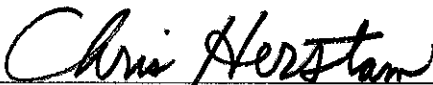
1. The ABC deposit is to be released to the Receiver of ABC pursuant to A.R.S. §20-588(A)(3).

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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 17th day of June, 1996.


CHRIS HERSTAM
Director of Insurance

COPY of the foregoing mailed/delivered this 18th day of June, 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
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