

APR 10 1997

STATE OF ARIZONA
DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY CS

In the Matter of:)
)
American Western Life Insurance Company)
)
NAIC No. 60917)
)
Respondent.)
)

Docket Number 97A-072

SUSPENSION ORDER

Upon information obtained by the Corporate and Financial Affairs Division of the Arizona Department of Insurance, the Director of Insurance makes the following findings of fact and conclusions of law and issues the following order:

1. American Western Life Insurance Company ("Respondent") is domiciled in Utah and presently holds a certificate of authority issued by the Arizona Department of Insurance to transact life and disability insurance business.

2. On or about January 28, 1997, Respondent agreed to be placed under the formal supervision of the Insurance Commissioner for the State of Utah.

3. The National Association of Insurance Commissioners' ("N.A.I.C") Insurance Regulatory Information System ("I.R.I.S.") discloses unusual values outside the acceptable range for seven of the twelve I.R.I.S. ratios based upon Respondent's 1996 Annual Statement. These findings constitute information received from the N.A.I.C.'s I.R.I.S. which is adverse to the insurer with respect to its financial condition, within the meaning of A.A.C. R20-6-308(A)(2).

4. Respondent reported an operating loss within the meaning of A.A.C. R20-6-308(A)(7) in the amount of \$3,021,509 during the year ending December 31, 1996. This operating loss is greater than

1 50% of Respondent's remaining surplus as regards policyholders that is in excess of minimum
2 required, and is adverse to Respondent's financial condition within the meaning of A.A.C. R20-6-
3 308(A)(7).

4 5. Respondent's 1996 Annual Statement reported negative cash flow from operations in the
5 amount of \$2,645,887 for the year ending December 31, 1996, indicating that Respondent is
6 experiencing cash flow or liquidity problems, within the meaning of A.A.C. R20-6-308(A)(18).

7 6. It appears to and is the opinion of the Director that Respondent's financial condition is such as
8 to render the continuance of its business hazardous to the public or to holders of its policies or
9 certificates of insurance, within the meaning of A.R.S. §20-169.

10 7. Respondent is in an unsound condition or in such condition as to render its further transaction
11 of insurance in this state hazardous to the policyholders or to the people of this state within the
12 meaning of A.R.S. § 20-220(A)(3) and A.A.C. R20-6-308.

13 8. The public health, safety and welfare imperatively require emergency action, within the
14 meaning of A.R.S. § 41-1064(C).

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1 IT IS HEREBY ORDERED that Respondent's certificate of authority to transact insurance in
2 Arizona is suspended effective this date.

3 IT IS FURTHER ORDERED that to abate the determinations made herein, pursuant to A.R.S.
4 §§ 20-169 and 20-220(A)(3) and A.A.C. R20-6-308, Respondent shall submit to the Director an RBC
5 report based on the 1996 Annual Statement, and any RBC plan that is filed with the insurance
6 director in any other state, in accordance with A.R.S. §§20-488.02 and 20-488.09.

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9 DATED this 10 day of April, 1997.

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13 JOHN A. GREENE
Director of Insurance

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1 **NOTICE**

2 The determination set forth in this order is an “appealable agency action” pursuant to A.R.S. §
3 41-1092. Consequently, you have the right to obtain a hearing on this determination by filing a
4 Notice of Appeal within thirty (30) days after your receipt of this order. If your Notice of Appeal is
5 received after that thirty (30) day period, it will not be accepted without a demonstration of good
6 cause for the late filing. The Notice of Appeal must identify the party appealing, the party’s address,
7 the determination being appealed, and must contain a concise statement of the reasons for the appeal.
8 Your hearing will be held within sixty (60) days after your Notice of Appeal is filed, unless the
9 hearing is advanced or delayed by agreement or a showing of good cause by any party. The
10 Department of Insurance will serve a Notice of Hearing at least thirty (30) days before the hearing,
11 which will inform you of the date, time and location of the hearing as well as the issues in
12 controversy.

13 If you file a Notice of Appeal, you may also request an Informal Settlement Conference by
14 filing a written request no later than twenty (20) days before the scheduled hearing. The conference
15 will be held within fifteen (15) days after receipt of your request. If an Informal Settlement
16 Conference is requested, a person with the authority to act on behalf of the Department of Insurance
17 will be present. Please note that you waive any right to object to the participation of the
18 Department’s representative in the final administrative decision of the matter if it is not settled.

19 The Notice of Appeal and request for an Informal Settlement Conference described above
20 may be addressed to:

21 Deputy Director
22 Arizona Department of Insurance
23 2910 North 44th Street, Suite 210
Phoenix, Arizona 85018
Attn.: Hearing Administration

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COPY of the foregoing mailed/delivered
this 10th day of April, 1997, to:

Leland A. Wolf, President
American Western Life Insurance Company
1950 Elkhorn Court
P.O. Box 4998
San Mateo, California 94403-1308

Charles R. Cohen, Deputy Director
Gary Torticill, Assistant Director / Chief Examiner
Catherine O'Neil, Assistant Director
Erin Klug, Market Conduct Examinations Chief Examiner
Deloris Williamson, Assistant Director
Sara Begley, Deputy Receiver
Scott Greenberg, Business Administrator
2910 North 44th Street, Suite 210
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Dixon R. Larkin M.D., J.D.
Acting Commissioner of Insurance
Department of Insurance
State of Utah
State Office Building, Room 3110
Salt Lake City, Utah 84114-1201

Ronald G. Rosen, Supervisor
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45 Fremont
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Curvey Walters Burton