BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE

TENNESSEE INSURANCE DIVISION, Petitioner,	)	
vs.	)	No.: 05-020 12.01-069288J
YORK INSURANCE COMPANY, Respondent.	)	

AGREED ORDER

WHEREAS, Petitioner, the Tennessee Insurance Division, (hereinafter referred to as the "Division"), and the Respondent, York Insurance Company, (hereinafter referred to as the "Respondent"), hereby stipulate and agree, subject to the approval of the Commissioner of Commerce and Insurance (hereinafter referred to as the "Commissioner") as follows:

GENERAL STIPULATIONS

1. It is expressly understood that this Agreed Order is subject to the Commissioner's acceptance and has no force and effect until such acceptance is evidenced by the entry of the Commissioner.

2. The Commissioner has determined that the resolution set forth in this Agreed Order is fair, reasonable, and in the best public interest.

3. This Agreed Order is executed by the Respondent for the purpose of avoiding further administrative action with respect to this cause. Furthermore, should this Agreed Order not be accepted by the Commissioner, it is agreed that presentation to and consideration of this Agreed Order by the Commissioner shall not unfairly or illegally prejudice the Commissioner from further

participation or resolution of these proceedings.

4. Respondent fully understands that this Agreed Order will in no way preclude additional proceedings by the Commissioner against the Respondent for acts or omissions not specifically addressed in this Agreed Order or for facts and/or omissions that do not arise from the facts or transactions herein addressed.

5. The Respondent expressly waives all further procedural steps and all rights to seek judicial review of or to otherwise challenge or contest the validity of the Agreed Order, the stipulations and imposition of discipline contained herein, and the consideration and entry of said Agreed Order by the Commissioner.

FINDINGS OF FACT

6. York Insurance Company is an insurance company domiciled in the State of Illinois.

7. Respondent has received a certificate of authority to sell property, casualty, vehicle, and surety lines of insurance in the State of Tennessee and is subject to regulation under the Tennessee Insurance Law (hereinafter referred to as them "Tennessee Law"), codified as Title 56 of the Tennessee Code.

8. The financial statement filed with the Department by the Respondent reported that, as of December 31, 2004, the Respondent had a net loss of Four Million Seven Hundred Twenty-Four Thousand Four Hundred and Twenty-Six Dollars ($4,724,426.00) for the year 2004. This net loss amount was greater than fifty percent (50%) of the Respondent's remaining policyholders' surplus in excess of the minimum required as of December 31, 2004. Such amount was One Million One Hundred Sixty-Five Thousand Nine Hundred and Seventeen Dollars ($1,165,917.00).

CONCLUSIONS OF LAW

9. Tenn. Code Ann. § 56-1-416 provides that the Commissioner shall revoke or suspend all certificates of authority granted to an insurance company if the Commissioner is of the opinion, upon examination or other evidence, that a foreign insurance company is in an unsound condition or has failed to comply with the law and, upon such a finding, no new business shall be done by the company or its agents under suspension or revocation while such default or disability continues and not until its authority to do business is restored by the Commissioner.

10. Tenn. Comp. R. & Regs. 0780-1-66-.03(1)(f) provides, in pertinent part, that the Commissioner may consider, in determining whether the continued operation of any insurer transacting an insurance business in this state might be deemed to be hazardous, financially or otherwise, to the policyholders, creditors, or the general public, whether the insurer's operating loss in the last twelve-month period or any shorter period of time, including but not limited to net capital gain or loss, change in non-admitted assets, and cash dividends paid to shareholders, is greater than fifty percent (50%) of the insurer's remaining surplus as regards to policyholders in excess of the minimum required.

11. By virtue of the fact that the Respondent is in violation of Tenn. Comp. R. & Regs. 0780-1-66-.03(1)(f), the Respondent is in an unsound financial condition and, thus, subject to sanctions under Tenn. Code Ann. § 56-1-416.

12. Respondent admits to the Findings of Fact, above, and further admits that such findings subject it to sanctions pursuant to Tenn. Code Ann. § 56-1-416. Respondent further admits that the Conclusions of Law, above, are fair and reasonable. In order to avoid any further expenses or costs associated with litigating this matter, Respondent hereby desires to enter into this Agreed Order.

ORDER

NOW THEREFORE, on the basis of the foregoing, the wavier of the Respondent of its rights to a hearing and appeal under Tennessee Insurance Law and Tennessee's Uniform Administrative Procedures Act, Tenn. Code Ann. §§ 4-5-101, *et seq.*, and the admission by Respondent of the jurisdiction of the Commissioner, the Commissioner finds that the Respondent has agreed to the entry of this order, this Order is appropriate, and in the public interest.

IT IS ORDERED, pursuant to Tenn. Code Ann. § 56-1-416 of the Tennessee Insurance Law, that:

Respondent's Certificate of Authority is hereby revoked; accordingly, Respondent shall cease writing new business in the State of Tennessee. Respondent shall, however, at all such times continue to pay fees and taxes as required and applicable and service existing policyholders and adjust losses thereunder.

This Agreed Order is in the public interest and in the best interests of the parties. This Agreed Order represents a compromise and settlement of the controversy between the parties and is for settlement purposes only. By the signature affixed below, the Respondent affirmatively states that it has freely agreed to the entry of this Agreed Order, that it has been advised that it may consult legal counsel in this matter and has had the opportunity to consult with legal counsel should it had desired to do so, that it waives its right to a hearing on the matters underlying this Agreed Order and to a review of the Findings of Fact and Conclusions of Law contained herein, and that no threats or promises of any kind have been made by the Commissioner, the Division, or any agent or representative thereof. The parties, by signing this Agreed Order, affirmatively state their agreement

to be bound by the terms of this Agreed Order and aver that no promises or offers relating to the circumstances described herein, other than the terms of settlement set forth in this Agreed Order, are binding upon them.

Nothing in this Agreed Order should be construed to limit the authority of the Insurance Division or the Commissioner to take further action against the Respondent should such action, in the opinion of the Insurance Division or the Commissioner, be necessary.

SO ORDERED.

ENTERED this the 13th day of May, 2005.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance

APPROVED FOR ENTRY:

Larry C. Knight, Jr.
Assistant Commissioner for Insurance
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500 James Robertson Parkway
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York Insurance Company

By: Jeffrey S. Mack
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Beth Mitchell

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