

BEFORE JAMES A. DODRILL, INSURANCE COMMISSIONER
OF THE STATE OF WEST VIRGINIA

FILED

In the Matter of:

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SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA (NAIC #76325)

Administrative Proceeding No. 20-FINCON-02001

OFFICE OF WEST VIRGINIA
SECRETARY OF STATE

AGREED ORDER SUSPENDING CERTIFICATE OF AUTHORITY

Pursuant to the provisions of the W. Va. Code §33-3-11(a)(4), the West Virginia Insurance Commissioner ("WVOIC") may, after notice and hearing, refuse to renew, or may revoke or suspend the license of an insurer, in addition to other grounds therefore in this chapter, if the insurer is found by the Commissioner to be in an unsound condition or in such condition as to render its further transaction of insurance in West Virginia hazardous to its policyholders or to the people of West Virginia. As to the above-referenced insurer in this administrative proceeding, the Commissioner makes the following Findings of Fact, Conclusions of Law and Order:

I. PARTIES AND JURISDICTION

1. The Insurance Commissioner (the "Commissioner"), pursuant to W. Va. Code §33-2-3, administers and enforces Chapter 33 of the West Virginia Code and Title 114 of the West Virginia Code of State Rules.
2. The Commissioner, pursuant to W. Va. Code §33-34-3a, possesses regulatory authority and jurisdiction over insurers deemed to be in hazardous financial condition.
3. Senior Health Insurance Company of Pennsylvania ("SHIP") is a Pennsylvania domiciled insurer with a last known mailing address of Attn: Patrick H. Cantilo, Special Deputy

Rehabilitator (SDR), Cantilo & Bennett, LLP, 11401 Century Oaks Terrace, Suite 300, Austin, TX 78758.

4. SHIP was issued a Certificate of Authority by the WVOIC on January 24, 1989, and is authorized to transact life and accident and sickness insurance in West Virginia.

5. The Commissioner has jurisdiction over this matter pursuant to W. Va. Code §33-2-3.

II. FINDINGS OF FACT

6. The WVOIC issued SHIP a Certificate of Authority on January 24, 1989, and SHIP was assigned NAIC Number 76325.

7. Certain standards may be considered by the WVOIC to determine whether the continued operation of an insurer transacting insurance business in this state might be deemed to be hazardous to its policyholders, creditors or the general public. W. Va. Code §33-34-3a.

8. As of March 1, 2019, SHIP had a surplus deficit of \$466,872,971. As such, SHIP was deemed to be statutorily insolvent as defined in W. Va. Code §33-10-1(b).

9. Further deterioration of surplus occurred during the first three quarters of 2019. As of September 30, 2019, SHIP reported a total capital and surplus deficit of \$540,839,833 and net income loss of \$80,074,170.

10. SHIP's most recent risk-based capital ("RBC") report indicates that its total adjusted capital is substantially below its mandatory control level RBC, thereby triggering a "mandatory control level event" as defined in W. Va. Code §33-40-6. Due to SHIP's negative surplus total, their RBC ratio as of December 31, 2018 was -909.0%.

11. On January 29, 2020, SHIP was placed in rehabilitation by the Commonwealth Court of Pennsylvania (Court). As contemplated by the Rehabilitation Order and 40 P.S. §221.16, the Pennsylvania Insurance Commissioner has appointed Patrick H. Cantilo, an insurance rehabilitation expert, as Special Deputy Rehabilitator (SDR).

III. CONCLUSIONS OF LAW

12. Paragraphs 1-11 are incorporated by reference.

13. The continued operation of SHIP in West Virginia is hazardous to its policyholders pursuant to the standards set forth in W. Va. Code §33-34a-3a.

14. Because the insurer is in hazardous financial condition, the Commissioner is authorized to suspend SHIP's license to transact insurance in the State of West Virginia.

IV. ORDER

IT IS THEREFORE **ORDERED**, pursuant to W. Va. Code §33-2-11 that:

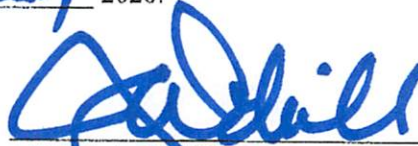
A. The Certificate of Authority issued to SHIP to transact the business of life and accident and sickness insurance in the State of West Virginia is suspended until such time as it has returned to full compliance with West Virginia statutory and regulatory law unless such suspension is sooner in accordance with law. This suspension automatically suspends the authority of all of SHIP's producers to act as agents of SHIP in the State of West Virginia.

B. SHIP shall not solicit or issue new policies of insurance or assume any West Virginia risk.

C. SHIP shall file its annual financial statement and pay, when due, any fees, taxes or charges required to be paid pursuant to Chapter 33 of the West Virginia Code.

D. SHIP shall service any existing policies of insurance issued to persons residing in West Virginia.

ENTERED this the 27th day of February 2020.



JAMES A. DODRILL
Insurance Commissioner

Prepared by:



Gregory A. Elam (WVSB #6026)
Associate General Counsel
Legal Division
West Virginia Offices of the Insurance Commissioner
Post Office Box 50540
Charleston, West Virginia 25305-0540

Agreed to by:

SENIOR HEALTH INSURANCE COMPANY OF PENNSYLVANIA

By: 

PATRICK CANTILO
SPECIAL DEPUTY REHABILITATOR
FEBRUARY 26, 2020