

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

In the Matter of:

AMERICAN COUNTRY INSURANCE COMPANY (NAIC # 38237)

Administrative Proceeding No. 20-FINCON-02005

ORDER DECLARING SURPLUS LINES INSURER INELIGIBLE

Pursuant to the provisions of *W. Va. Code* §33-12C-6, the West Virginia Insurance Commissioner ("Commissioner" or "WVOIC") may declare a surplus lines insurer ineligible, if the insurer is found by the Commissioner to be in an unsound condition. As to the above-referenced surplus lines 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, 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* §33-12C-6, possesses regulatory authority and jurisdiction over surplus lines insurers deemed to be in unsound financial condition.
3. American Country Insurance Company ("ACIC") is an Illinois domiciled insurer with a last known statutory home office address of American Country Insurance Company, 953 American Lane 3rd Floor, Schaumburg, IL 60173.

4. ACIC has a mailing address of Illinois Office of the Special Deputy Receiver, Attn: J. Kevin Baldwin, Special Deputy Rehabilitator (SDR), 222 Merchandise Mart Plaza, Suite 960, Chicago, Illinois 60654, during the pendency of its rehabilitation.

5. ACIC became an eligible Surplus Lines insurer in West Virginia on or about April 30, 2004, and is authorized to transact casualty insurance, *W. Va. Code* §33-1-10(e), in the State of West Virginia.

6. The Commissioner has jurisdiction over this matter pursuant to *W. Va. Code* §33-12C-1 through 29.

II. FINDINGS OF FACT

7. The WVOIC authorized ACIC to be an eligible surplus lines insurer on or about April 30, 2004.

8. Certain standards may be considered by the WVOIC to determine whether the continued operation of a surplus lines insurer engaging in the business of insurance in this State might be deemed to be in an unsound financial condition. *W. Va. Code* §33-12C-5.

9. On July 8, 2019, the Commissioner of Insurance for the State of Illinois entered an Agreed Order of Rehabilitation placing ACIC in Rehabilitation.

10. On August 15, 2019, ACIC ceased writing new business.

11. On October 1, 2019, ACIC ceased the writing of renewal business, subject to the statutory non-renewal notice requirements of each state.

12. The Financial Statement as of June 30, 2019, prepared by the Rehabilitator, reflected a surplus deficit of \$35,079,035 for ACIC. As such, ACIC was deemed, statutorily, to lack financial integrity and to be in an unsound financial condition as defined in *W. Va. Code* §33-12C-5.

13. On September 16, 2019, ACIC consented to the entry of an Order of Rehabilitation and Order Appointing a Receiver and granting injunctive.

14. ACIC and Gateway Insurance Company participate in an inter-company pooling arrangement and are collectively referred to as the "ASI Pool Companies". All three of these entities were placed in Rehabilitation by the Illinois Department of Insurance.

III. CONCLUSIONS OF LAW

15. Paragraphs 1-14 are incorporated by this reference and made a part hereof.

16. The continued operation of ACIC in West Virginia is hazardous to the public pursuant to the standards set forth in *W. Va. Code* §33-12C-5 and 6.

17. Because the insurer is in an unsound financial condition, the Commissioner is authorized to declare ACIC ineligible to export surplus lines insurance in the State of West Virginia.

IV. ORDER

It is, therefore, **ORDERED**, pursuant to *W. Va. Code* §33-12C-6 that:

- A. ACIC is declared an ineligible surplus lines insurer in the State of West Virginia;
- B. ACIC shall not solicit or issue new policies of insurance, renew policies of insurance or assume any West Virginia risk; and
- C. ACIC shall service any existing policies of insurance issued to persons residing in West Virginia.

ENTERED this 17th day of April, 2020.



JAMES A. DODRILL
Insurance Commissioner

Prepared by:



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