

**THE SURPLUS LINE ASSOCIATION
OF CALIFORNIA**

A. L. LATHROP
MANAGER

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March 27, 1975

No. 342

BULLETIN TO ALL MEMBERS:

SUBJECT: Interstate Insurance Company
West Collingswood, New Jersey

Attached is a copy of the Insurance Department's letter dated
March 24, 1975 for your information and guidance.



A. L. Lathrop
Manager

ALL/jll

DEPARTMENT OF INSURANCE

1407 MARKET STREET
SAN FRANCISCO, CALIFORNIA 94103

March 24, 1975



The Surplus Line Association of California
315 Montgomery Street
San Francisco, California 94104

Attention: Mr. A. L. Lathrop
Manager

Subject: Interstate Insurance Company
West Collingswood, New Jersey -
Discontinuance of Further Use as Security
for California Surplus Line Placements

Gentlemen:

For the past several years, the Interstate Insurance Company of West Collingswood, New Jersey, has been used on a limited basis by licensed California surplus lines brokers as security for some difficult to place risks.

Our Department now has received a communication from the company dated March 10, 1975, over the signature of Richard A. Browning, President, enclosing its 1974 annual statement together with an adaption of the financial statement of condition from a statutory basis to a Generally Accepted Accounting Principles basis. The annual statement reflects on a statutory basis a deficit surplus of \$1,182,596 at year end 1974, but reflects a positive surplus of approximately \$234,163 when the statement is converted to a Generally Accepted Accounting Principles reporting basis.

The company alleges further that because of the uncertainty concerning its financial condition, the New Jersey Insurance Commissioner with its consent has filed suit in New Jersey to take possession of its assets and business for purposes of rehabilitation. Interstate Insurance alleges further that it has ceased writing new business and is making an orderly disposition of business already on its books.

Under such circumstances, this Department has determined that no further California insurance risks should be exported by licensed surplus lines brokers into Interstate Insurance Company. Accordingly, please alert your membership to the current situation and the position of this Department enunciated herein and advise them to discontinue placement of any new or renewal business in Interstate Insurance Company. Inasmuch as the company is attempting to make an orderly disposition of business already on its books, your membership should also give consideration to replacing existing coverages in another market.

Very truly yours,
WESLEY J. KINDER
Insurance Commissioner
By *John J. Faber*
JOHN J. FABER
Staff Counsel III

JJF:my