



April 28, 1993

BULLETIN #579

RE: WESTERN FIRE AND MARINE INSURANCE COMPANY

We have been requested by the California Insurance Department, acting in accordance with and pursuant to Section 1765.1 of the Insurance Code, to advise all Surplus Line brokers and Special Lines Surplus Line brokers that effective April 28, 1993, unless and until notified by the Department to the contrary, the above insurer should not be employed for placements of California business. No further new or renewal business may be placed with the company.

Please see attached documentation for further information.

A.D. Freeman, Jr.
Manager

ADF/imb

Enclosures

**DEPARTMENT OF INSURANCE
4S FREMONT STREET, 24th FLOOR
SAN FRANCISCO, CA 94105**

April 28, 1993

The Surplus Line Association of California
388 Market Street, suite 1150
San Francisco, CA 94111

Subject: Western Fire and Marine Insurance Company
Order pursuant to California Insurance Code Section 1765.1

Dear Gentle People:

Please issue a bulletin to your members notifying them that Western Fire and Marine Insurance company (formerly of the British Virgin Islands) is unacceptable pursuant to CIC S 1765.1 for

placement of new or renewal business.

Attached please find a copy of the Department's letter to this company and its representatives.

Very truly yours,
Carol A. Fistler
Senior Staff counsel
(415) 904-5674

co: Janice E. Kerr, CD1 General Counsel Victoria S. Sidbury, CDI Assistant Chief Counsel Western
Fire and Marine

DEPARTMENT OF INSURANCE
45 FREMONT STREET, 24TH FLOOR
SAN FRANCISCO. CA 94105

April 28, 1993

A & L Ins. Services, Inc.
108 Petaluma Blvd. North; Suite 2C
Petaluma CA 94952

Apollo General Ins. Agency, Inc.
P.O. Box 1508
Sonoma, CA 95476

Brittain company Insurance Agents and Brokers, Inc.
1338 East Center Court
Covina, CA 91723

Pacific Coast Excess & Surplus
P.O. Box 3248
San Clements, CA 92674

Robert George Burnham
3760 Cahuenga Blvd., W.
Studio City, CA 91604

Robert G. Burnham
11012 Ventura Boulevard, #257
Studio City, CA 91604

Susan Rene Matlock
P.O Box 248
Morgan Hill, CA 95037

Western Fire and Marine insurance company
c/o, U.S. Representative
Special Risk Underwriters
P.O. Box 5129
Carefree, AZ 85377

Western Fire and marine Insurance Company
c/o Carefree Corporate services
P.O. Box S067
Carefree, AZ 85377

Western Fire and Marine insurance Company
c/o Hewlett's Law Office
P.O. Box 3161
Road Town, Tortola
British Virgin Islands

Venture Underwriters Inc.
P.O. Box 1328
Cheyenne, Wyoming 82003-1328

Subject: Western Fire and Marine Insurance Company
Order Pursuant to CIC 1765.1

Dear Gentle People:

Pursuant to California insurance Code (CIC) Section 1765. 1, the Department has reviewed the submitted financial information concerning Western Fire and Marine Insurance Company. The Department's review is guided by legal and accounting standards as set forth in our California Insurance Code and other California laws. The Department has a number of concerns which-now require the issuance of an order and bulletin pursuant to CIC 1765.1 ordering that no further business be placed with Western Fire and Marine Insurance Company. These concerns are as follows:

1. Western Fire and Marine insurance Company indicated on September 10, 1991 that it did not intend to write any further business in California.
2. Eastern Fire and Marine insurance Company's. financial statements of August 31, 1990 indicated that it was incorporated in the British Virgin Islands -and commenced business in May of 1991. The insurer was struck from the registry of the British Virgin Islands February 3, 1993.

The Department's order is based upon the concerns listed above but if the insurer seeks to be used by surplus line brokers in the future it should also address the issues of claims payment and the financial condition of the insurer. Western's December 31, 1991 financial statement lists the receipt of real estate from its parent with a fair market value of \$3,180,000. Western issued shares of stock to its parent for this real estate. However Note 3. of the statement revealed that the real estate had decreased in value from 1990 to 1991. In 1990 the real estate was, worth \$3,530,000 and in 1991 it was worth \$2,380,000. Due to the decrease in value, the land must be considered a questionable and unsound investment (Insurance Code Section 1196(a)). The real estate would also be deemed a non-income producing asset because the real estate is not appreciating (Insurance Code Section 1195)

The statement did not divulge enough information about \$885,600 of equity securities so that the value of the securities could be independently verified. the statement also listed three different figures for premium and agent's balances. The balance sheet lists \$556,915, note 6 lists \$559,486, and the cash flow statement lists \$506,915. These figures should all be the same.'

The insurer had also written business in the Los Angeles area and had incurred claims as a result of the Los Angeles civil disturbance. Note 7 of the statement lists \$325,00 of claim exposure. It is unclear how the insurer will be able to pay these claims

Therefore, Western Fire and Marine Insurance Company is unacceptable for placement Of further new or renewal business pursuant to CIC 1765.1 because -of the above described questionable reputation and integrity and the above described questionable financial stability.

You may make a written request for a hearing within 30 calendar days after service of the order. if such a request is made by counsel, 'the request should include a letter from the client verifying counsel's authority to represent a particular party. The Department shall set the hearing for not less than 20 nor more than 30 calendar days after the request was received and shall notify the licensee and insurer of the hearing date.

Very truly yours,
Carol A. Fistler
Senior Staff Counsel
(4.15) 904-5674

co: Janice E. Kerr, General Counsel
Victoria S. Sidbury, Bureau Chief of Corporate Affairs