



June 13, 1995

BULLETIN #702

RE: HOME INSURANCE COMPANY OF ILLINOIS

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 June 9, 1995 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 non-admitted business may be placed with the company.

This order is based upon the Department's Cease and Desist Order which includes the Home Insurance Company of Illinois issued on June 9th and the insurer's commitment to no longer write business in California.

Please see attached documentation for further information.

Edgar S. Clark Executive Director

June 13, 1995

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

Subject: Home Insurance Company of Illinois
Order Pursuant to California Insurance Code Section 1765.1

Dear Gentle People:

Please issue a bulletin to your members notifying them that ROME INSURANCE COMPANY OF ILLINOIS is unacceptable pursuant to CIC Section 1765.1 for placement of new or renewal business. This order is based upon the Department's Cease and Desist Order which includes the Home Insurance Company of Illinois issued on June 9th and the insurer's commitment to no longer write business in California. Attached is a copy of the Cease and Desist Order and the insurer's commitment. If you have any questions, please contact me.

Very truly yours Carol A. Fistler

Staff Counsel III
(4 15) 904-5674

STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street
San Francisco, California 94105

HOME INSURANCE COMPANY (as existing at ORDER TO the time of issuance of this Order and CEASE AND DESIST as the survivor of one of mergers with AND its affiliate insurance companies), a NOTICE OF HEARING New Hampshire insurer; US UNDER INTERNATIONAL REINSURANCE COMPANY, a INSURANCE CODE New Hampshire insurer; HOME INSURANCE SECTION 1065.2 COMPANY OF INDIANA, an Indiana insurer; HOME INSURANCE COMPANY OF WISCONSIN, a Wisconsin insurer; HOME INSURANCE COMPANY OF ILLINOIS, an Illinois insurer; CITY INSURANCE COMPANY, a New Jersey insurer,

Respondents.. FILE NO. SF

TO: Respondents herein, all, except Home Insurance Company of Illinois which operates as a surplus lines carrier in California, hold Certificates of Authority issued by the Insurance Commissioner of the State of California. NOTICE IS HEREBY GIVEN that the Insurance Commissioner of the State of California has reasonable cause to believe that Respondents herein are conducting their business and affairs-in such a manner as to threaten to render them insolvent, are in a hazardous financial condition, are conducting their business and affairs in a manner which is hazardous to policyholders, creditors, and the public, or have committed or engaged in- certain acts, practices, and transactions which would render such companies subject to conservation or liquidation proceedings; and it further appears that such conduct will result in the irreparable loss and injury to the property and business of the insurers in California unless the Insurance Commissioner acts immediately, all as more specifically set forth and described in Paragraph I herein below, and that by reason thereof the insurance Commissioner intends to make certain orders reasonably necessary to correct, eliminate, and remedy such conduct and conditions, which such proposed orders are specifically set forth in Paragraph II herein below; and NOTICE IS FURTHER GIVEN that a public hearing will be held before the Insurance commissioner or his duly authorized Deputy at 10:00 a.m. on July 10, 1995, at the offices of the Department of Insurance located at 45 Fremont Street, San Francisco, California 94105, for the purpose of determining the matters set forth herein.

The conduct, conditions, and grounds which threaten to render Respondents herein insolvent or in a hazardous financial condition, or which render the conduct of their business hazardous to policyholders, creditors, and the public, or which would constitute acts or transactions rendering said insurers subject to conservation or liquidation proceedings, are as follows:

1. The Respondents are the subject of Form A acquisition applications that were filed for approval with

their domestic and other insurance departments. The acquisition proposal includes various plans to address the long-tail exposures and significant potential reserve deficiencies of the Respondents on a run-off basis only, but does not provide financial support for the continuation of writing new or renewal - business.

2. Due to the continuing operational losses experienced by Respondents and the recent announcement by Respondents' current ultimate parent company, Trygg-Hansa AB, that it could not and will not provide additional financial support, in any form to the Respondents because of its "own financial requirements and considerations as well as obligations to its policyholders and shareholders...", the Respondents have been operating in a run-off mode with the Zurich Insurance Company group, in accordance with various agreements, assuming the Respondents' new and renewal business.

3. By order dated May 26, 1995, Respondents' domiciled in New Hampshire were ordered as follows: "... restricted to servicing existing business, and the Insurers will non-renew existing policies upon expiration, with the exception of any New Jersey private passenger automobile business, the insurers may be required to continue writing pursuant to any consent order entered into with the New Jersey Insurance Department,..."

Pursuant to subdivision (a) of Section 1065.2, the Insurance Commissioner hereby orders Respondents herein, pending any further orders of the Insurance commissioner to be issued after said hearing, to immediately CEASE AND DESIST from engaging further in any acts, practices, or transactions which are causing such conduct, conditions, or grounds to exist. The Commissioner further orders as follows:

A. Respondents are to immediately cease and desist from the transacting, soliciting or writing of any new or renewal insurance business of any kind, including the assumption of business by reinsurance from non-affiliated insurers. Any resumption of any such business may be made only with the prior written consent of the Insurance commissioner.

B. This order may be amended or supplemented by such additional written orders as the Insurance Commissioner may find reasonably necessary to correct, eliminate or remedy the above conduct and conditions.

IN WITNESS WHEREOF, I have hereunto set my hand and have affixed my official seal this 9th day of June 1995.

CHUCK QUACKENBUSH
Insurance Commissioner

By

VICTORIS S. SIDBURY
Deputy Insurance Commissioner

June 1995

Mr. Robert K. Loo

Property Casualty Chief

Financial Surveillance Branch

California Insurance Department

Ronald Reagan Building

300 South Spring Street

Los Angeles, California 90013

Re: The Home Insurance Company of Illinois

Dear Mr. Loo:

As senior Vice President and General Counsel of The Home Insurance company of Illinois, I write to, confirm that the Company, intends to cease writing new business as of the closing of the Zurich-Home Recapitization Agreement.