

DEC 11 1997

STATE OF ARIZONA

DEPARTMENT OF INSURANCE

DEPT. OF INSURANCE
BY CD

In the Matter of:

**PROFESSIONAL BENEFITS INSURANCE
COMPANY, NAIC No. 99511**

Respondent.

)
) Docket No. 97A-229-INS
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) **SUSPENSION ORDER**
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Upon information obtained by the Assistant Director of the Corporate and Financial Affairs Division of the Arizona Department of Insurance, the Director of Insurance makes the following findings of fact, conclusions of law and issues the following order:

1. Professional Benefits Insurance Company ("Respondent") is domiciled in Texas and presently holds a certificate of authority issued by the Arizona Department of Insurance to transact life and disability insurance business.

2. The National Association of Insurance Commissioners' ("N.A.I.C.") Insurance Regulatory Information System ("I.R.I.S.") discloses unusual values outside the acceptable range for six (6) of the twelve I.R.I.S. ratios based upon Respondent's 1996 Annual Statement. Respondent's I.R.I.S. ratios for net change in capital and surplus, gross change in capital and surplus, net income compared to total income, adequacy of investment income, change in product mix, and change in reserving ratio exceed or fall below the recommended maximum and minimum ratios. These findings constitute information received from the N.A.I.C.'s I.R.I.S. which is adverse to the insurer with respect to its financial condition, within the meaning of A.A.C. R20-6-308(A)(2).

1 3. Respondent reported operating losses within the meaning of A.A.C. R20-6-308(A)(7) in
2 the amount of \$2,224,316.00 during the twelve month period ending September 30, 1997. These
3 operating losses are greater than 50% of Respondent's remaining surplus as regards policyholders that is
4 in excess of minimum required, and are adverse to Respondent's financial condition within the meaning of
5 A.A.C. R20-6-308(A)(7).

6 4. As of September 30, 1997, Respondent's liabilities and required reserves together with its
7 total issued and outstanding capital stock exceed its assets by \$683,616. Respondent is therefore
8 "insolvent" within the meaning of A.R.S. §20-611(6).

9 5. Pursuant to A.R.S. §20-210, Respondent is required to maintain surplus in the amount of
10 \$100,000. Therefore, Respondent's total statutory deficiency is \$783,616.

11 6. Pursuant to A.R.S. §20-488.09(A), the Department requested that Respondent file a risk-
12 based capital ("RBC") report. Respondent failed to provide the RBC report within the time required
13 under the statute. Respondent's failure to file the RBC report is grounds for suspension in accordance
14 with A.R.S. §20-488.09(D).

15 7. Respondent is in an unsound condition or in such condition as to render its further
16 transaction of insurance in this state hazardous within the meaning of A.R.S. §20-220(A)(3) and A.A.C.
17 R20-6-308.

18 8. Respondent no longer meets the requirements of the authority originally granted, on
19 account of deficiency of assets, within the meaning of A.R.S §20-219(2).

20 9. Respondent's conduct, as described above constitutes a violation of Title 20 other than a
21 provision as to which refusal, suspension or revocation is mandatory, within the meaning of A.R.S. §20-
22 220(A)(1).

1 If you file a Notice of Appeal, you may also request an Informal Settlement Conference by filing a
2 written request no later than twenty (20) days before the scheduled hearing. The conference will be held
3 within fifteen (15) days of your request. If an Informal Settlement Conference is requested, a person with
4 authority to act on behalf of the Department of Insurance will be present. Please note that you waive any
5 right to object to the participation of the Department's representative in the final administrative decision
6 of the matter if it is not settled.

7 The Notice of Appeal and request for Informal Settlement Conference described above may be
8 addressed to:

9
10 Deputy Director
11 Arizona Department of Insurance
12 2910 North 44th Street, Suite 210
13 Phoenix, Arizona 85018
14 Attn: Hearing Administration

15 Copy of the foregoing mailed/delivered
16 this 11th day of December, 1997, to:

17 Jerry Ray, President
18 Professional Benefits Insurance Company
19 10835 Rockley Road
20 Houston, TX 77099

21 Elton Bomer, Commissioner
22 Fred Rameriz, Examinations Supervisor
23 Texas Department of Insurance
P.O. Box 149104
Austin, TX 78714-9104

Charles R. Cohen, Deputy Director
Gary A. Torticill, Assistant Director
Deloris E. Williamson, Assistant Director
Catherine M. O'Neil, Assistant Director

1 Scott B. Greenberg, Business Administrator
Erin Haney-Klug, Market Conduct Chief Examiner
2 Sara Begley, Deputy Receiver
Arizona Department of Insurance
3 2910 North 44th Street, Suite 210
Phoenix, AZ 85018

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5 Curvey Walters Burton

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