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Department of Insurance
State of Idaho

Attorneys for Department of Insurance

BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE
STATE OF IDAHO

In the Matter of:

AF&L INSURANCE COMPANY,

Certificate of Authority No. 2859
NAIC ID No. 35963

Docket No. 18-2302-10

**ORDER OF CONTINUATION OF
SUSPENSION OF CERTIFICATE OF
AUTHORITY**

WHEREAS, AF&L INSURANCE COMPANY ("AF&L"), a Pennsylvania state domiciled insurer licensed for property and casualty insurance in the state of Idaho under Certificate of Authority No. 2859, has been suspended by the Department of Insurance, State of Idaho, by orders dated May 4, 2005, July 26, 2006, June 12, 2007, May 19, 2008, and June 9, 2009, pursuant to the provisions of Idaho Code § 41-326(1)(b); and

WHEREAS, AF&L is required to have capital of One Million Dollars (\$1,000,000) and surplus of One Million Dollars (\$1,000,000) pursuant to Idaho Code § 41-313; and, as of December 31, 2009, AF&L reported capital of Three Million Seven Hundred Fifty Thousand

Dollars (\$3,750,000) and surplus of negative Two Million Eight Hundred Twenty-seven Thousand Two Hundred Dollars (\$-2,827,200), as reflected in its December 31, 2009, Statutory Financial Statement, and therefore no longer meets the requirements for maintaining surplus set forth at Idaho Code § 41-313, and does not meet the requirements for a certificate of authority in the state of Idaho;

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to provisions of Idaho Code § 41-326(1)(b), that Certificate of Authority No. 2859 issued to AF&L INSURANCE COMPANY be CONTINUED IN SUSPENSION effective immediately and that, pursuant to this section, said suspension be continued for a period of one (1) year from the date of this order. The Director may terminate the suspension sooner if the cause for said suspension is terminated and OLD RELIANCE is otherwise in compliance with the provisions of Title 41, Idaho Code.

IT IS FURTHER ORDERED that AF&L comply with each of the requirements of Idaho Code § 41-329, including § 41-329(2) which states: "During the suspension period the insurer shall not solicit or write any new business in this state, but shall file its annual statement, pay fees, licenses, and taxes as required under this code, and may service its business already in force in this state, as if the certificate of authority had continued in full force."

NOTIFICATION OF RIGHTS

This is a final order of the agency. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The agency will dispose of the petition for reconsideration within twenty-one (21) days of its receipt, or the petition will be considered denied by operation of law. See Section 67-5246(4), Idaho Code.

Pursuant to Sections 67-5270 and 67-5272, Idaho Code, any party aggrieved by this final order or orders previously issued in this case may appeal this final order and all previously issued orders in this case to district court by filing a petition in the district court of the county in which:

- i. A hearing was held,
- ii. The final agency action was taken,
- iii. The party seeking review of the order resides, or operates its principal place of business in Idaho, or
- iv. The real property or personal property that was the subject of the agency action is located.

An appeal must be filed within twenty-eight (28) days (a) of this final order, (b) of an order denying any petition for reconsideration, or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. See Section 67-5273, Idaho Code. The filing of an appeal to district court does not itself stay the effectiveness or enforcement of the order under appeal.

DATED this 3RD day of May 2010.



WILLIAM W. DEAL
Director

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have on this 4th day of May 2010, caused a true and correct copy of the foregoing order to be served upon the following by the designated means:

AF&L Insurance Company
Paul John Lukacs
165 Veterans Way, Suite 300
Warminster, PA 18974

☒ first class mail
☒ certified mail
☐ hand delivery
☐ via facsimile

Idaho Guaranty Association
Attn: Dave Edwards
Western Guaranty Fund Services
dedwards@wgfs.org

☐ first class mail
☐ certified mail
☐ hand delivery
☒ via email

Thomas A. Donovan
Deputy Attorney General
Idaho Department of Insurance
P.O. Box 83720
Boise, ID 83720-0043

☐ first class mail
☐ certified mail
☒ hand delivery
☐ via facsimile



Teresa Jones
Assistant to the Director