

LAWRENCE G. WASDEN  
ATTORNEY GENERAL

*gzy*  
FILED

FEB 19 2009

Department of Insurance  
State of Idaho

THOMAS A. DONOVAN  
Deputy Attorney General  
State of Idaho Department of Insurance  
Department of Insurance  
700 West State Street, 3<sup>rd</sup> Floor  
Boise, ID. 83720-0043  
Telephone: (208) 334-4204  
Fax: (208) 334-4298  
I.S.B. No. 4377

Attorneys for the Department of Insurance

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE**

**STATE OF IDAHO**

In the Matter of: )  
)  
CATLIN INSURANCE COMPANY, INC. )  
)  
NAIC No. 19518 )  
\_\_\_\_\_ )

Docket No. 18-2513-08

**STIPULATION AND ORDER**

COMES NOW the Idaho Department of Insurance (Department), by and through its undersigned counsel, and CATLIN INSURANCE COMPANY, INC. (CATLIN or the Company), by and through its undersigned officer, and agree and stipulate as follows:

1. CATLIN is a Texas domiciled insurer licensed in the state of Texas for property and casualty insurance, which has applied for a certificate of authority from the Director of the Department; and

2. The Department has indicated that it would deny the application for a certificate of authority of the Company pursuant to Idaho Code §§ 41-308 and 41-322 because of the Company's lack of sufficient operating history but would reconsider its decision if the Company agrees to the terms of this Stipulation and Order; and

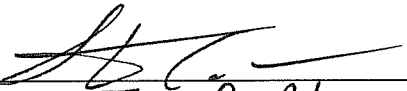
3. The Company acknowledges and understands the position of the Department, and the Company expressly agrees to comply with the terms of the order, set forth below and incorporated herein, as a condition to avoid denial of its application; and

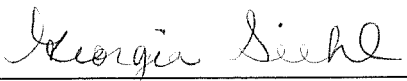
4. The Company acknowledges that it enters into this stipulation and agrees to the entry of the order knowingly and voluntarily and hereby waives its various rights in connection therewith, including but not limited to its rights to, counsel if not sought, notice, and hearing, and the Company further waives its rights to seek reconsideration and judicial review following entry of the attached order.

DATED this 22 day of January 2009.

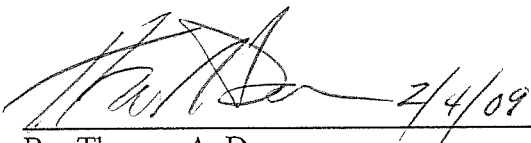
CATLIN INSURANCE COMPANY, INC.

DEPARTMENT OF INSURANCE  
STATE OF IDAHO

  
By: Steven C. Adams  
Its: Secretary

  
By: Georgia Siehl  
Company Activities Bureau Chief /  
Chief Examiner

REVIEWED AND APPROVED

  
By: Thomas A. Donovan  
Deputy Attorney General, counsel for the  
Department of Insurance

**ORDER**

IT IS HEREBY ORDERED pursuant to Idaho Code §§ 41-210, 41-212, and 41-308 of the Idaho Code and as stipulated and agreed to by the Company that as a condition of being issued a certificate of authority, CATLIN INSURANCE COMPANY, INC. shall:

1. Initially make a deposit with the Department of One Million Dollars (\$1,000,000) through the Director of the Department of Insurance, for the benefit of Idaho policyholders, pursuant to and in accordance with the Custody Agreement attached hereto and incorporated herein as Exhibit A, or a substantially similar agreement satisfactory to the Department, and maintain such deposit for a period of three (3) years from the date of issuance of the anticipated certificate of authority; and

2. If the Department determines, in its sole discretion, that any of the provisions of this order are violated following issuance of the anticipated certificate of authority, CATLIN INSURANCE COMPANY, INC. shall immediately cease writing any new business in Idaho, if the Company fails to cure any deficiency pursuant to Idaho Code § 41-811, and such violation shall constitute grounds to immediately suspend the Company's certificate of authority without notice or an opportunity for hearing, and such violation shall serve as grounds to revoke the Company's certificate of authority at the Department's option, but such revocation would only occur after notice and the opportunity for hearing.

DATED and EFFECTIVE this 9th day of February 2009.



WILLIAM W. DEAL, Director  
Idaho Department of Insurance

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have on this 19<sup>th</sup> day of February 2009, caused a true and correct copy of the foregoing document to be served upon the following by the designated means:

Nancy Stepanski  
Westmont Associates  
25 Chestnut St., Ste. 105  
Haddonfield, NJ 08033

- first class mail
- certified mail
- hand delivery
- via facsimile

Thomas A. Donovan  
Deputy Attorney General  
Idaho Department of Insurance  
700 W. State St., 3<sup>rd</sup> Floor  
Boise, ID 83720-0043

- first class mail
- certified mail
- hand delivery
- via facsimile

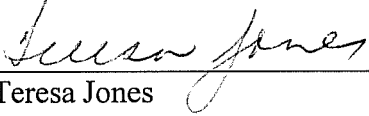
  
\_\_\_\_\_  
Teresa Jones  
Assistant to the Director

EXHIBIT A

CUSTODY AGREEMENT

THIS AGREEMENT, made this 30th day of January, 2009 by and between Catlin Insurance Company, Inc., hereinafter called "Company" and the Trust Department of Wells Fargo Bank, N.A., Boise, Idaho, hereinafter called "Custodian",

WITNESSETH, That

WHEREAS, under the provisions of the Stipulation and Order entered in Docket No. 18-2513-08, the Company must deposit cash or securities eligible for deposit under 41-803, Idaho Code, in the amount of One Million Dollars (\$1,000,000) through the Director of the Department of Insurance, hereinafter called "Director", to be held for the protection of all of the Company's Idaho policyholders; and

WHEREAS, pursuant to section 41-804 of the Idaho Code, these deposits shall be made with and held by the Trust Department of an established bank located in Idaho approved by the Director under custodial arrangements likewise approved by him; and

WHEREAS, the Custodian hereby agrees to act as custodian for the Company and the Director, to hold and safe keep the securities of the Company herewith delivered to it, or which may hereafter be delivered to the Custodian;

NOW, THEREFORE, the parties mutually agree as follows:

1. The Company has deposited with the Trust Department of the Wells Fargo Bank, N.A., securities having a market value of not less than One Million Dollars (\$1,000,000) as itemized on Schedule A attached hereto.
2. The Director acknowledges and agrees that said deposit of securities meets the requirements of 41-803, Idaho Code, for securities acceptable by the Director for deposits of this nature.

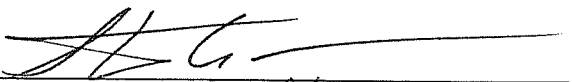
3. The securities so deposited are either in bearer form or are registered with bond powers attached.
4. The Custodian must hold said securities in the form in which they now exist, and may not convert said securities into other types of securities of any nature without the express written consent and authorization of the Director and the Company.
5. The Custodian shall collect all coupons and/or interest at maturity, and shall distribute all income collected to the Company quarterly or in other convenient installments. These remittances shall be made by Custodian's check to the Company, or by credit to the checking account of the Company.
6. All transactions in connection with the deposit and withdrawal of securities shall be upon the written direction of both the Director and the Company or pursuant to order of a court of competent jurisdiction.
7. The Custodian shall furnish to the Director and the Company a list of securities held in this account as of each December 31 and after each transaction.
8. The Custodian is obligated to indemnify the insurance company for any loss of securities of the insurance company in the bank's custody occasioned by the negligence or dishonesty of the bank's officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction;
9. That in the event that there is a loss of the securities for which the bank is obligated to indemnify the insurance company, the securities shall be promptly replaced or the value of the securities and the value of any loss of rights or privileges resulting from said loss of securities shall be promptly replaced.
10. The Company hereby agrees to furnish the Custodian and the Director with a certified copy of the Resolution of its Board of Directors authorizing the officers of the Company to enter into this agreement and setting forth the officers who will direct the Custodian regarding this Custody Agreement.

11. The Custodian shall be entitled to receive compensation for its services hereunder in accordance with its schedule of compensation established from time to time by the Custodian for the administration of custody accounts of a character similar to this Custody Agreement, and such compensation may be collected annually by the Custodian, out of income or principal or both, and shall be shown in its annual accounting.
12. The Custodian may resign as Custodian at any time by so notifying in writing the Company and the Director. Upon the resignation of the Custodian, a successor custodian shall be appointed by the Company with the approval of the Director.

IN WITNESS WHEREOF, the Parties hereto have hereunto set their hands and seals the date first above-mentioned.

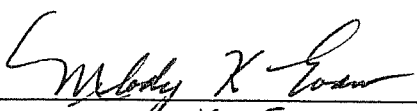
(SEAL)

Catlin Insurance Company, Inc.

  
By: Steven C. Adams  
Its: Secretary

(SEAL)

Wells Fargo Bank, N.A.  
Bank

  
By: Melody K. Evans  
Its: Assistant Vice President

APPROVED:

I, William W. Deal, the duly appointed Director of the State of Idaho Department of Insurance, hereby approve the Wells Fargo Bank, N.A. as custodian under 41-804, Idaho Code, of the statutory deposits of Catlin Insurance Company, and I further approve this Custody Agreement.

DATED This 19th day of February, 2009.

(S E A L)

---

Director of Department of Insurance  
State of Idaho



SCHEDULE A

DESCRIPTION  
VALUE

(Give full information including  
CUSIP #, name of issuer, par value,  
interest rate, maturity date)

PAR VALUE

MARKET

2 1/8% US Treasury Bond due 1/31/2010 CUIP 912828HP8	1,000,000	1,018,140
--	-----------	-----------

TOTALS

---

1,000,000

1,018,140

---