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**FILED**

**JUN 09 2009**

**Department of Insurance  
State of Idaho**

Attorneys for the 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 No. 35963 )  
\_\_\_\_\_ )

Docket No. 18-2302-09

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

WHEREAS, the Certificate of Authority issued to AF&L INSURANCE COMPANY ("AF&L"), a company domiciled in the state of Pennsylvania, licensed for life and disability insurance in the State of Idaho, has been suspended by the Idaho Department of Insurance by orders dated May 4, 2005, July 26, 2006, June 12, 2007, and May 19, 2008 pursuant to Idaho Code § 41-326(1)(b); and

WHEREAS, pursuant to Idaho Code § 41-313, AF&L is required to have capital of One Million Dollars (\$1,000,000) and surplus of One Million Dollars (\$1,000,000); and

WHEREAS, in review of the financial statements for March 31, 2009, AF&L had capital of Three Million Seven Hundred Fifty Thousand Dollars (\$3,750,000) but had a negative surplus

of Three Million Five Hundred Twenty-nine Thousand Two Hundred Eighty-seven Dollars (-\$3,529,287) and continues to fail to meet the surplus requirement set forth at Idaho Code § 41-313;

NOW, THEREFORE, IT IS HEREBY ORDERED, pursuant to the provisions of Idaho Code § 41-326(1)(b), that Certificate of Authority No. 2859, issued to AF&L be CONTINUED in SUSPENSION effective immediately, and 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”, 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 AF&L is otherwise in compliance with the provisions of Title 41, Idaho Code.

IT IS FURTHER ORDERED, that within sixty (60) days of the date of this order AF&L file with the Director a complete listing of its policies owned by or issued to residents of the State of Idaho. Such list shall include the name and address of each policyholder and insured, policy type, face amount, and cash surrender value of the policy, as applicable.

### **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 and EFFECTIVE this 8<sup>th</sup> day of June 2009.

  
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WILLIAM W. DEAL, Director  
Idaho Department of Insurance

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that on this *9th* day of June 2009, I caused a true and correct copy of the foregoing ORDER OF CONTINUATION OF SUSPENSION OF CERTIFICATE OF AUTHORITY to be served upon the following by the designated means:

AF&L Insurance Company  
Paul John Lukacs  
165 Veterans Cir., Ste 300  
Warrington, PA 18976

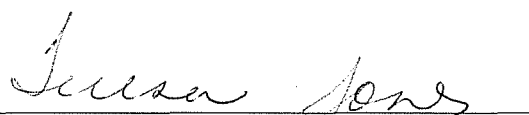
- first class mail
- certified mail
- hand delivery
- via facsimile

Idaho Life & Health Insurance Guaranty Association  
Attn: Candie Kinch  
4700 N. Cloverdale Rd., Ste 204  
Boise, ID 83713  
ckinch@idlifega.org

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

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

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- certified mail
- hand delivery
- via facsimile

  
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Teresa Jones  
Assistant to the Director