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Department of Insurance
State of Idaho

Attorneys for the Department of Insurance

**BEFORE THE DIRECTOR OF THE DEPARTMENT OF INSURANCE
OF THE STATE OF IDAHO**

In the Matter of:

TRENWICK AMERICA REINSURANCE
CORPORATION

Certificate of Authority No. 1652
NAIC No. 34894

Docket No. 18-3307-17

**ORDER SUSPENDING
TRANSACTION OF INSURANCE
BUSINESS IN IDAHO**

The Director of the Idaho Department of Insurance (“Director”), pursuant to Idaho Code § 41-213(1) and Department of Insurance Rule 66 located at IDAPA 18.01.66, “Director’s Authority for Companies Deemed to Be in Hazardous Financial Condition,” hereby makes the following findings of fact and conclusions of law, which form the basis for entry of this *Order Suspending Transaction of Insurance Business in Idaho* against TRENWICK AMERICA REINSURANCE CORPORATION (“TRENWICK”).

FINDINGS

1. TRENWICK is a Connecticut-domiciled insurer authorized to transact property insurance, marine and transportation insurance, surety insurance, and casualty insurance,

excluding workers' compensation insurance, in the state of Idaho under Idaho Certificate of Authority No. 1652, and is therefore under the jurisdiction of the Director of the Idaho Department of Insurance ("Department") pursuant to the Idaho Insurance Code, title 41, Idaho Code.

2. Idaho Certificate of Authority No. 1652 issued to TRENWICK has been under an order of suspension by the Director since May 20, 2004, which suspension has been renewed annually, with the most recent order of suspension having been issued by the Director on April 27, 2016, in Docket No. 18-2252-16. The current suspension is due to expire April 27, 2017.

3. The Department's financial analyst conducted an independent review of TRENWICK's financial condition and has reached the following conclusions that indicate that TRENWICK is in hazardous financial condition as defined in Idaho law and Department rule.

Cash Flow

4. As reflected in TRENWICK's 2016 annual statement, TRENWICK has reported negative net cash from operations in four of the last five years, including negative \$6.07 million in 2016; negative \$8.34 million dollars in 2014; negative \$9.86 million in 2013; and negative \$14.06 million in 2012.

Insolvency of Subsidiary

5. The Insurance Corporation of New York ("INSCORP"), a fully-owned subsidiary of TRENWICK, was placed under an order of liquidation entered by the Supreme Court of the State of New York in and for New York County on March 4, 2010, in Case No. 401477/09, based on findings that INSCORP is insolvent.

Other Contributing Factors

6. TRENWICK's 2016 annual statement reflects that TRENWICK's surplus

decreased by 11%, or approximately \$6 million, from December 31, 2015, to December 31, 2016.

7. TRENWICK's 2016 annual statement reflects net losses of approximately \$2.37 million in 2016 compared to net losses of approximately \$1.28 million in 2015.

8. TRENWICK's 2016 annual statement reflects that TRENWICK is in a state of run-off.

CONCLUSIONS

9. Rule 66.011 sets forth, at subsections 01 through 20, the standards that may be considered by the Director in determining whether the continued operation of any insurer transacting insurance business in Idaho may be deemed to be hazardous to its policyholders or creditors or to the general public.

10. Rule 66.011.16 provides that, in determining whether an insurer is in hazardous financial condition, the Director may consider whether an insurer has experienced, or will experience in the foreseeable future, cash flow or liquidity problems.

11. Based on TRENWICK's reported negative cash from operations, the Director hereby concludes that TRENWICK has experienced, and will experience in the foreseeable future, cash flow or liquidity problems and is in hazardous financial condition, pursuant to Rule 66.011.16.

12. Rule 66.011.07 provides that, in determining whether an insurer is in hazardous financial condition, the Director may consider the insolvency of an affiliate, subsidiary, or reinsurer of the insurer.

13. Based on the insolvency of INSCORP, a fully-owned subsidiary of TRENWICK, the Director hereby concludes that such condition renders TRENWICK's transaction of

insurance business in Idaho potentially hazardous to the insurer's policyholders or creditors or to the general public.

14. Rule 66.011.20 provides that, in determining whether an insurer is in hazardous financial condition, the Director may consider any other finding determined by the Director to be hazardous to the insurer's policyholders or creditors or to the general public.

15. The Director has determined that the findings set forth in paragraphs 6 through 8 above are potentially hazardous to TRENWICK's policyholders and creditors, and therefore concludes that TRENWICK is in hazardous financial condition, pursuant to Rule 66.011.20.

ORDER

NOW, THEREFORE, based on the foregoing findings and conclusions that TRENWICK is in hazardous financial condition and that its continued operation in Idaho may be hazardous to its policyholders, its creditors, and the general public, and good cause appearing therefor,

IT IS HEREBY ORDERED, pursuant to Rule 66.012.02.b, that TRENWICK is SUSPENDED from accepting or renewing insurance business in Idaho, effective immediately, until such time as the Director finds that TRENWICK's financial condition has sufficiently improved to justify a finding that it is no longer in hazardous financial condition.

IT IS FURTHER ORDERED that TRENWICK immediately provide notice to every person authorized to write business in the state of Idaho for TRENWICK to immediately cease writing any such insurance business for TRENWICK.

DATED this 17 day of April, 2017.

STATE OF IDAHO
DEPARTMENT OF INSURANCE


DEAN L. CAMERON, Director

NOTIFICATION OF RIGHTS

This Order constitutes a final order of the Director. Any party may file a motion for reconsideration of this final order within fourteen (14) days of the service date of this order. The Director 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*, Idaho Code § 67-5246(4).

Pursuant to Idaho Code §§ 67-5270 and 67-5272, any party aggrieved by this final order may appeal it by filing a petition for judicial review in the district court of the county in which: (1) the hearing was held; or (2) the final agency action was taken; or (3) the aggrieved party resides or operates its principal place of business in Idaho; or (4) the real property or personal property that was the subject of the agency decision is located. An appeal must be filed within twenty-eight (28) days of: (a) the service date of this final order; or (b) an order denying a petition for reconsideration; or (c) the failure within twenty-one (21) days to grant or deny a petition for reconsideration, whichever is later. *See*, Idaho Code § 67-5273. The filing of a petition for judicial review does not itself stay the effectiveness or enforcement of the order under appeal.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 17th day of April, 2017, I caused a true and correct copy of the foregoing ORDER SUSPENDING TRANSACTION OF INSURANCE BUSINESS IN IDAHO to be served upon the following by the designated means:

Trenwick America Reinsurance Corporation
40 Richards Avenue, Suite 3
Norwalk, CT 06854-2320

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

Connecticut Insurance Department
Katharine L. Wade, Commissioner
P.O. Box 816
Hartford, CT 06142-0816


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

Idaho Guaranty Association
Western Guaranty Fund Services
Attn: Chad Anderson, President
canderson@wgfs.org

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

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Deputy Attorney General
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Boise, ID 83720-0043

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



Pamela Murray