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OFFICE OF
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BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

| | | |
|----------------------------------|---|---------------------------|
| In the Matter of |) | Docket No. 13-0019 |
| |) | |
| AMERICAN COMMUNITY MUTUAL |) | ORDER TERMINATING |
| INSURANCE COMPANY, |) | PROCEEDING |
| |) | |
| An Authorized Insurer. |) | |
| |) | |

TO: James E. Gerber, Deputy Rehabilitator
Department of Licensing and Regulatory Affairs
State of Michigan
611 W. Ottawa Street, 3rd Floor
Lansing, MI 48933

P.O. Box 30220
Lansing, MI 48909-7220

COPY TO: Mike Kreidler, Insurance Commissioner
James T. Odiorne, Chief Deputy Insurance Commissioner
Charles Brown, Acting Deputy Commissioner, Legal Affairs Division
Kate Reynolds, Staff Attorney, Legal Affairs Division
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

On November 20, 2012, James T. Odiorne, CPA, JD, Deputy Insurance Commissioner of Company Supervision, on behalf of the Washington State Insurance Commissioner ("OIC") sent a Notice of Intent to James E. Gerber, Deputy Rehabilitator, State of Michigan, advising that the OIC intended to revoke Certificate of Authority No. 2267 issued to American Community Mutual Insurance Company. As set forth in said Notice, the OIC cites the fact that American

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Community Mutual Insurance Company ("American Community") was placed into Rehabilitation by the Circuit Court for the 30th Judicial Circuit, Lansing, Michigan, and alleges that American Community's further transaction of insurance in Washington would be hazardous to policyholders and the people in this state. The Notice further advised that an order revoking the certificate of authority would be entered on December 3, 2012. This date for revocation was subsequently extended to January 3, 2013 by agreement of the parties. On December 28, 2012, James E. Gerber, Deputy Rehabilitator, filed a Demand for Hearing to contest the threatened order of revocation.

On February 5, 2013, the undersigned held a prehearing conference in this matter. The OIC requested 30 days prior to scheduling the hearing date based upon its assertion that the parties were attempting to negotiate a settlement of this matter. This request was granted and therefore no hearing date was scheduled at that time. The parties agreed that a second prehearing conference with the undersigned would be scheduled after 30 days to discuss the parties' progress toward settlement and to schedule a hearing date if necessary.

Thereafter, prior to the date of the second prehearing conference, on March 11, 2013 the OIC filed a Consent Order Suspending Certificate of Authority No. 13-0065 with the undersigned. This Consent Order was executed by James E. Gerber, Deputy Rehabilitator for American Community Mutual Insurance Company on March 1, 2013, and by Kate Reynolds, OIC Staff Attorney, on March 11, 2013. Among the terms of the Consent Order, (1) American Community Mutual Insurance Company's Washington State certificate of authority is suspended until December 31, 2013; (2) if the rehabilitation of American Community Mutual Insurance Company is not concluded by December 31, 2013, the Washington State certificate of authority will be revoked; (3) OIC reserves the right, in the event of a proposed sale of American Community Mutual Insurance Company, to determine if the acquiring entity is eligible to hold a Washington State certificate of authority. A copy of the Consent Order Suspending Certificate of Authority is attached hereto and is by this reference incorporated herein.

Relative to Consent Order Suspending Certificate of Authority, No. 13-0065, it is noted that this case was settled prior to the commencement of an adjudicative proceeding. Therefore, for purposes of clarification, while this Consent Order includes statements identified as "Findings of Facts" and "Conclusions of Law," these are not Findings of Fact or Conclusions of Law which were made by an adjudicator after an adjudicative proceeding; rather, the statements contained in the referenced Consent Order which are entitled "Findings of Fact" and "Conclusions of Law" are only statements that are agreed upon privately between the parties. In addition, while the parties may have been intended James E. Gerber to sign this Consent Order on behalf of the Authorized Insurer in this matter, American Community Mutual Insurance Company, in fact he signed on behalf of American Family Mutual Insurance company. [Consent Order, p. 2, signature of James E. Gerber.] Assuming this was a typographical error in the Consent Order, American Community Mutual Insurance Company should submit an amended copy of said Consent Order bearing only the single change of company name from American Family Mutual Insurance Company to American Community Insurance Company within 10 days of the date of this Order to the undersigned for filing herein, which amended copy together with the original

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Consent Order, which is attached hereto and bears the proper signature on behalf of the Insurance Commissioner, shall constitute evidence of full settlement of this matter.

Based upon the above activity,

IT IS HEREBY ORDERED that, by agreement of the parties as set forth in Consent Order Suspending Certificate of Authority executed by James E. Gerber on March 1, 2013, and by the Commissioner on March 11, the parties have fully settled this matter, and the proceedings herein, Docket No. 13-0019, is dismissed with prejudice. For purposes of clarification, while the referenced Consent Order includes statements identified as "Findings of Fact" and "Conclusions of Law," these are not Findings of Fact or Conclusions of Law which were made by an adjudicator after an adjudicative proceeding; rather, the statements contained in the attached Consent Order entitled "Findings of Fact" and "Conclusions of Law" are only statements agreed upon between the parties themselves.

IT IS FURTHER ORDERED that, assuming there is a typographical error in the Consent Order as detailed above, American Community Mutual Insurance Company shall submit an amended copy of said Consent Order bearing only the single change of company name from American Family Mutual Insurance Company to American Community Insurance Company within 10 days of the date of this Order to the undersigned for filing herein, which amended copy, together with the original Consent Order which is attached hereto and bears the proper signature on behalf of the Insurance Commissioner, shall constitute evidence of full settlement of this matter.

ENTERED AT TUMWATER, WASHINGTON, this 13th day of June, 2013, pursuant to Title 48 RCW and specifically RCW 48.04 and Title 34 RCW and regulations applicable thereto.



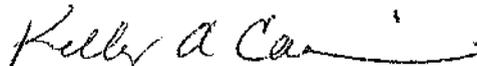
PATRICIA D. PETERSEN
Chief Presiding Officer

Attachment

Declaration of Mailing

I declare under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery through normal office mailing custom, a true copy of this document to the above identified individuals at their addresses listed above.

DATED this 14th June day of May, 2013.



KELLY A. CAIRNS



OFFICE OF
INSURANCE COMMISSIONER

In The Matter of

AMERICAN COMMUNITY MUTUAL
INSURANCE COMPANY,

An Authorized Insurer

ORDER NO. 13-0065

CONSENT ORDER SUSPENDING
CERTIFICATE OF AUTHORITY

The Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.05.140 and RCW 48.05.170, having reviewed the official records and files of the Office of the Insurance Commissioner (OIC), makes the following:

FINDINGS OF FACT:

1. American Community Mutual Insurance Company (American Community) is a Michigan domiciled insurer that holds a Washington certificate of authority for the lines of disability and life insurance, WAOIC No. 253199.
2. On April 8, 2010, the company was placed in rehabilitation by the Circuit Court in Lansing Michigan. Rehabilitation is a corporate reorganization under the Michigan Insurance Code that allows the Michigan Office of Financial and Insurance Regulation (OFIR) to evaluate American Community's financial condition and take any necessary steps to protect policyholders and creditors.
3. On November 20, 2012 the Company Supervision Division sent the Deputy Rehabilitator, James Gerber (Gerber), a Notice of Intent to Revoke Certificate of Authority. The basis of the revocation was the financial condition of the company. The effective date of that notice was subsequently extended verbally.
4. On December 28, 2012 the OIC received American Community's demand for hearing which is pending before the Chief Hearing Officer for OIC.
5. Currently, American Community has no policyholders in Washington State and has no intention of selling new business in Washington State.

CONCLUSIONS OF LAW:

1. The Insurance Commissioner may inquire into and consider the fitness of owners and managers of foreign insurers before issuing a certificate of authority pursuant to RCW48.05.070.

2. The Insurance Commissioner may revoke the certificate of authority of any company deemed financially hazardous under RCW 48.05.140.

CONSENT TO ORDER:

American Community Mutual Insurance Company, acknowledging its duty to comply fully with the applicable laws of the State of Washington, consents to the following in consideration of its desire to resolve this matter without further administrative or judicial proceedings. The Insurance Commissioner consents to settle the matter on such terms and conditions as are set forth below.

1. American Community Mutual Insurance Company consents to the entry of this Order, waives any and all hearing rights, and waives further administrative or judicial challenges to this Order.

2. American Community Mutual Insurance Company's Washington State certificate of authority is suspended until December 31, 2013.

3. If the rehabilitation is not concluded by close of business December 31, 2013, the Washington State certificate of authority shall be revoked without any further administrative or judicial proceedings.

4. Should American Community Mutual Insurance Company as part of the rehabilitation receive offers of acquisition, within thirty days of the acceptance of the offer but prior to the closing of the acquisition, American Community Mutual Insurance Company agrees to provide the OIC with information about the acquiring party as contained in RCW 48.05.070. This information shall be sufficient to enable the OIC to determine whether the acquiring entity is eligible to hold a Washington State certificate of authority.

5. Further, should the abovementioned acquiring entity not have the requisite qualifications to maintain a Washington State certificate of authority, the OIC reserves the right to revoke the certificate of authority pursuant to RCW 48.05 et seq.

EXECUTED this 1 day of March, 2013.

AMERICAN FAMILY MUTUAL INSURANCE
COMPANY

By: *James E. Gorder*

Printed Name: James E. Gorder

Corporate Title: Deputy Rehabilitator

ORDER

Pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby Orders as follows:

1. American Community Mutual Insurance Company's Washington State certificate of authority is suspended until December 31, 2013.

2. If the rehabilitation is not concluded by close of business December 31, 2013, the Washington State certificate of authority shall be revoked without any further administrative or judicial proceedings.

3. Should American Community Mutual Insurance Company as part of the rehabilitation receive offers of acquisition, within thirty days of the acceptance of the offer but prior to the closing of the acquisition, American Community Mutual Insurance Company agrees to provide the OIC with information about the acquiring party as contained in RCW 48.05.070. This information shall be sufficient to enable the OIC to determine whether the acquiring entity is eligible to hold a Washington State certificate of authority.

4. Further, should the abovementioned acquiring entity not have the requisite qualifications to maintain a Washington State certificate of authority, the OIC reserves the right to revoke the certificate of authority pursuant to RCW 48.05 et seq.

ENTERED AT TUMWATER, WASHINGTON, this 11th day of March, 2013.

MIKE KREIDLER
Insurance Commissioner

By: Kate Reynolds
Kate Reynolds
Staff Attorney
Legal Affairs Division