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7
8 BEFORE THE INSURANCE COMMISSIONER
9 OF THE STATE OF CALIFORNIA
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11 In the Matter of the Licenses and Licensing
Rights of

12 ZURICH AMERICAN INSURANCE
13 COMPANY and ZURICH AMERICAN
INSURANCE COMPANY OF ILLINOIS,
14

15 Respondents.
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File No: DISP-2011-00811

NOTICE OF HEARING AND ORDER TO
SHOW CAUSE RE ISSUANCE OF ORDERS
(1) TO CEASE AND DESIST FROM
VIOLATING, AND TO COMPLY WITH,
INSURANCE CODE §§11658, 11735 AND
11750.3, AND RELATED PROVISIONS OF
THE CALIFORNIA CODE OF
REGULATIONS; (2) RE
UNENFORCEABILITY OF AGREEMENTS
ISSUED IN VIOLATION OF INSURANCE
CODE §§11658, 11735 AND 11750.3, AND
RELATED PROVISIONS OF THE
CALIFORNIA CODE OF REGULATIONS;
AND (3) FOR REIMBURSEMENT OF
COSTS

(Ins. Code §§1065.1, 1065.3, 11658, 11735 and
11750.3)

24 The California Department of Insurance (CDI) brings this matter pursuant to California
25 Insurance Code §1065.1. As set forth herein, the CDI alleges that Respondents Zurich American
26 Insurance Company (Zurich American) and Zurich American Insurance Company of Illinois
27 (Zurich American Illinois) issued, and are continuing to issue, large deductible agreements in
28 connection with workers' compensation insurance policies that were not filed in compliance with

1 the requirements of Insurance Code §§11658, 11735 and 11750.3 and California Code of
2 Regulations, Title 10, Chapter 5, Subchapter 2, Articles 1 and 7 (CCR), §§2218 and which were
3 not attached to workers' compensation insurance policies in compliance with the requirements of
4 CCR §2268.

5 I

6 **PARTIES**

7 A. Respondent Zurich American Insurance Company (Zurich American) is an insurance
8 company domiciled in the State of New York and it holds, and at all times relevant hereto held, a
9 Certificate of Authority issued by the Insurance Commissioner of the State of California
10 (Commissioner) to transact various classes of insurance, including workers' compensation
11 insurance.

12 B. Respondent Zurich American Insurance Company of Illinois (Zurich American
13 Illinois) is an insurance company domiciled in the State of Illinois and it holds, and at all times
14 relevant hereto held, a Certificate of Authority issued by the Commissioner to transact various
15 classes of insurance, including workers' compensation insurance.

16 C. Zurich American and Zurich American Illinois (both, Zurich) are persons specified in
17 Insurance Code §1010 in that each is a person subject to examination by the Commissioner, each
18 purports to do insurance business in California, and as to each a certificate of authority is required
19 for the transaction of business.

20 II

21 **SUBSTANTIVE LAW**

22 The Insurance Code provides that as to workers' compensation insurance, an insurer may
23 not issue workers' compensation insurance policies, endorsements or forms that have not been
24 filed with the Workers' Compensation Insurance Rating Bureau of California (WCIRB) and
25 which, after review by the Commissioner, the Commissioner has not advised the insurer that the
26 filing does not comply with the requirements of law. The Insurance Code further provides that
27 deductible endorsements for workers' compensation insurance policies must be filed with the
28 Commissioner prior to use. The Insurance Code sections and CCR sections requiring and

1 implementing these matters are as follows:

2 Insurance Code §11658

3 (a) A workers' compensation insurance policy or endorsement shall not be issued by an
4 insurer to any person in this state unless the insurer files a copy of the form or
5 endorsement with the rating organization pursuant to subdivision (e) of Section 11750.3
6 and 30 days have expired from the date other form or endorsement is received by the
7 commissioner from the rating organization without notice from the commissioner, unless
8 the commissioner gives written approval of the form or endorsement prior to that time.

9 (b) If the commissioner notifies the insurer that the filed form or endorsement does not
10 comply with the requirements of law, specifying the reasons for his or her opinion, it is
11 unlawful for the insurer to issue any policy or endorsement in that form .

12 Insurance Code §11735

13 (a) Every insurer shall file with the commissioner all rates and supplementary rate
14 information that are to be used in this state. The rates and supplementary rate information
15 shall be filed not later than 30 days prior to the effective date.

16 ...

17 (e) Notwithstanding Sections 11657 – 11660, inclusive, supplementary rate information
18 filed with the commissioner for the purpose of offering deductibles to policyholders for all
19 or part of the benefits payable under the policy shall be deemed complete if the filing
20 contains all of the following:

21 (1) A copy of the deductible endorsement that is to be attached to the policy to
22 effectuate deductible coverage.

23 ...

24 (4) The endorsement shall specify whether the loss adjustment expenses are to be
25 treated as advancements within the deductible to be reimbursed by the employer.

26 Insurance Code §11750.3

27 A rating organization may be organized pursuant to this article and maintained in this state
28 for the following purposes:

...

(e) To examine policies, daily reports, endorsements or other evidences of insurance for
the purpose of ascertaining whether they comply with the provisions of law and to make
reasonable rules governing their submission.

CCR §2218 – Workers' Compensation Forms and Rates

(a) All workers' compensation forms must be submitted in duplicate to the Workers'
Compensation Insurance Rating Bureau of California for preliminary inspection. The
Bureau shall review such forms and submit them to the Commissioner for final action.

...

1 Further, pursuant to CCR §2268, no collateral agreement to a workers' compensation
2 insurance policy may be made that modifies the obligations of the insurer or insured to such
3 policy unless the agreement is made a part of the terms of the policy itself. CCR §2268 states as
4 follows:

5 No collateral agreements modifying the obligation of either the insured or the insurer shall
6 be made unless attached to and made a part of the policy, provided, however, that if such
7 agreements are attached and in any way restrict or limit the coverage of the policy, they
8 shall conform in all respects with these rules.

9 Pursuant to the foregoing sections of the Insurance Code and CCR, insurers proposing to
10 offer and issue workers' compensation insurance policies, endorsements and forms are required to
11 submit such policies, endorsements and forms, however denominated by the insurer, for review.
12 Such materials, other than rate information filed pursuant to Insurance Code §11735, are
13 submitted by the insurer to the WCIRB, which reviews them and forwards them to the
14 Commissioner for determination as to whether they comply with California or other law. Rate
15 information is submitted directly to the Commissioner pursuant to Insurance Code §11735. An
16 insurer may commence offering filed policies, endorsements or other materials 30 days after the
17 Commissioner receives the materials, if the Commissioner has not by that time advised the
18 insurer that the materials fail to comply with California or other law. If the Commissioner
19 advises the insurer at any time – including after 30 days from receipt -- that filed materials do not
20 comply with California or other law, the insurer may not issue any policy or endorsement that
21 includes such materials.

22 III

23 LARGE DEDUCTIBLE AGREEMENTS

24 A. A workers' compensation insurance policy large deductible agreement (LDA) is an
25 agreement in which an insurer is obligated to pay workers' compensation insurance benefits to
26 claimants in accordance with California law, but as between the insurer and the insured, the
27 insured agrees to bear the risk of loss within a specified amount per claim or per occurrence.
28 Under an LDA, the insured agrees to reimburse or otherwise pay the insurer for claims payments
made by the insurer, typically up to an aggregate cap. The insured may also agree to reimburse or

1 otherwise pay the insurer for loss adjustment expenses and/or other claims or policy related
2 expenses. The amounts that the insured agrees to reimburse or pay are substantial, often equaling
3 100% of the amounts paid by the insurer to satisfy workers' compensation insurance claims.

4 B. An LDA contains material terms that are part of a workers' compensation insurance
5 policy and which may modify or supersede terms set forth in other insurance policy forms or
6 endorsements. Such terms can pertain to indemnity/loss obligation, payment or reimbursement
7 obligation, allocated loss adjustment expenses (ALAE), other expenses or fees, the timing of
8 reimbursements or payments to the insurer, collateral, circumstances that constitute a default by
9 the insured, choice of law, arbitration, and other matters that are material to the insured's and
10 insurer's obligations under a workers' compensation insurance policy.

11 C. The agreement to enter into an LDA materially affects the rates and premium charged
12 by the insurer for a workers' compensation insurance policy. The CDI is informed and believes
13 that the inclusion of an LDA in a workers' compensation insurance policy results in a reduction in
14 the premium that the insured would otherwise pay for the policy.

15 D. Because LDAs contain material and integral parts of workers' compensation insurance
16 policies, they are required to be filed with the WCIRB pursuant to Insurance Code §§11658 and
17 11750.3, as well as CCR §2218, and they are subject to review, and approval or disapproval, by
18 the Commissioner pursuant to Insurance Code §11658.

19 E. LDAs are collateral agreements which modify obligations set forth in workers'
20 compensation insurance policies and they are required to be attached to and made part of
21 workers' compensation insurance policies pursuant to CCR §2268.

22 F. LDAs are required to be filed with the Commissioner pursuant to Insurance Code
23 §11735(e).

24 G. On or about February 14, 2011, the Commissioner instructed the WCIRB by letter
25 (Commissioner Instruction) to notify insurers issuing workers' compensation insurance policies
26 that agreements that affect the obligations of a workers' compensation insurer and insured must
27 be filed with the WCIRB and Commissioner pursuant to Insurance Code §§11658 and 11750.3.
28 The Commissioner Instruction pertained to all agreements that affect workers' compensation

1 insurance policies, including LDAs. Further, the Commissioner Instruction specified the concern
2 that insurers were not complying with Insurance Code §§11658 and 11750.3, and it stated the
3 concern that insurers were failing to comply with the requirement of CCR §2268 to attach
4 collateral agreements to, and make them a part of, workers' compensation insurance policies.
5 The Commissioner Instruction stated that terms in unattached collateral agreements regarding
6 arbitration were unenforceable unless the insurer could demonstrate that the arbitration provisions
7 were expressly agreed upon by the insured at the time a workers' compensation insurance policy
8 was issued.

9 H. In response to the Commissioner Instruction, the WCIRB issued WCIRB Member
10 Notice No. 2011-01 on or about February 17, 2011 (WCIRB Notice) which advised workers'
11 compensation insurers of the Commissioner Instruction, which reminded such insurers of the
12 filing and review requirements of Insurance Code §§11658 and 11750.3 and CCR §2268, and
13 which included a copy of the Commissioner Instruction.

14 IV

15 ZURICH LARGE DEDUCTIBLE ENDORSEMENTS

16 AND LARGE DEDUCTIBLE AGREEMENTS

17 A. The CDI is informed and believes that from and after a date that will be determined in
18 the course of this matter, but not later than May 2003, Zurich commenced issuing, and continues
19 to issue, workers' compensation insurance policies in California and issued LDAs in connection
20 therewith. The CDI is informed and believes that Zurich issues such policies by first issuing a
21 policy titled "Workers Compensation and Employers Liability Insurance Policy" or a similarly
22 titled document (Zurich Policy), to which an endorsement titled "Large Deductible
23 Endorsement," form number U-WC-255-C or similar endorsement (Endorsement) is attached.
24 The CDI is informed and believes that the Zurich Policy and the Endorsement were filed with the
25 WCIRB in accordance with Insurance Code §§11658 and 11750.3 and CCR §2218 and were not
26 disapproved by the Commissioner.

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1 B. The Endorsement specifies the terms of Zurich's LDA for workers' compensation
2 insurance and it consists of the following sections:

3 "Schedule," which contains a "Coverage" part that lists the insurance coverages
4 and contains blanks for the Deductible Amount/Basis, and which contains an
5 Allocated Loss Adjustment Expense (ALAE) Select One part as to whether ALAE
is included in the Deductible Amount, paid in addition to the Deductible Amount,
or not paid by the insured;

6 "A. How This Deductible Applies," which specifies that the insured is obligated to
7 reimburse Zurich for workers compensation insurance losses and ALAE;

8 "B. Effect of Deductible on Limits of Liability," pertaining to Employers Liability
Insurance coverage;

9 "C. Definitions," which includes a definition of ALAE;

10 "D. Conditions," which includes matters titled Subrogation, Cancellation,
11 Your Duties, and Other Rights and Duties (Ours and Yours).

12 C. The CDI is informed and believes that when agreeing to issue a Zurich Policy that will
13 contain an LDA, it is Zurich's practice to enter into an additional LDA that is a separate
14 agreement and not part of either the Zurich Policy or the Endorsement, and which states that it is
15 effective as of the effective date of the Zurich Policy. The separate agreement specifies material
16 terms that are not contained in either the Zurich Policy or the Endorsement, and/or which may
17 supersede terms set forth in the Zurich Policy or the Endorsement. The CDI is aware of at least
18 two forms of LDA used by Zurich, which are both titled "Deductible Agreement," which are
19 identified as Zurich form numbers DEDAG 3/00 and DEDAG 9-2005 (Zurich DA), and which
20 except for minor and immaterial matters, are identical. The CDI will amend this Notice of
21 Hearing Re Issuance of Order at such time that it becomes aware of other forms of Zurich DA
22 entered into between Zurich and insureds.

23 D. The Zurich DA specifies that it supersedes the terms of the Endorsement.

24 E. The Zurich DA specifies the terms of Zurich's large deductible agreement for workers'
25 compensation insurance. It states that it consists of two parts, titled "Terms and Conditions" and
26 "Specifications."

27 F. The "Terms and Conditions" part of the Zurich DA includes, among other matters, the
28 following sections:

1 "B. Scope of Agreement.

2 ...
3 "This Agreement governs the structure and operation of and duties and obligations
4 of each party to this Program *and supersedes any Deductible endorsements to the*
5 *Policy(ies)*, prior communications, negotiations, participating plans or letters of
6 election." [emphasis added]

7 "C. Program Description

8 "[We] bill You for the claim payments within the Deductible Amount(s), plus
9 related expenses and assessments, as stated in the Specifications. You agree to and
10 shall submit to Us all such amounts when due, as stated in the Specifications so
11 that We do not use Our funds to pay Your obligations.

12 Since the Escrow Fund does not prefund Your estimated total obligation under the
13 Program, We assume a financial risk that may require Collateral. ...

14 *We accept the risk transfer excess of the Deductible Amount(s) and the Aggregate*
15 *Deductible, if applicable, up to the limits of liability under the Policy(ies). You*
16 *pay Us for Our assumption of this obligation and for Our expenses."* [emphasis
17 added]

18 "E. DEFINITIONS [sic]," which defines, among other terms, ALAE, ALAE
19 Reserve, Aggregate Deductible, Aggregated Deductible Charge, Collateral,
20 Deductible Fee, Deductible Premium, Incurred ALAE, Incurred But Not Reported
21 ('IBNR'), Incurred Loss, Loss Reserve, Paid Loss, and Premium Tax, Unallocated
22 Loss Adjustment Expense ('ULAE')

23 "K. Collateral;"

24 "J. Invalidity and Severability;"

25 "N. Arbitration;" which provides for arbitration of disputes and specifies that,
26 unless otherwise agreed, specifies that the venue for arbitration is Schaumburg,
27 Illinois;

28 "P. Governing Law and Jurisdiction," which specifies that the agreement is
governed and interpreted under New York law.

G. The "Specifications to Deductible Agreement" part of the Zurich DA includes, among
other matters, the following sections:

"Aggregate Deductible," which specifies that there is a minimum aggregate
deductible;

"Deductible Premium," which specifies that there is a minimum premium that is
adjustable upon audit;

"Other Special Charges," which specifies that Other Special Charges may be
made; and

"New or Modified State Assessments," which specifies that new statement

1 assessments or charges will be billed to the insured.

2 H. The Zurich DA contains terms that are material and integral to the Zurich Policy and
3 which specify duties and obligations of Zurich and its insured in connection therewith. Among
4 such terms, as noted in Paragraph F above, the Zurich DA specifies that Zurich assumes risk
5 transfer from its insured.

6 I. The Zurich DA amends the Zurich Policy and the Endorsement as to material matters,
7 including the following:

8 (1) The term "ALAE" as set forth in the Zurich DA includes "... fees, costs or expenses
9 reasonably chargeable to the investigation ... of a claim or loss ...", whereas the definition of
10 ALAE in the Endorsement states that ALAE "... shall not include the cost of investigation ... ;"

11 (2) The Zurich DA contains a requirement for arbitration of disputes between Zurich and
12 the insured. Neither the Zurich Policy nor the Endorsement provide for arbitration. In the
13 absence of an arbitration provision, disputes between Zurich and its insured would be resolved in
14 California courts;

15 (3) The Zurich DA contains a requirement for arbitration of disputes between Zurich and
16 the insured in Schaumburg Illinois, where Zurich American and Zurich American Illinois have
17 their headquarters offices. Neither the Zurich Policy nor the Endorsement provide for venue for
18 disputes outside of California;

19 (4) The Zurich DA requires the application of New York law, whereas the Zurich Policy
20 and the Endorsement do not specify applicable law. In the absence of a choice of law provision,
21 California law would apply to interpretation of the Zurich Policy and Endorsement entered into
22 between a California insured and Zurich.

23 J. The CDI is informed and believes that the Zurich DA is not listed as an endorsement or
24 schedule to a Zurich Policy when a Zurich Policy is issued and the CDI is further informed and
25 believes that it is Zurich's practice not to amend a list of endorsements or schedules in a Zurich
26 Policy to add a Zurich DA that has been entered into with an insured. Accordingly, a Zurich DA
27 is never specified as being an endorsement to a Zurich Policy.

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V

FAILURE TO FILE THE ZURICH DA

A. As set forth in Article IV, the Zurich DA contains material and integral terms that supplement, modify, supersede and become part of a Zurich Policy or the Endorsement.

B. The Zurich DA is a workers' compensation endorsement form that is required to be filed with the WCIRB and reviewed by the Commissioner pursuant to Insurance Code §§11658 and 11750.3 and CCR §2218, and it is a deductible endorsement that is required to be filed with the Commissioner pursuant to Insurance Code §11735.

C. Despite the requirements of Insurance Code §§11658 and 11750.3 and CCR §2218 and despite the requirements of Insurance Code §11735, the Zurich DA was not filed at any time with the WCIRB or the Commissioner.

D. The CDI is informed and believes that the failure of Zurich to file the Zurich DA was a knowing and/or intentional practice that was undertaken for the purpose of avoiding review of the Zurich DA by the WCIRB and the Commissioner.

E. The CDI is informed and believes that Zurich received the WCIRB Notice and that despite receipt thereof, Zurich continued to fail and refuse to file the Zurich DA with the WCIRB and the Commissioner.

VI

ISSUANCE OF UNFILED ZURICH DA

A. The CDI is informed and believes that although the Zurich DA was not filed with the WCIRB or the Commissioner, Zurich issued Zurich DAs to insureds in connection with workers' compensation insurance policies in disregard of the requirement of Insurance Code §11658(a) that such endorsement not be issued and in disregard of Insurance Code §11735. The CDI will amend this Order to Show Cause to set forth the number of Zurich DAs issued in such manner at such time as the number is ascertained.

B. The CDI is informed and believes that the issuance of Zurich DAs as set forth in Paragraph A above was a knowing and/or intentional practice.

C. On or about March 1, 2003, Zurich issued a Zurich DA to Ellison Framing, Inc.

1 (Ellison) in connection with the issuance of a Zurich Policy (the Ellison Policy), despite knowing
2 that the Zurich DA had not been filed with the WCIRB or the Commissioner, as set forth in
3 Article IV above. The CDI is informed and believes that the Ellison Policy was renewed annually
4 through March 2008 by Zurich (either Zurich American or Zurich American Illinois) and a Zurich
5 DA was entered into with Ellison in connection with each such renewal, despite the fact that the
6 Zurich DA was never filed with the WCIRB or the Commissioner.

7 **VII**

8 **FAILURE TO ATTACH ZURICH DA**

9 A. The CDI is informed and believes that when agreeing to issue a Zurich Policy, when
10 issuing a Zurich Policy, when agreeing to enter into a Zurich DA, and/or when issuing a Zurich
11 DA, it is Zurich's practice and procedure to provide the Zurich DA to the insured after the Zurich
12 Policy has been bound or after the Zurich Policy has been delivered to the insured. The CDI is
13 further informed and believes that contrary to the requirements of CCR §2268, Zurich does not
14 attach the Zurich DA to the Zurich Policy. The CDI will amend this Order to Show Cause to set
15 forth the number of Zurich DAs that were not attached to a Zurich Policy at such time as the
16 number is ascertained.

17 B. The CDI is informed and believes that Zurich's failure to attach the Zurich DA to
18 Zurich Policies was a knowing and/or intentional practice that was undertaken for the purpose of
19 avoiding review of the Zurich DA by the WCIRB and the Commissioner. The CDI is informed
20 and believes that Zurich's failure to attach the Zurich DA continued after it received the WCIRB
21 Notice.

22 C. The CDI is informed and believes that the Zurich DA issued to Ellison was not
23 attached to the Ellison Policy and the failure to attach the Zurich DA was a knowing and/or
24 intentional act.

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1 VIII

2 **CONDITIONS PRECEDENT FOR ISSUANCE OF ORDERS**

3 **PURSUANT TO INSURANCE CODE §§1065.1 AND 1065.3**

4 As set forth in Articles IV through VII, the CDI has reasonable cause to believe that
5 Zurich American and Zurich American Illinois each committed and engaged in, and are
6 continuing to commit and engage in, acts, practices and transactions which would constitute
7 grounds rendering each of them subject to conservation or liquidation proceedings, as follows:

8 A. Insurance Code §1011(e). Zurich American and Zurich American Illinois have
9 violated “any law of the state,” including but not limited to violating Insurance Code §§11658,
10 11735, and 11750.3, and violating CCR §§2218 and 2268;

11 B. Insurance Code §1011(h). Zurich American and Zurich American Illinois do not
12 comply with the requirements for the issuance of a certificate of authority; to wit, Insurance Code
13 §717, subpart (e) (“competency, character, and integrity of management”) and subpart (h)
14 (“fairness and honesty of methods of doing business.”)

15 IX

16 **ORDERS TO BE ISSUED AFTER HEARING**

17 **TO CEASE AND DESIST AND TO COMPLY WITH INSURANCE CODE**

18 The CDI seeks issuance of the following orders upon proof of the matters alleged herein:

19 A. Zurich American and Zurich American Illinois shall each shall cease and desist
20 from violating Insurance Code §§11658 by the act of offering, issuing, or entering into a Zurich
21 DA to or with any prospective or current insured (including in connection with renewal of a
22 workers’ compensation insurance policy) that has not been filed with the WCIRB in accordance
23 with Insurance Code §11750.3 and CCR §2218, which has not been forwarded by the WCIRB for
24 review by the Commissioner pursuant to Insurance Code §11658, and which has not been filed
25 with the Commissioner pursuant to Insurance Code §11735.

26 B. Zurich American and Zurich American Illinois shall each file with the WCIRB and the
27 Commissioner, as applicable pursuant to Insurance Code §§11658, 11735 and 11750 and CCR
28 §2218, all Zurich DA forms that either Zurich American or Zurich American Illinois propose to

1 offer to insureds;

2 C. Zurich American and Zurich American Illinois shall each file with the WCIRB, within
3 such time as specified in the order issued in this matter, all Zurich DA forms that were entered
4 into by either Zurich American or Zurich American Illinois with any insured as to which all
5 obligations thereunder have not been fully satisfied or extinguished. The provisions of Insurance
6 Code §11658(a) with respect to the use of a policy or endorsement after expiration of 30 days
7 from receipt by the Commissioner shall not apply;

8 D. Zurich shall cease and desist from violating CCR §2268 by failing to attach the Zurich
9 DA to Zurich Policies at the time such policies are agreed upon and entered into with an insured;

10 E. Zurich shall attach the Zurich DA to every Zurich Policy as to which all obligations
11 thereunder have not been fully satisfied or extinguished.

12 X

13 **ORDER TO BE ISSUED AFTER HEARING**

14 **RE UNENFORCEABILITY OF ZURICH DA**

15 The CDI seeks issuance of an order, upon proof of the matters alleged herein, as being
16 reasonably necessary to remedy the conduct and conditions set forth in Articles IV through VII
17 hereof, that all Zurich DAs that were issued by Zurich American and Zurich American Illinois in
18 connection with Zurich Policies, including the Ellison DA, are unenforceable by Zurich American
19 and Zurich American Illinois.

20 XI

21 **NOTICE OF RECOVERY OF COSTS**

22 Pursuant to Insurance Code §1065.3, Zurich American and Zurich American Illinois shall
23 reimburse the CDI for its costs in investigating, examining and prosecuting this matter.

24 XII

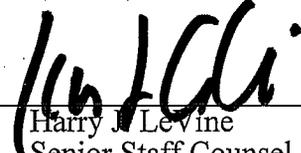
25 **NOTICE OF HEARING**

26 Pursuant to Insurance Code §1065.1, Zurich American and Zurich American Illinois are
27 notified that a hearing shall take place on a date and time to be set by the CDI, which, except as
28 otherwise agreed upon, shall be not less than 20 days and not more than 30 days from the date of

1 service hereof.

2 Date: February 27, 2012

CALIFORNIA DEPARTMENT OF INSURANCE

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4 By  _____
5 Harry J. Levine
6 Senior Staff Counsel

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