

1 CALIFORNIA DEPARTMENT OF INSURANCE  
LEGAL DIVISION  
2 Corporate Affairs Bureau  
Laszlo Komjathy, Jr., Bar No. 099861  
3 45 Fremont Street, 24th Floor  
San Francisco, CA 94105  
4 Telephone: 415-538-4413  
Facsimile: 415-904-5896

5 Attorneys for The California Department of Insurance  
6  
7

8 **BEFORE THE INSURANCE COMMISSIONER**  
9 **OF THE STATE OF CALIFORNIA**  
10

11 In the Matter of the Application of

12 ACCESS INSURANCE  
COMPANY dba  
13 ACCESS GENERAL INSURANCE  
COMPANY,

14 a Texas Insurance Company

15 Respondent.  
16  
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File No. SF CD 2018-00004

**ORDER TO  
CEASE AND DESIST and  
NOTICE OF HEARING;  
INSURANCE CODE  
SECTIONS 1065.1, and 1065.2**

**Date: March 28 , 2018**

**Time: 10:00 am**

**Place: Administrative Hearing Bureau,  
San Francisco, CA**

18  
19 TO: ACCESS INSURANCE COMPANY dba ACCESS GENERAL INSURANCE  
20 COMPANY:

21 NOTICE IS HEREBY GIVEN that the Insurance Commissioner of the  
22 State of California (hereafter "Insurance Commissioner") has reasonable cause to believe that  
23 ACCESS INSURANCE COMPANY (hereafter referred to as "Respondent"), is conducting its  
24 business and affairs in such a manner as to render it insolvent and is operating in a financially  
25 hazardous condition which under the California Insurance Code constitutes a ground to subject  
26 Respondent to conservation or liquidation proceedings, as set forth in California Insurance Code  
27 (hereafter, "CIC") Section 1011 (d), and irreparable loss and injury to the property and business  
28 of the Respondent, that is a person specified in CIC Section 1010, may occur unless the Insurance

1 Commissioner acts immediately, for reasons more particularly set forth and described in  
2 paragraph I below, issue and cause to be served upon Respondent certain orders specifically set  
3 forth in Paragraphs II, III and IV herein below as are reasonably necessary to correct, eliminate  
4 and remedy such conduct and conditions;

5 NOTICE IS FURTHER GIVEN that a public hearing will be held before the  
6 Insurance Commissioner or his duly authorized Deputy on March 28, 2018, **commencing 10:00**  
7 **a.m.** at the Department of Insurance hearing room located at 45 Fremont Street, 22<sup>nd</sup> Floor, San  
8 Francisco, CA 94105 for the purpose of determining the matters set forth herein.

9 I.

10 The acts, transactions and practices causing such conduct, conditions and grounds to exist  
11 necessitating the issuance of this order to cease and desist pursuant to CIC Section 1065.1, and  
12 1065.2, are as follows:

- 13 (A) On or about May 7, 1981, Respondent was licensed by the California  
14 Insurance Commissioner to transact insurance in the state of California;
- 15 (B) On February 20, 2018, Respondent submitted to its domestic regulator, the  
16 Texas Department of Insurance, a monthly reporting package for  
17 December 2017 and January 2018;
- 18 (C) As of December 31, 2017, Respondent reported that its policyholder  
19 surplus was a negative Twenty-Seven Million, Six Hundred Thirteen  
20 Thousand Sixty-Eight Dollars (-\$27,613,068). Attached hereto as Exhibit  
21 A is a true and correct copy of Respondent's Statutory Income Statement  
22 2017 Preliminary (Unaudited);
- 23 (D) As of January 31, 2018, Respondent reported that its policyholder surplus  
24 was a negative Twenty-Nine Million, Eleven Thousand Eight Hundred  
25 Three Dollars (-\$29,011,803). Attached hereto as Exhibit B is a true and  
26 correct copy of Respondent's Statutory Income Statement 2018  
27 Preliminary (Unaudited);
- 28 (E) On February 27, 2018, Respondent's counsel notified the California

1 Department of Insurance that Respondent will not be able to file its  
2 statutory annual statement for the year ended December 31, 2017 by March  
3 1, 2018. Attached hereto as Exhibit C is a copy of the email sent Tuesday,  
4 February 27, 2018 2:52 PM giving notice of Respondent's intention not to  
5 file the statutory statement as required pursuant to CIC Section 900. As of  
6 March 6, 2018, Respondent still has not filed the required financial  
7 statement;

8 (F) Wherefore, the Insurance Commissioner has a reasonable basis to conclude  
9 that Respondent is impaired within the meaning of CIC Section 988 and  
10 insolvent within the meaning of CIC Section 985 and its continued  
11 transaction of insurance in California is hazardous to its policyholders and  
12 the general public;

13 (G) Wherefore, Respondent is conducting its business and affairs in a manner  
14 that is hazardous to its policyholders, creditors and the public; and

15 (H) Wherefore, the Insurance Commissioner has a reasonable basis to conclude  
16 that irreparable loss and injury to Respondent's policyholders, creditors,  
17 the general public and to the property and business of Respondent may  
18 occur unless the Insurance Commissioner acts immediately.

19 II.

20 Pursuant to subdivision (a) CIC Section 1065.2, Respondent is hereby ordered to  
21 immediately CEASE AND DESIST from engaging further in California in any acts, practices or  
22 transactions that are causing such conduct, conditions or grounds to exist. The Insurance  
23 Commissioner further orders as follows:

24 III.

25 Respondent shall immediately CEASE AND DESIST the transaction, solicitation,  
26 negotiation, administration and writing of any new or renewal of insurance business of any kind  
27 in the State of California, except as required by applicable law. Any resumption of any such  
28 business may occur only upon the prior written consent of the Insurance Commissioner.

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IV.

Respondent is further ordered not to remove any assets from the State of California, nor to transfer any assets held in the name of Respondent without the prior written consent of the Insurance Commissioner.

V.

This Order may be amended or supplemented by such additional written orders as the Insurance Commissioner may find reasonably necessary to correct, eliminate and remedy the above conduct, conditions and grounds.

IN WITNESS WHEREOF, I have hereto set my hand and have affixed my official seal this 6th day of March 2018.

DAVE JONES  
Insurance Commissioner

By:   
KENNETH B. SCHNOLL  
Deputy Commissioner

# Exhibit A

Access Insurance Company  
Statutory Income Statement 2017  
Preliminary (Unaudited)

	YTD													YTD December TOTAL	Rolling 12 Months December 2017
	December 2016	January	February	March	April	May	June	July	August	September	October	November	December		
<b>Underwriting Income</b>															
Direct Written Premium	311,339,594	26,225,077	33,123,108	36,918,527	26,846,392	29,450,412	30,138,623	27,572,736	31,510,752	30,767,000	30,103,039	26,702,492	24,738,288	354,096,445	354,096,445
Assumed Written Premium	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Ceded Written Premium	(265,213,920)	(22,290,552)	(28,154,075)	(31,379,632)	(22,818,398)	(25,032,122)	(25,617,239)	(23,436,532)	(26,783,902)	(26,151,116)	(25,586,920)	(20,596,046)	(19,500,852)	(297,347,387)	(297,347,387)
Net Written Premium	46,125,674	3,934,525	4,969,033	5,538,895	4,027,993	4,418,290	4,521,383	4,136,205	4,726,849	4,615,884	4,516,119	6,106,447	5,237,436	56,749,059	56,749,059
Direct Premium Earned	281,773,209	26,269,609	24,227,355	28,034,785	27,644,849	28,585,490	27,942,141	28,928,045	29,016,928	28,346,035	29,556,839	28,845,580	29,605,562	337,003,218	337,003,218
Assumed Premium Earned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Ceded Premium Earned	(234,688,591)	(22,328,102)	(20,592,407)	(23,828,651)	(23,497,255)	(24,296,875)	(23,750,023)	(24,588,107)	(24,663,687)	(24,093,513)	(25,122,686)	(24,377,509)	(24,782,976)	(285,921,790)	(285,921,790)
Net Earned Premium	47,084,618	3,941,507	3,634,948	4,206,134	4,147,594	4,288,615	4,192,118	4,339,938	4,353,242	4,252,522	4,434,153	4,468,070	4,822,586	51,081,428	51,081,428
Direct Losses Incurred	239,442,673	14,070,949	13,027,926	12,572,844	16,834,687	19,738,800	19,580,593	21,651,052	21,461,636	19,770,218	21,152,972	20,977,087	155,784,379	356,623,142	356,623,142
Assumed Losses Incurred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Ceded Losses Incurred	(196,702,481)	(11,956,439)	(11,075,744)	(9,991,128)	(14,238,567)	(16,913,446)	(16,386,821)	(18,044,163)	(17,991,307)	(16,617,250)	(17,756,547)	(17,482,818)	#####	(298,293,521)	(298,293,521)
Net Losses Incurred	42,740,192	2,114,510	1,952,182	2,581,717	2,596,120	2,825,355	3,193,772	3,606,889	3,470,329	3,152,968	3,396,424	3,494,269	25,945,086	58,329,621	58,329,621
Loss Expenses Incurred	5,288,549	475,306	438,300	454,982	500,121	517,120	505,449	479,689	625,829	615,993	637,913	642,009	1,074,431	6,967,142	6,967,142
Other Underwriting Expenses Incurred	7,312,232	1,160,357	1,205,970	1,220,910	1,044,804	942,607	1,366,826	1,159,218	1,045,867	1,028,780	1,006,636	1,378,180	31,918,347	44,478,502	44,478,502
Aggregate write-ins for UW deductions	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Total Underwriting deductions	55,340,973	3,750,173	3,596,452	4,257,609	4,141,045	4,285,082	5,066,047	5,245,796	5,142,024	4,797,742	5,040,974	5,514,458	58,937,865	109,775,265	109,775,265
Net Income of protected cells	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Net underwriting gain (loss)	(8,256,355)	191,334	38,496	(51,474)	6,549	3,533	(873,928)	(905,858)	(788,783)	(545,220)	(605,821)	(1,046,387)	(54,115,279)	(58,693,837)	(58,693,837)
<b>Investment Income</b>															
Net investment income earned	394,269	(5,307)	(397)	(1,098)	(2,817)	(2,562)	(4,439)	(1,590)	17,942	14,556	22,649	27,109	25,677	89,723	89,723
Net realized capital gains (loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Net investment gain (loss)	394,269	(5,307)	(397)	(1,098)	(2,817)	(2,562)	(4,439)	(1,590)	17,942	14,556	22,649	27,109	25,677	89,723	89,723
<b>Other Income</b>															
Net gain or (loss) from premium balances	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Finance and service charges not in premiums	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Aggregate write-ins for miscellaneous income	(16,801)	-	-	5,671	-	-	7,942	-	-	11,061	-	-	8,039	32,712	32,712
Total other income	(16,801)	-	-	5,671	-	-	7,942	-	-	11,061	-	-	8,039	32,712	32,712
Net income after dividends to policyholders	(7,878,887)	186,026	38,099	(46,901)	3,732	971	(870,426)	(907,448)	(770,840)	(519,603)	(584,172)	(1,019,278)	(54,081,563)	(58,571,402)	(58,571,402)
Federal and foreign income taxes incurred	(9,000)	-	1,000	4,000	(1,000)	-	(16,000)	-	-	-	-	-	-	(12,000)	(12,000)
Net Income	(7,869,887)	186,026	37,099	(50,901)	4,732	971	(854,426)	(907,448)	(770,840)	(519,603)	(584,172)	(1,019,278)	(54,081,563)	(58,559,402)	(58,559,402)
<b>Capital and Surplus Account</b>															
Surplus as regards policyholders prior year	31,544,992	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963	33,316,963
Net income YTD	(7,869,887)	186,026	223,126	172,225	176,957	177,928	(676,498)	(1,583,946)	(2,354,766)	(2,874,389)	(3,458,561)	(4,477,839)	(58,559,402)	(58,559,402)	(58,559,402)
Change in unrealized cap gain(loss)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Change in unrealized foreign exchange	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Change in net deferred income tax	2,746,000	(60,000)	(36,000)	(40,000)	(7,000)	(10,000)	244,000	598,000	833,000	981,000	1,207,000	1,527,000	2,961,000	2,961,000	2,961,000
Change in nonadmitted assets	(3,104,142)	18,795	(13,579)	145,988	(1,344)	10,411	(146,483)	(659,373)	(789,471)	(828,752)	(1,128,872)	(1,259,348)	(5,331,629)	(5,331,629)	(5,331,629)
Change in provision for reinsurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Change in surplus notes	10,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Cumulative effect of changes in acctg principles	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Capital Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Surplus adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Net remittances from(to) home office	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Dividends to stockholders	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Change in treasury stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Aggregate write-ins for gains(losses) surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0
Change in surplus as regards policyholders	1,771,971	144,822	173,547	278,213	168,613	178,338	(578,980)	(1,645,319)	(2,311,257)	(2,722,141)	(3,380,434)	(4,210,187)	(60,930,031)	(60,930,031)	(60,930,031)
Surplus as regards policyholders	33,316,963	33,461,785	33,490,510	33,595,176	33,485,576	33,495,302	32,737,983	31,671,644	31,005,707	30,594,822	29,936,530	29,106,776	(27,613,068)	(27,613,068)	(27,613,068)

# Exhibit B

Access Insurance Company  
Statutory Income Statement 2018  
Preliminary (Unaudited)

	YTD												YTD January TOTAL	Rolling 12 Months	
	December 2017	January	February	March	April	May	June	July	August	September	October	November		December	January 2017
<b>Underwriting Income</b>															
Direct Written Premium	354,096,445	31,251,380													359,122,748
Assumed Written Premium															0
Ceded Written Premium	(297,347,387)	(23,689,938)													(298,746,772)
Net Written Premium	56,749,059	7,561,442													60,375,976
															16.8%
Direct Premium Earned	337,003,218	29,618,940													340,352,549
Assumed Premium Earned															0
Ceded Premium Earned	(285,921,790)	(23,457,996)													(287,051,684)
Net Earned Premium	51,081,428	6,160,945													53,300,865
Direct Losses Incurred	356,623,142	24,003,416													366,555,609
Assumed Losses Incurred															0
Ceded Losses Incurred	(298,293,521)	(18,962,709)													(305,299,791)
Net Losses Incurred	58,329,621	5,040,706													61,255,817
Loss Expenses Incurred	6,967,142	742,141													7,233,978
Other Underwriting Expenses Incurred	44,478,502	1,700,517													45,018,662
Aggregate write-ins for U/W deductions															0
Total Underwriting deductions	109,775,265	7,483,364													113,508,456
Net income of protected cells	-	-													0
Net underwriting gain (loss)	(58,693,837)	(1,322,420)													(60,207,591)
<b>Investment Income</b>															
Net investment income earned	89,723	11,387													106,418
Net realized capital gains (loss)	-	-													0
Net investment gain (loss)	89,723	11,387													106,418
<b>Other Income</b>															
Net gain or (loss) from premium balances	-	-													0
Finance and service charges not in premiums	-	-													0
Aggregate write-ins for miscellaneous income	32,712	-													32,712
Total other income	32,712	-													32,712
Net income after dividends to policyholders	(58,571,402)	(1,311,032)													(60,068,461)
Federal and foreign income taxes incurred	(12,000)	-													(12,000)
Net Income	(58,559,402)	(1,311,032)													(60,056,461)
<b>Capital and Surplus Account</b>															
Surplus as regards policyholders prior year	33,316,963	(27,613,068)													(12,4)
Net income YTD	(58,559,402)	(1,311,032)													33,461,785
Change in unrealized cap gain(loss)	-	-													(60,056,461)
Change in unrealized foreign exchange	-	-													0
Change in net deferred income tax	2,961,000	-													3,021,000
Change in nonadmitted assets	(5,331,629)	(87,702)													(5,438,127)
Change in provision for reinsurance	-	-													0
Change in surplus notes	-	-													0
Cumulative effect of changes in acctg principles	-	-													0
Capital Changes	-	-													0
Surplus adjustments	-	-													0
Net remittances from(to) home office	-	-													0
Dividends to stockholders	-	-													0
Change in treasury stock	-	-													0
Aggregate write-ins for gains(losses) surplus	-	-													0
Change in surplus as regards policyholders	(60,930,031)	(1,398,735)													(62,473,588)
Surplus as regards policyholders	(27,613,068)	(29,011,803)													(29,011,803)



# Exhibit C

**From:** Robert Barbarowicz (LA)

**Sent:** Tuesday, February 27, 2018 2:52 PM

**To:** Wong, Teresa <Teresa.Wong@insurance.ca.gov>; 'josephine.lau@insurance.ca.gov' <josephine.lau@insurance.ca.gov>

**Cc:** Emma Hirschhorn (emma.hirschhorn@insurance.ca.gov) <emma.hirschhorn@insurance.ca.gov>; 'Burnie Burner' <bburner@mwlaw.com>; 'm.h.meadows@att.net' <m.h.meadows@att.net>

**Subject:** Access Insurance Company - NAIC No. 11711 - Delay in Filing of Statutory Annual Statement

Dear Ms. Wong and Ms. Lau,

On behalf of Access Insurance Company, a Texas domiciled insurer, I am writing to advise that the company will not be able to file its statutory annual statement for the year ended December 31, 2017 by March 1, 2018. There are ongoing discussions by others with the Texas Department of Insurance, the California Department of Insurance and two other departments of insurance regarding a possible capital infusion. I am not certain but believe that you may be aware of these discussions directly or through Mr. Doug Slape of the Texas Department of Insurance. Mr. Slape has been advised of the delay in the filing of the statutory annual statement.

Please contact me if you have any questions. I can be reached at 424-365-6015 or on my cell phone at 818-916-3128.

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**PROOF OF SERVICE**  
**In the Matter of ACCESS INSURANCE COMPANY**  
**Case No. SF CD 2018-00004**

I am over the age of eighteen years and am not a party to the within action. I am an employee of the Department of Insurance, State of California, employed at 45 Fremont Street, 19th Floor, San Francisco, California 94105. On March 6, 2018, I served the following document(s):

**ORDER TO CEASE AND DESIST and NOTICE OF HEARING;**  
**INSURANCE CODE SECTIONS 1065.1 AND 1065.2**

on all persons named on the attached Service List, by the method of service indicated, as follows:

If **U.S. MAIL** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items to be sent by mail, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for mailing by U.S. Mail. Under that practice, outgoing items are deposited, in the ordinary course of business, with the U.S. Postal Service on that same day, with postage fully prepaid, in the city and county of San Francisco, California.

If **OVERNIGHT SERVICE** is indicated, by placing on this date, true copies in sealed envelopes, addressed to each person indicated, in this office's facility for collection of outgoing items for overnight delivery, pursuant to Code of Civil Procedure Section 1013. I am familiar with this office's practice of collecting and processing documents placed for overnight delivery. Under that practice, outgoing items are deposited, in the ordinary course of business, with an authorized courier or a facility regularly maintained by one of the following overnight services in the city and county of San Francisco, California: Express Mail, UPS, Federal Express, or Golden State overnight service, with an active account number shown for payment.

If **FAX SERVICE** is indicated, by facsimile transmission this date to fax number stated for the person(s) so marked.

If **PERSONAL SERVICE** is indicated, by hand delivery this date.

If **INTRA-AGENCY MAIL** is indicated, by placing this date in a place designated for collection for delivery by Department of Insurance intra-agency mail.

If **EMAIL** is indicated, by electronic mail transmission this date to the email address(es) listed.

Executed this date at San Francisco, California. I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

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Ganzon, Pacita

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**SERVICE LIST**  
**In the Matter of ACCESS INSURANCE COMPANY**  
**Case No. SF CD 2018-00004**

<u>Name/Address</u>	<u>Phone/Fax Numbers</u>	<u>Method of Service</u>
JOHN SEBASTINELLI 4 Embarcadero Center Suite 3000 San Francisco, CA Sebastinellij@gtlaw.com	Ph. 415 655-1289 Fax 415 358-4796	Personal Service
Agent for Service		
SANFORD MICHELMAN MICHELMAN & ROBINSON, LLP 10880 Wilshire Blvd. 19 <sup>th</sup> Floor Los Angeles, CA 90024 SMichelman@mrlp.com		email