

**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OKLAHOMA**

**FILED**

MAR 13 2014

INSURANCE COMMISSIONER  
OKLAHOMA

<b>STATE OF OKLAHOMA, ex rel. JOHN D. DOAK, Insurance Commissioner,</b>	)	
	)	
<b>Petitioner,</b>	)	
	)	
<b>v.</b>	)	<b>Case No. 14-0242-SOL</b>
	)	
<b>RED ROCK INSURANCE COMPANY,</b>	)	
<b>a licensed insurer in the State of Oklahoma,</b>	)	
	)	
<b>Respondent.</b>	)	

**NOTICE OF HAZARDOUS FINANCIAL CONDITION AND ORDER**

**THE STATE OF OKLAHOMA**, ex rel., John D. Doak, Insurance Commissioner (“Commissioner”), makes the following Findings of Fact, Conclusions of Law and Orders as follows:

**JURISDICTION**

1. John D. Doak is the duly elected Insurance Commissioner of the State of Oklahoma, and as such is charged with administering and enforcing the Oklahoma Insurance Code, Title 36 O.S. §§ 101 et seq.

2. The Company is a licensed Oklahoma domestic insurer, Certificate of Authority Number 1132, NAIC Company Code 18538, authorized to transact property and casualty insurance in the State of Oklahoma.

3. The Insurance Commissioner has jurisdiction over this matter pursuant to the Oklahoma Constitution Article 6 § 22; the Oklahoma Insurance Code, 36 O.S. § 101, et seq., and

specifically pursuant to: Article 18 Supervisors and Conservators of Insurances, 36 O.S. §§ 1801 et seq.

**FINDINGS OF FACT**

1. Certain standards may be considered by the Commissioner to determine whether the continued operation of an insurer transacting an insurance business in this state might be deemed a hazardous financial condition; one of which is whether the insurer's operating loss for the last twelve month period, excluding capital gains, is greater than twenty percent (20%) of the insurer's remaining surplus. OAC 365: 25-7-42 (6).

2. At December 31, 2013, the Company had \$21,507,187 surplus as regards policyholders and was in hazardous financial condition due to a net operating loss of \$8,320,485, an amount which exceeded twenty percent (20%) of the Company's remaining surplus as regards policyholders.

3. The Company acknowledges it is in hazardous financial condition for the reasons set out in these Findings of Fact and consents to the issuance of this Order.

**CONCLUSIONS OF LAW**

1. The continued operation of the Company is hazardous to its policyholders, pursuant to the standard set out in OAC 365:25-7-42 (6).

2. Pursuant to 36 O.S. § 1803 (A), the Insurance Commissioner shall notify the Company of the Commissioner's determination of hazardous financial condition and furnish the Company with a written list of requirements to abate the Commissioner's finding. Failure to comply with these requirements within a reasonable time may result in the appointment by the Commissioner of a supervisor or any other appropriate administrative or judicial remedy.

3. Because the Company is in hazardous financial condition, the Commissioner is authorized to require the Company to take any action specified in OAC: 25-7-43(b).

**ORDER**

**IT IS THEREFORE ORDERED**, pursuant to 36 O.S. § 1803 (A) and OAC 365:25-7-42 (6), that the Company is hereby: (1) placed on notice of its hazardous financial condition; and (2) furnished with a written list of the requirements, as ordered below, necessary to abate the Commissioner's determination of hazardous financial condition.

**IT IS FURTHER ORDERED** by the Commissioner, pursuant to 36 O.S. § 1803 (A) and OAC 25-7-43 (b) (6), (7) and (11), that the Company may discharge this Order by compliance with the following requirements:

- a. **The Company must file monthly financial reports in a form acceptable to the Commissioner until such time that the Commissioner determines the Company is no longer in hazardous financial condition;**
- b. **The Company must immediately begin the process of withdrawing its capital investment in the UST Core Plus Fund, LLC according to the terms of its agreement with UST Plus Management, LLC and reinvest the capital in compliance with statutory eligible investments that are suitable to the Commissioner;**
- c. **The Company must provide a business plan acceptable to the Commissioner.**

WITNESS my Hand and Official Seal this 12<sup>th</sup> day of March, 2014.



  
\_\_\_\_\_  
PAUL WILKENING  
CHIEF DEPUTY INSURANCE COMMISSIONER  
STATE OF OKLAHOMA

APPROVED:



Julie Meaders

Five Corporate Plaza

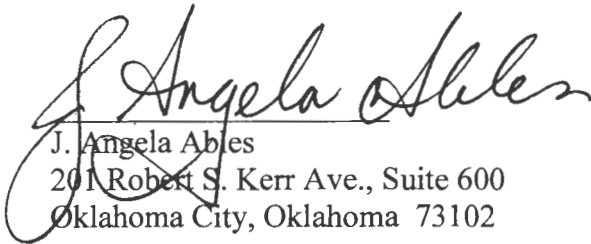
3625 NW 56<sup>th</sup> Street, Suite 100

Oklahoma City, Oklahoma 73112

(405) 521-2746

ATTORNEY FOR PETITIONER

OKLAHOMA INSURANCE COMMISSIONER



J. Angela Ables

201 Robert S. Kerr Ave., Suite 600

Oklahoma City, Oklahoma 73102

ATTORNEY FOR RESPONDENT

RED ROCK INSURANCE COMPANY


**CERTIFICATE OF MAILING**

I, Julie Meaders, hereby certify that a true and correct copy of the above and foregoing Notice of Hazardous Financial Condition and Order was mailed postage prepaid with return receipt requested on this 13<sup>m</sup> day of March, 2014 to:

J. Angela Ables  
Kerr, Irvine, Rhodes & Ables, P.C.  
201 Robert S. Kerr Ave., Suite 600  
Oklahoma City, Oklahoma 73102  
Attorneys for Respondent  
Red Rock Insurance Company

and that a copy was delivered to:

Financial and Examination Division  
John McCarter, Chief Financial Analyst

  
\_\_\_\_\_  
Julie Meaders  
Deputy General Counsel

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**201 Robert S. Kerr Ave., Suite 600**  
**OKC, OK 73102**  
**sms/14-0242-SOL/Not of Haz**

PS Form 3800, January 2001 See Reverse for Instructions

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<ul style="list-style-type: none"> <li>Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.</li> <li>Print your name and address on the reverse so that we can return the card to you.</li> <li>Attach this card to the back of the mailpiece, or on the front if space permits.</li> </ul>		<p>A. Signature <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee</p> <p><i>J. Ables</i></p> <p>B. Received by (Printed Name) C. Date of Delivery</p>	
<p>1. Article Addressed to:</p> <div style="border: 1px solid black; padding: 5px; width: fit-content; margin: 10px auto;"> <p>J. Angela Ables                      Kerr, Irvine, Rhodes &amp; Ables, P.C.                      201 Robert S. Kerr Ave., Suite 600                      OKC, OK 73102                      sms/14-0242-SOL/Not of Haz</p> </div>		<p>D. Is delivery address different from item 1? <input type="checkbox"/> Yes <input type="checkbox"/> No                      If YES, enter delivery address below:</p> <p>RECEIVED                      OKLAHOMA INSURANCE DEPARTMENT                      MAR 18 2014                      Legal U...</p>	
<p>2. Article Number (Transfer from service label)</p> <p>7001 0320 0004 4248 5228</p>		<p>3. Service Type</p> <p><input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail  <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise  <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.</p>	
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