

BEFORE THE IOWA INSURANCE COMMISSIONER

IN THE MATTER OF THE CERTIFICATE)
OF AUTHORITY OF PUBLIC SERVICE) ORDER REINSTATING CERTIFICATE
INSURANCE COMPANY) OF AUTHORITY AFTER SUSPENSION
)
NAIC # 15059)

Pursuant to the provisions of the Iowa Insurance Division Act – Iowa Code Chapter 505 and Iowa Insurers Supervision, Rehabilitation, and Liquidation Act – Iowa Code Chapter 507C, this matter comes before the Iowa Insurance Division (“Division”) upon an application, through counsel, of Public Service Insurance Company for the reinstatement of its Certificate of Authority.

I. PARTIES AND JURISDICTION

1. The Commissioner of Insurance, Doug Ommen, pursuant to Iowa Code § 505.8 (2021), administers and enforces the Insurance Division Act – Iowa Code Chapter 505 and the Iowa Insurers Supervision, Rehabilitation, and Liquidation Act – Iowa Code Chapter 507C.
2. Public Service Insurance Company (“PSIC”) is an insurer with a last known mailing address of 29 Broadway, 28th Floor, New York, NY 10006.
3. PSIC filed an application with the Division for reinstatement of its suspended Certificate of Authority.
4. The Commissioner is authorized to issue this Order pursuant to Iowa Code §§ 505.8(1) and 507C.60 (2021).
5. PSIC’s Certificate of Authority with the Division had been suspended effective May 3, 2018.

II. FINDINGS OF FACT

6. The Division suspended the Certificate of Authority of PSIC effective May 3, 2018 and had previously assigned NAIC number 15059.
7. On March 16, 2017, the Director of the Illinois Department of Insurance (the "Director") entered into an Agreed Order of Rehabilitation with PSIC and as ordered by the Circuit Court of Cook County Illinois, Chancery Division. The Director was affirmed as the statutory Rehabilitator of PSIC and authorized to orderly wind down and run off the business and affairs of PSIC.
8. On May 3, 2018, James Armstrong, Deputy Commissioner of Insurance, entered into a Summary Order of Suspension of the Certificate of Authority of PSIC.
9. PSIC has filed an application to lift the suspension order dated May 3, 2018.
10. The Office of the Special Deputy Receiver of the Illinois Department of Insurance (the "Receiver"), as the domestic regulator of PSIC, states the following on its website regarding the reinstatement of PSIC's Certificate of Authority in Illinois:

On December 3, 2018, the court supervising the rehabilitation of Public Service Insurance Company ("PSIC") entered two orders: (i) Memorandum Opinion and Order Approving Stock Purchase Agreement and Channeling of Certain Assets and Liabilities; and (ii) Order Approving Rehabilitator's Amended Plan of Rehabilitation (the "Amended Plan"). Under the stock purchase agreement ("SPA"), immediately upon the January 19, 2019 closing of the SPA transaction 100% of the stock of PSIC was purchased by Premia Holdings, Inc. ("Premia"), a portion of PSIC's business was resumed by the Premia owned PSIC, and certain assets and liabilities were "channeled" into the resumed PSIC from the rehabilitation Estate of PSIC (the "Estate of PSIC"). Among the liabilities channeled into the resumptive and re-capitalized PSIC were all of PSIC's remaining policyholder priority obligations. The resumptive PSIC is no longer in rehabilitation. Also on January 9, 2019, the Amended Plan became effective for purposes of running off the liabilities of the rehabilitation estate of PSIC, consisting of those liabilities of PSIC that were not channeled into the resumptive PSIC. Non-channeled liabilities remaining subject to the rehabilitation proceedings and the Amended Plan include, by way of example, pension obligations, assumed reinsurance and other general creditor obligation, and surplus note holder obligations.

(Underlining emphasis added).

11. On December 3, 2018, the Circuit Court of Cook County, Illinois County Department, Chancery Division issued an order In the Matter of the Rehabilitation of Public Service Insurance Company and Public Service Mutual Holding Company (the “Order”). The Order finds, in part, that, “Upon the closing of transactions contemplated by the SPA, PSIC will receive a capital infusion sufficient to bring its RBC to at least three hundred percent (300%). The Director has determined that resumption of PSIC as a fully licensed insurer subsequent to closing, including the infusion of additional capital and liquidity, will better protect the interests and expectations of policyholders than if PSIC remained a part of the Estate of PSIC in rehabilitation with its illiquid asset mix and questionable ability make timely payments on claims in the future.” The Order approved the acts of the Rehabilitator and the Transaction set forth in the Order.

12. The quarterly financial statement of PSIC dated as of June 30, 2021 shows a policyholder surplus of \$42,021,480.

13. According to a Certificate of Compliance issued by the Illinois Department of Insurance and dated May 21, 2021, PSIC is authorized to transact its lines of business under the Illinois Insurance Code.

III. CONCLUSIONS OF LAW

14. Iowa Code § 505.8 (2021) provides that “the commissioner of insurance shall be the head of the division, and shall have general control, supervision, and direction over all insurance business transacted in the state, and shall enforce all the laws of the state relating to federal and state insurance business transacted in the state.”

15. Iowa Code § 507C.60 (2021) provides that “without advance notice or a hearing, the commissioner may suspend immediately the certificate of authority of any insurer as to which

proceedings for receivership, conservatorship, rehabilitation, or other delinquency proceedings have been commenced in any state by the public insurance supervisory official of that state.”

16. PSIC has filed an application to lift the suspension order dated May 3, 2018.

17. PSIC is not longer in receivership and subject to an Order of Rehabilitation commended by the Director of the Illinois Insurance Department which was effective on March 16, 2017.

18. PSIC has met its burden of establishing that the basis for the summary suspension of its Certificate of Authority no longer exists.

IV. ORDER

IT IS THEREFORE ORDERED that:

A. PSIC’s application to lift the suspension order dated May 3, 2018 is granted and its Certificate of Authority is hereby reinstated; and

B. PSIC shall immediately be permitted to transact and participate in the business of insurance in Iowa subject to the issuance of a new Certificate of Authority.

Dated this 30th day of September, 2021.

Iowa Insurance Division

/s/

KIM CROSS
Deputy Commissioner of Supervision

Cc:

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