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Contact: Todd S. Baran
todd.baran@state.nm.us



NM OFFICE OF SUPERINTENDENT OF INSURANCE STATEMENT RE: ORDER APPOINTING CONSERVATOR AND RESTRAINING ORDERS CONCERNING CALIFORNIA INSURANCE COMPANY

Santa Fe, NM – The New Mexico Office of Superintendent of Insurance (“OSI”) issues this statement concerning the Order Appointing Insurance Commissioner as Conservator and Restraining Orders (the “Order”) issued by the Honorable George A. Miram of the San Mateo Superior Court of California (Case No. 19CIV06531). The Order appoints the California Insurance Commissioner as conservator over the defendant insurer, which is identified as “CALIFORNIA INSURANCE COMPANY, a California corporation.” The Order was issued without advance notice to OSI, or any other interested party, and was predicated on the assertions by the Insurance Commissioner of the State of California (the “Commissioner”) that the defendant insurer is both a California corporation and a California domiciled insurer. OSI does not believe that either of those assertions is correct.

As previously announced by this office, California Insurance Company (“CIC CA”), a California corporation and a California domiciled insurer, merged into California Insurance Company II (“CIC II”), a New Mexico corporation and a New Mexico domestic insurer, on October 9, 2019. The merger was approved by the New Mexico Secretary of State on October 15, 2019. On that same date, the New Mexico Secretary of State approved a request to change the name of CIC II to California Insurance Company, a New Mexico corporation (“CIC NM”). By virtue of these transactions, the entity CIC CA no longer exists. That legal consequence is acknowledged by counsel for the California Department of Insurance (“CDI”) in a letter dated October 9, 2019. In that letter, referring to the New Mexico merger transaction, CDI counsel states, “Additionally, once the merger is completed, CIC will cease to exist ...”

As acknowledged by the Commissioner’s counsel, CIC CA ceased to exist as of October 9. The assets and operations of CIC NM are not subject to a conservation order directed against a California entity that ceased to exist effective October 9, 2019. Nor are the assets and operations of a New Mexico domiciled insurer subject to a conservation order issued out of California. It is the position of OSI that an Order of Conservation against a non-existent company cannot and does not supersede OSI’s regulatory authority over the surviving New Mexico domiciled insurer, CIC NM.

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