

TECHNICAL ADVISORY

TA - 103

April 2, 1997

SUBJECT: Insurance Corporation of America

BACKGROUND: The following notice was recently sent by the Texas Department of Insurance.

MAIN POINTS: *"The Texas Department of Insurance, (the Department), has filed temporary restraining order pleadings with the Travis County District Court petitioning for the appointment of a Receiver. According to Insurance Corporation of America's 1996 annual statement, the company has liabilities in excess of assets of at least \$35,000,000.*

Upon granting of a receivership order, the Department will immediately attempt to place or reinsure the policies with one or more financially solvent insurance companies in an effort to minimize the disruption of coverage to doctors. The Department asks that the agents cooperate in this effort, and to refrain from moving large blocks of business for 30 days. Effective March 12, 1997, agents may not accept any new or renewal business for ICA. We will work with the individual agents on renewals that have been accepted prior to this date.

The company has requested and consented to a confidential conservatorship by Commissioner's Order No. 97-0207 dated March 4, 1997. This action was taken as a result of Department concerns about the financial condition reported on the 1996 Annual Statement submitted March 3, 1997.

The staff of the Conservator is on-site to monitor the compliance of the conservatorship order and will act as the receiver until the appointment of a Special Deputy receiver. For further information you may contact Neal Rockhold at (512)322-4162 or Jimmy Atkins at (512)322-4328."

The Louisiana Department of Insurance has pending legal action involving ICA. In the meantime, the action taken by the Texas Department of Insurance effectively suspends ICA's writing of new business.

NECESSARY ACTION: It is standard E&O procedure to notify insureds when a carrier's financial status changes substantially. Enclosed is a sample letter which could be used.