

**State of Rhode Island and Providence Plantations
DEPARTMENT OF BUSINESS REGULATION
Insurance Division
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920**

IN THE MATTER OF:

**TIME INSURANCE COMPANY
INTERNATIONAL INSURER**

RESPONDENT

DBR No. 2019-IN-009

Emergency Cease and Desist & Administrative Suspension Orders

Pursuant to R.I. Gen. Laws §§ 27-4.6-10, 27-14.2-1 et seq., 42-14-5, 42-14-16 and 42-35-14, the Superintendent of Financial Services (the "Superintendent") of the Rhode Island Department of Business Regulation (the "Department") hereby issues this Emergency Cease and Desist Order and this Administrative Suspension Order, as well as Ordering Time International Insurance Company to file an RBC report. These Orders are effective upon issuance.

The Superintendent issues these Orders for the following reasons:

1. Respondent, Time Insurance Company International Insurer ("Time II"), is a licensed insurer in Rhode Island, using NAIC Company Code 69477. Time II is a successor in interest of Time Insurance Company, formerly domiciled in Wisconsin. Time Insurance Company or its predecessors had previously requested and received authority to write Life, Annuities and Accident and Health (Life) lines of business within Rhode Island. Based on its request, Time II received a new Rhode Island Certificate of Compliance on January 23, 2019 certifying its authority to write those lines of business.
2. Time II changed its domicile from Wisconsin to Puerto Rico effective December 6, 2018 pursuant to Puerto Rico Law, Title 26 Insurance Code, Chapter 43. 26 L.P.R.A. § 4301

et seq. Its address on file with the Department is 268 Avenida Ponce de Leon, Suite 416, Hato-Rey, San Juan, PR 00918.

3. Haven Holdings Inc. is a Puerto Rico corporation formed in December 2017 and is the ultimate parent of Time II. It is located at 802 Fernández Juncos Avenue, San Juan, PR 00907. Haven Holdings Inc. had been the owner of Haven Insurance Company International Insurer (“Haven Insurance”) prior to Haven Insurance’s merger with Time Insurance Company, and the subsequent renaming into Time II.
4. On October 18, 2018, Wisconsin’s Commissioner of Insurance issued a Final Decision approving the Form A to allow the acquisition of Time Insurance Company Inc. by Haven Holdings Inc. and Haven Insurance (the “Final Decision”). The Final Decision included an order that Time II “shall achieve and maintain a 300% risk-based capital under National Association of Insurance Commissioners' guidance in the preparation of such calculation.”
5. On December 3, 2018, the board of directors of Haven Insurance and Haven Holdings Inc. executed paperwork to effectuate the merger and consolidation of Haven Insurance and Time Insurance Company Inc., resulting in the formation of Time II.
6. On December 5, 2018, the Commissioner of Insurance of Puerto Rico issued a letter finalizing the various transactions and approving Time II as a domestic insurer.

Time II’s Finances

7. The Superintendent has reason to believe that Time II has not complied with the NAIC instructions for calculating Risk-Based Capital (“RBC”) in accordance with NAIC guidance in the preparation of such calculation, and that Time II has failed to maintain a 300% RBC level as required by the Final Decision. That Final Decision allowed the books of business reinsured by each of John Hancock Life Insurance Company, Hartford Life and Annuity Insurance Company, and Integon Insurance Company to be placed in separate “protected cells,” but the Final Decision it did not authorize the exclusion of that risk from the RBC calculation.
8. The Superintendent has learned that Time II has calculated its RBC exclusive of those “protected cells” and as such, is not providing an accurate report of the financial position of the insurer. In fact, inclusion of those risks would result in an RBC ratio well below the Mandatory Control Level of 70%, which would indicate a hazardous financial condition.

Other Actions

9. On July 15, 2019, the Wisconsin Office of the Commissioner of Insurance issued a Cease and Desist Order prohibiting Time II from writing any new business, renewing existing business, permitting other insurers from using Time II's certificate of authority, or assuming business affecting Wisconsin insureds. That Order also prohibited Time II from recapturing any Wisconsin risks from any reinsurer, among other actions.
10. On July 26, 2019, the Wisconsin Office of the Commissioner of Insurance issued an amendment to the July 15, 2019 Order, allowing Time II to continue to service existing business and to renew existing policies.

Relevant Laws

11. Pursuant to R.I. Gen. Laws §§ 27-14.2-2 and 3, the Superintendent¹ is authorized to review the financial conditions of both foreign and domestic insurers licensed within Rhode Island and to take appropriate actions when the Superintendent "determines that the continued operation of the insurer licensed to transact business in this state may be hazardous to its policyholders, creditors or the general public." The Superintendent is authorized to take numerous actions, including:
 - (1) Reduce the total amount of present and potential liability for policy benefits by reinsurance;
 - (2) Reduce, suspend, or limit the volume of business being accepted or renewed...
 - (9) File, in addition to regular annual statements, interim financial reports on the form adopted by the national association of insurance commissioners or on a format as promulgated by the director..."
12. Pursuant to R.I. Gen. Laws § 27-4.6-10, the Superintendent is authorized to require foreign insurers to file an RBC Report. The Superintendent is granted additional authority depending on the RBC level reported, including the ultimate authority of petitioning the Rhode Island Superior Court to begin a liquidation of the insurers assets within Rhode Island.

¹ Pursuant to R.I. Gen. Laws § 42-14-5(f), when the term "director" or "commissioner" appears in Title 27, the word shall be construed to mean Superintendent of Insurance.

13. Pursuant to R.I. Gen. Laws § 42-14-16(a)(3-4), whenever the Superintendent has cause to believe that a violation of Title 27 has occurred, she may order the violator to cease such actions and to take such actions as are required to comply with Title 27.
14. Pursuant to R.I. Gen. Laws § 42-35-14(c), if the Department finds “that public health, safety, or welfare imperatively requires emergency action, and incorporates a finding to that effect in its order, summary suspension of license may be ordered pending proceedings for revocation or other action.”

Conclusion & Basis for Emergency Action

15. The Superintendent has reason to believe that Time II has plans to imminently engage in a transaction that would adversely impact consumers within Rhode Island. This belief is based on statements made by Time II to a fellow insurance regulator. That proposed transaction would include Time II assuming business back that Time Insurance Company had previously reinsured with an accredited reinsurer. Once a reinsurance agreement terminates, Time II would lose a significant source of funds to pay claims for its insureds.
16. The Superintendent has determined that Time II insures policyholders within Rhode Island and finds that conducting such a transaction would be hazardous to its policyholders and the general public pursuant to R.I. Gen. Laws §§ 27-14.2-2 & 3.
17. The Superintendent finds that Respondent’s calculation of its RBC does not sufficiently provide clarity on its financial position and was not calculated in accordance with NAIC instructions.

ORDERS

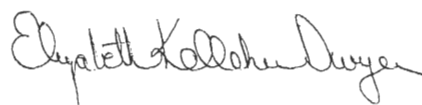
Accordingly, it is ORDERED:

- I. Pursuant to R.I. Gen. Laws §§ 27-14.2-3(b)(1-2) and 42-14-16(a)(3), Respondent is Ordered to Cease and Desist from assuming business affecting Rhode Island insureds. Respondent is specifically ordered not to recapture any Rhode Island risks from any reinsurer, including but not limited to John Hancock Life Insurance Company, Talcott Resolution Life and Annuity insurance Company (formerly Hartford Life and Annuity Insurance Company), Integon National Insurance Company, and National Health Insurance Company.
 - A. Because of the exigency in this matter, this Order takes effect upon issuance by the Superintendent.
 - B. The Emergency Cease and Desist Order will become a Permanent Cease and Desist Order if a Hearing is not requested within twenty business days.

- II. Pursuant to R.I. Gen. Laws § 42-35-14(c), Respondent's license as a foreign insurer in Rhode Island is hereby suspended.
 - A. Respondent is prohibited from writing new business and from permitting other insurers to write new business on its insurance license.
 - B. Respondent shall continue to service existing business to its natural expiration, and may renew existing policies.
 - C. The Emergency Administrative Suspension will remain in place until Respondent requests a hearing or until the Superintendent issues a subsequent Order.
- III. Pursuant to R.I. Gen. Laws §§ 27-14.2-3(b)(9) and 42-14-16(a)(4), Respondent is Ordered to file its financial statements in accordance with NAIC instructions and calculate Risk-Based Capital in accordance with NAIC guidance in the preparation of such calculation, which should include all of the risks within the "protected cells."
- IV. Pursuant to R.I. Gen. Laws § 27-4.6-10(a)(1)(ii), Respondent shall file an RBC report prepared in accordance with NAIC instructions with the Superintendent within fifteen (15) days of receipt of this Order.
 - A. This Order explicitly requires Time II to prepare its RBC report including its "protected cells."

Any proceedings requested pursuant to this Order shall be conducted in conformity with R.I. Gen. Laws Chapter 42-35, the Administrative Procedures Act, and the Department's Rules of Procedure, 230-RICR-10-00-2. Section 2.5 of the Rules of Procedure provide that it shall be the Respondent's sole responsibility to present its defense to the Hearing Officer. Pursuant to Section 2.7 of the Rules of Procedure, the Respondent may be represented by legal counsel admitted in the State of Rhode Island.

If you have any questions regarding the subject matter of the hearing, please contact the Division's counsel Matthew Gendron, Esq. at 401-462-9540 or Matthew.Gendron@dbr.ri.gov.



Dated this 22nd day of August, 2019.

Elizabeth Kelleher Dwyer, Esq.
Superintendent of Financial Services

All are welcome at the Rhode Island Department of Business Regulation ("DBR"). If any reasonable accommodation is needed to ensure equal access, service or participation, please contact DBR at 401-462-9551, R.I. Relay at 7-1-1 or email DBR.DirOfficeInq@dbr.ri.gov at least three (3) business days prior to the hearing.

Certification of Service

I hereby certify that on this 22 day of August 2019, a true copy of the within Order was sent by the methods described below:

<i>Mailing Address on File with Department</i> Time Insurance Company II PO Box 194320 San Juan, PR 00919 - <i>By first class mail and certified mail</i>	<i>Address of Parent Company</i> Haven Holdings Inc. 802 Fernández Juncos Avenue San Juan, PR 00907 - <i>By first class mail and certified mail</i>
<i>Respondent's Statutory Home Address</i> Time Insurance Company II 268 Avenida Ponce de Leon Suite 416 Hato-Rey, San Juan, PR 00918 - <i>By first class mail</i>	<i>Outside Counsel for Respondent</i> Foley & Lardner LLP Attn: Jill Allison Opell 90 Park Ave New York, NY 10016-1314 - <i>By email to: jaopell@foley.com</i>
<i>Email address for Respondent on File</i> - <i>By email to: kathy.starrs@hamllc.com</i>	

And by email to:

- 1) Elizabeth Kelleher Dwyer, Superintendent of Financial Services
- 2) Jack Broccoli, Associate Director of Financial Services
- 3) Matthew Gendron, General Counsel for Financial Services

