

STATE OF NEW JERSEY
DEPARTMENT OF BANKING AND INSURANCE

IN THE MATTER OF THE)
ADMINISTRATIVE SUPERVISION) AMENDED CONSENT ORDER
OF IFA INSURANCE COMPANY) OF ADMINISTRATIVE SUPERVISION

This matter is opened by the Commissioner (“Commissioner”) of Banking and Insurance of the New Jersey Department of Banking and Insurance (“Department”) pursuant to the authority contained in N.J.S.A. 17:17-5, 17:23-23-1 et seq., 17:46B-1 et seq., and 17:51A-1 et seq., and all powers expressed or implied therein.

IT APPEARING that IFA Insurance Company (“IFA” or the “Company”), is a New Jersey domiciled insurer that commenced property and casualty insurance business on December 4, 1973; and

IT FURTHER APPEARING that N.J.S.A. 17:51A-1 et seq., the Administrative Supervision Act (the “Act”) sets forth the authority of the Commissioner to subject all domestic insurers to administrative supervision; and

IT FURTHER APPEARING that the Act governing administrative supervision applies to IFA since the Company is a New Jersey-domiciled domestic insurer authorized to transact the business of property and casualty insurance in New Jersey pursuant to Title 17 of the Revised Statutes; and

IT FURTHER APPEARING that IFA entered into a Memorandum of Understanding (“MOU”) with the Department on September 4, 2014, setting forth various conditions and terms IFA was required to meet or otherwise be subject to administrative supervision; and

IT FURTHER APPEARING that IFA is also subject to the terms of a Consent Order No. C15-101 under which the Department approved its withdrawal from the New Jersey market and

the transfer of certain business to Palisades Safety and Insurance Association and Palisades Insurance Company (“Palisades”), and required, among other things, that IFA cease writing new business and provided for the nonrenewal of any existing New Jersey business that was not accepted by Palisades; and

IT FURTHER APPEARING that IFA is presently subject to Confidential Consent Order of Administrative Supervision, No. C16-101, and is in breach of the terms thereof, specifically by not maintaining a Risk Based Capital (RBC) level of 1.000; and

IT FURTHER APPEARING that, pursuant to N.J.A.C. 11:2-39.7, IFA’s RBC places the company at or below a mandatory control level event, thus requiring the Commissioner to take actions necessary to cause the insurer to be placed under regulatory control pursuant to N.J.S.A. 17:30C-1 et seq.; and

IT FURTHER APPEARING that IFA is in a hazardous financial condition pursuant to multiple sections of N.J.A.C. 11:2-27.1 et seq.; and

IT FURTHER APPEARING that, despite any actions to implement formal regulatory control pursuant to N.J.S.A. 17:30C-1 et seq., the Commissioner is hereby entering into this Amended Consent Order to provide appropriate regulatory oversight consistent with his responsibilities as regulator in order to protect the interests of IFA, its policyholders, beneficiaries, creditors and/or the public; and

IT FURTHER APPEARING that it is appropriate and consistent with the Act to set forth in additional detail the framework for the regulatory oversight of IFA by the Department;

NOW THEREFORE, upon the consent of the parties,

It is on this 3rd day of March, 2017, ORDERED AND AGREED as follows:

1. IFA has breached the terms IFA Consent Order C16-101, and hereby consents to the placement of IFA into liquidation; and
2. Effective this date, IFA Consent Order C16-101 is amended as follows:

(a) Paragraph 10 of Consent Order C16-101 is amended such that IFA shall make no disbursements of any nature and kind whatsoever without prior approval of the Department; and

(b) IFA shall take no action that would have the effect of any diminution of any assets of IFA; and

(c) IFA shall not enter into any commutation agreements with respect to any reinsurance without prior approval of the Department.

3. All other terms of Consent Order C16-101 shall remain in effect;

4. Upon the signing of this Order by all parties, IFA shall provide a copy of this Amended Consent Order to all directors and officers of the Company within 24 hours of its receipt of the fully executed Amended Consent Order.

5. IFA shall immediately comply with all terms of this Amended Consent Order unless otherwise directed.

6. Pursuant to N.J.S.A. 17:51A-4d, the Commissioner deems that it is in the best interest of the public, the Company, its insureds and creditors that this Amended Consent Order and all prior versions thereof, and a Memoranda of Understanding as deemed appropriate by the Commissioner, shall on or after the date of this Amended Consent Order be public and available for use as a basis of any formal regulatory action pursuant to N.J.S.A. 17:30C-1 et seq.

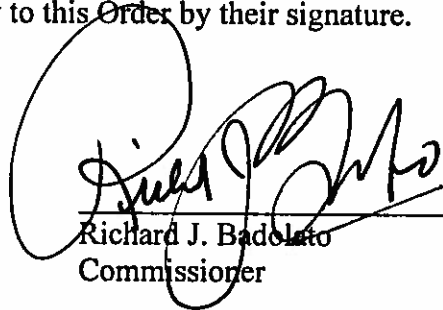
7. If any provision of this Amended Consent Order or the application thereof is for any reasons held to be invalid, the remainder of this Amended Consent Order and the application thereof to other persons or circumstances shall not be affected thereby.

8. The Commissioner may modify this Amended Consent Order, from time to time, upon written notification to IFA, to address matters necessary for the benefit of IFA, its policyholders, beneficiaries, creditors and/or the public. Nothing in this Amended Consent Order shall prevent the Commissioner from taking any action deemed necessary by the

Commissioner with respect to IFA pursuant to this Amended Consent Order, or with respect to any affiliate of IFA as to matters over which the Commissioner has regulatory jurisdiction. IFA consent to this Amended Consent Order shall not be construed as its advanced consent to any modifications of this Amended Consent Order made by the Commissioner pursuant to this paragraph.


9. The Commissioner reserves the right to, at any time subsequent to the date of this Amended Consent Order, issue additional orders and/or make applications for additional and different relief related to this Amended Consent Order or the Company if the Commissioner determines that any such order or relief is necessary in accordance with Title 17 of the Revised Statutes, including, but not limited to, the imposition of fines for failing to comply with the terms of any subpoena issued by the Department.

10. This Amended Consent Order of Administrative Supervision may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Amended Consent Order. The individuals signing the Amended Consent Order of Supervision on the respective behalf of IFA warrants and represents that he/she has the authority to bind that entity to this Order by their signature.


Richard J. Badolato
Commissioner

Consented as to form, content and entry:

IFA Insurance Company

By: 

Date: 2/28/17

DAVID WALSH
(Print clearly or type name and title)