

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF KANSAS**

**In the Matter of the CALIFORNIA)
COMPENSATION INSURANCE COMPANY) Docket No. 2885-CO**

CONSENT ORDER

Pursuant to the authority granted the Commissioner of Insurance by Kansas Statutes Annotated (K.S.A.) 40-222, K.S.A. 40-222b, and K.S.A. 40-222d, and in accordance with the Kansas Administrative Procedure Act, K.S.A. 77-501, et seq.,

I, Kathleen Sebelius, the duly elected, qualified, and acting Commissioner of Insurance of the State of Kansas, hereby make the following findings of fact, conclusions of law, and order, to wit:

Findings of Fact and Conclusions of Law

1. California Compensation Insurance Company is an insurance company incorporated under the laws of the State of California.

2. California Compensation Insurance Company was admitted to transact the business of insurance in the State of Kansas on November 9, 1983, pursuant to the authority of K.S.A. 40-901 and K.S.A. 40-1102.

3. The Commissioner of Insurance of the State of Kansas has jurisdiction over the subject matter of this proceeding and over the operation of California Compensation Insurance Company in this state, and this proceeding is in the public interest.

4. The Annual Statement of the California Compensation Insurance Company for the year ended December 31, 1999 indicates California Compensation Insurance Company's

pure surplus was negative \$(182,676,993), which was \$183,276,993 below the state's minimum surplus requirement of \$600,000 required by K.S.A. 40-1102 and K.S.A. 40-901.

5. On March 3, 2000, the California Insurance Commissioner seized control of California Compensation Insurance Company.

6. On March 6, 2000, the Superior Court in Los Angeles and Sacramento Counties signed an order, which appointed the California Insurance Commissioner as Conservator of the Company.

7. The financial condition of California Compensation Insurance Company is such that the continued operation of the company in this state is hazardous to the insuring public pursuant to K.S.A. 40-222, K.S.A. 40-222b, and K.S.A. 222d.

8. The California Insurance Commissioner, as Conservator of the Company, waives his right to an administrative hearing in accordance with the provisions of the Kansas Administrative Procedures Act, K.S.A. 77-501, et seq., and consents to these findings of fact and the following order of the Commissioner.

IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

1. The Certificate of Authority of California Compensation Insurance Company is hereby suspended effective the date of this Consent Order. Said suspension will continue until such time as the Commissioner of Insurance determines the company is no longer in a hazardous financial condition.

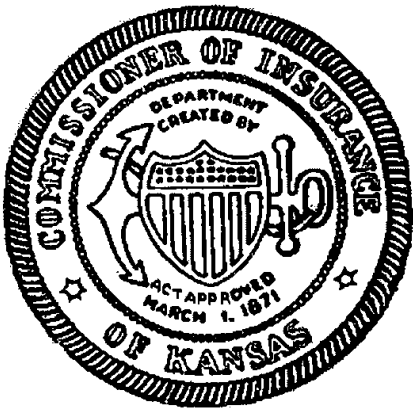
2. California Compensation Insurance Company will refrain from writing any new or renewal direct business in the State of Kansas.

3. California Compensation Insurance Company shall refrain from entering into any new or renewal reinsurance contracts of any kind with a Kansas domiciled insurance company.

4. The California Insurance Commissioner, as Conservator of the Company, may petition the Commissioner of Insurance to modify the provisions of the Consent Order at any time by a written request demonstrating the hazardous financial condition of the company has been rectified.

5. The Commissioner of Insurance retains jurisdiction in this matter and for the purpose of entering such further order or orders as may be deemed proper and necessary.

IT IS SO ORDERED THIS 7th DAY OF September, 2000, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



___/s/ Kathleen Sebelius_____

Kathleen Sebelius

Commissioner of Insurance

BY:

___/s/ Kathy Greenlee_____

Kathy Greenlee

General Counsel

APPROVED BY:

___/s/ Patricia K. Staggs_____

Patricia K. Staggs

Acting General Counsel

California Insurance Department