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CERTIFIED MAIL
RETURN RECEIPT REQUESTED

STATE OF ALASKA
DEPARTMENT OF COMMUNITY AND ECONOMIC DEVELOPMENT
DIVISION OF INSURANCE
3601 C STREET, SUITE 1324
ANCHORAGE, ALASKA 99503-5948

Order No. SR 02-05(a)) Restriction of Certificate of
) Authority No F-666;
In the Matter of) Order under the Provisions
HIGHLANDS INSURANCE) Of 3 ACC 21.520
COMPANY)
NAIC NO. 22489)
_____)

WHEREAS, a Certificate of Authority to transact the business of insurance
in the State of Alaska was issued to **HIGHLANDS INSURANCE COMPANY**,
domiciled in the State of Texas.

WHEREAS, Alaska Regulation 3AAC 21.510 states that an insurer is
impaired or in imminent danger of becoming impaired when the operating results

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within the last twelve months would reduce the policyholders surplus by more than 50%.

WHEREAS, The 2001 Annual Statement of **HIGHLANDS INSURANCE COMPANY** shows that the policyholders surplus has declined by more than fifty percent from the prior year.

WHEREAS, 3 AAC 21.520 states that when the director determines that an insurer is impaired or in imminent danger of becoming impaired, the director may order an insurer to reduce, suspend, or limit the volume of business being accepted or renewed.

IT IS HEREBY ORDERED, pursuant to the provision of 3 AAC 21.520 that **HIGHLANDS INSURANCE COMPANY** shall suspend business being accepted from the State of Alaska for a period of one year unless terminated sooner as permitted by statute.

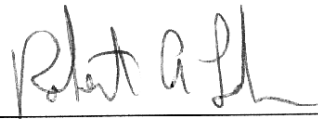
IT IS FURTHER ORDERED, that during the period of the suspension of the Certificate Authority, **HIGHLANDS INSURANCE COMPANY** shall file the annual statement, pay fees and any taxes due as provided by AS 21.09.170(b).

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IT IS FURTHER ORDERED, that Certificate of Authority No. F-666 will continue to be held in safekeeping by **HIGHLANDS INSURANCE COMPANY** until such time as this order is replaced by an Order of Revocation or the Certificate of Authority is surrendered.

This Order is effective the 18th day of April 2002

Dated this 18th day of April 2002.



ROBERT A. LOHR, DIRECTOR
DIVISION OF INSURANCE

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