

**BEFORE THE INSURANCE COMMISSIONER  
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF  
THE CERTIFICATE OF AUTHORITY OF  
HIGHLANDS INSURANCE COMPANY**

**A.I.D. NO. 2005- 044**

ORDER OF CONTINUED SUSPENSION  
OF ARKANSAS CERTIFICATE OF AUTHORITY

Now, on this day the matter of the Arkansas Certificate of Authority No. 1001 of HIGHLANDS INSURANCE COMPANY, a Texas insurer licensed in Arkansas, NAIC No. 22489, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Chief Counsel, Ms. Jean Langford, Legal Division. From the facts, matters and other things before the Commissioner, the Commissioner finds as follows:

1. That the Commissioner has jurisdiction over the parties and subject matter herein.
2. That the Company holds Arkansas Certificate of Authority No. 1001 (C/A), with authority to sell insurance in the State of Arkansas. That license was suspended from active transaction of insurance in 2002 under the Commissioner's Rule 53 order, due to its hazardous condition, followed by the 2004 continuing suspension order.
3. That the Department records show that the Company is still under continuing supervision proceedings in the domiciliary State of Texas, the causes of suspension have not been removed; and suspension of the Arkansas Certificate of Authority is appropriate while the Company remains in hazardous financial condition. In response to the Arkansas notice of expiration mailed in 2005, the Company's Special

Deputy Receiver has responded to advise that it has no objection to entry of a continued suspension order in Arkansas.

THEREFORE, pursuant to Ark. Code Ann. §23-63-215, it is hereby ordered that the Arkansas Certificate of Authority of HIGHLANDS INSURANCE COMPANY shall remain suspended until further order of the Insurance Commissioner.

Pursuant to Ark. Code Ann. §23-63-215, the Company shall continue to file its Annual Statement and tax reports; pay fees, license fees, quarterly and annual premium taxes, as if its Arkansas license had remained active or in full force. The Company's Fraud Division fees or assessments due in 2005 under Rule 5, and annual CFRF fees under Rule 56 due June 30, 2005, are hereby waived.

IT IS SO ORDERED this 9th day of August, 2005.

  
JULIE BENAFIELD BOWMAN  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS