

12/30/09 209
MICHAEL J. JONES, CLERK
C. Montoya
CLERK

1 Terry Goddard
Attorney General
2 (Firm State Bar No. 14000)
Alyse Meislik, State Bar No. 024052
3 Lynette Evans, State Bar No. 021069
Assistant Attorneys General
4 Telephone: (602) 542-3702
Facsimile: (602) 542-4377
5 Office of the Attorney General
1275 West Washington Street
6 Phoenix, Arizona 85007
consumer@azag.gov
7 Attorneys for Arizona Department of Insurance

8 **IN THE SUPERIOR COURT OF THE STATE OF ARIZONA**
9 **IN AND FOR THE COUNTY OF MARICOPA**

10 STATE OF ARIZONA, *ex rel.* CHRISTINA
11 URIAS, Director of Insurance,

12 Plaintiff,

13 vs.

14 THUREUS INSURANCE GROUP, INC., an
Arizona Corporation, and ASTRAEA RISK
15 RETENTION GROUP, INC., an Arizona
Corporation,

16 Defendants.

Case No.: CV2009-039649

**ORDER FOR APPOINTMENT OF
RECEIVER AND INJUNCTION**

17
18 Plaintiff, State Of Arizona, *ex rel.* Christina Urias, Director of Insurance, having filed a
19 Verified Complaint for Appointment of Receiver and for Injunction pursuant to A.R.S. §§ 20-
20 612 through 20-616 and 20-2401 *et seq.*, the Defendants, Thureus Insurance Group, Inc. and
21 Astraea Risk Retention Group, Inc. having been duly served with process or accepted same. and
22 an evidentiary hearing having been held before this Court, the Court makes the following
23 Findings of Fact and Conclusions of Law and enters the following Order:

24 **FINDINGS OF FACT**

25 1. Plaintiff is the State of Arizona, *ex rel.* CHRISTINA URIAS, Director of
26 Insurance ("Director"). The Director is charged with the enforcement of Title 20, Arizona

1 Revised Statutes, relating to the transaction of insurance business in the State of Arizona.

2 2. Defendants are Thureus Insurance Group, Inc (“Thureus”), a captive insurer
3 domiciled in Arizona, which holds a certificate of authority in the State of Arizona to transact
4 casualty insurance and surety business, and Astraea Risk Retention Group, Inc. (“Astraea”), a
5 captive insurer and risk retention group domiciled in Arizona, which holds a certificate of
6 authority in the State of Arizona to transact casualty insurance business.

7 3. Defendants Thureus and Astraea are both part of a family of companies engaged
8 in the trucking business. Piel Corporation and subsidiaries (“Piel”) is a holding company for its
9 wholly owned subsidiaries: Arrow Trucking Co. (“Arrow”), Arrow Truck Leasing Company
10 (“ATLC”), Arrow Truck Real Estate Company (“ATREC”), Thureus, and Astraea. Piel is a
11 wholly owned subsidiary of Megan Corporation (“Megan”). Piel, through its operating
12 subsidiary, Arrow, is an irregular route, common flatbed carrier operating approximately 1400
13 trucks throughout the United States, Mexico, and Canada.

14 4. Defendant Astraea is directly owned by the following entities: Arrow (80%);
15 ATLC (10%); ATREC (4%); Piel (4%); and Megan (2%). Defendant Thureus is owned by the
16 following entities: Arrow (81.6%); ATLC (10.2%); ATREC (4.1%); and Piel (4.1%).

17 5. Astraea provides various insurance policies to Arrow and its affiliates to cover
18 their trucking business including commercial automobile and general liability policies. Thureus
19 reinsures the commercial automobile and general liability coverage written direct by Astraea,
20 and Thureus writes direct surety and employer’s liability coverage for Arrow and affiliates.

21 6. On December 22, 2009, James Shook at USA Risk Group West, the captive
22 manager of Defendants, notified the Arizona Department of Insurance (“Department”) that
23 claimants of Astraea and/or Thureus were calling his office because they could not contact
24 Arrow. He informed the Department that Arrow had closed its doors and appeared to be
25 suspending its operations. The captive manager also said that he did not have access to
26 Defendants’ bank accounts.

1 7. As a condition of Astraeca's licensure, the Department requires Arrow to maintain
2 certain ratios that are verified through the filing of annual audited financial statements for
3 Arrow. Astraeca failed to provide the 2008 reports in a timely manner. On April 24, 2009,
4 August 20 2009, September 22, 2009, November 24, 2009, and December 7, 2009, the
5 Department contacted Astraeca regarding its failure to provide the annual audited financial
6 statements. On December 8, 2009, the Department received a draft copy of an unaudited
7 financial statement for Arrow. To date, Respondent Astraeca has not provided the audited
8 financial statements of Arrow. These statements are required for the Department to evaluate the
9 exposure Respondents have to the financial condition of Arrow and to determine that their
10 operations are sound and their financial condition is solvent.

11 8. According to multiple media reports, on December 22, 2009, Arrow,
12 headquartered in Oklahoma, suspended its operations, closed down the company's phone
13 system, and stopped payment on fuel cards leaving drivers stranded at rest stops throughout the
14 country. The media reports indicate that Arrow's payroll checks bounced, the company sent
15 their employees home from work, and trucks and trailers were repossessed. Reports also
16 indicate that the company may be facing bankruptcy.

17 9. Upon information and belief, Arrow is no longer operating and substantially all of
18 the bank accounts of the Defendants are temporarily frozen.

19 10. Upon information and belief, Arrow and its affiliates appear to be in a financial
20 condition which could seriously jeopardize Defendants' assets and ultimately jeopardize
21 Defendants' ability to meet their obligations to policyholders and claimants against
22 policyholders (such as persons injured in accidents by Arrow trucks).

23 11. Defendants are impaired or insolvent and unable to meet their obligations as they
24 come due. A.R.S. § 20-615(1) and § 20-616.

25 12. In failing to provide audited financial reports of Arrow, Defendants refused to
26 submit its books, records, accounts, and affairs to reasonable examination by the Director.

1 counsel, clerks, consultants and assistants are to be paid out of Defendant's funds or
2 assets in the possession of the Receiver or coming into her possession for work
3 performed on behalf of that Defendant.

4 B. **IT IS FURTHER ORDERED THAT** except by leave of this Court, during the
5 pendency of the Receivership, each Defendant and all customers, principals, investors, creditors,
6 stockholders, lessors, and other persons, except for the Receiver or her agents, seeking to
7 establish or enforce any claim, right or interest against or on behalf of either Defendant related
8 to insurance policies or certificates issued by either of the Defendants, and all others acting for
9 or on behalf of such persons including attorneys, trustees, agents, sheriffs, constables, marshals
10 and other officers and their deputies and their respective attorneys, servants, agents, employees,
11 be and hereby are enjoined from:

12 1. Commencing, prosecuting, continuing or enforcing any claim, suit or
13 proceeding against either Defendant or against any of its assets, including suits against
14 insureds or certificate holders of either Defendant related to insurance policies or
15 certificates issued by either of the Defendants, except that this Order does not enjoin the
16 filing of administrative claims with the receiver pursuant to A.R.S. § 20-626 *et seq.*

17 2. Commencing, prosecuting, continuing or enforcing any suit or proceeding
18 in the name or on behalf of either Defendant;

19 3. Accelerating the due date of any obligation or claimed obligation, enforcing
20 any lien upon, or taking or attempting to take possession of, or retaining possession of,
21 any property of either Defendant, or attempting to foreclose, forfeit, alter or terminate any
22 interest of either Defendant in any of its property or assets, whether such acts are part of a
23 judicial proceeding or otherwise;

24 4. Using self-help or executing or issuing or causing the execution or issuance
25 of any court attachment, subpoena, replevin, execution or other process for the purpose of
26 impounding or taking possession of, or interfering with, or creating, or enforcing a lien

1 upon, any property wheresoever located, owned by or in the possession of either
2 Defendant or the Receiver appointed pursuant to this Order or any agents appointed by
3 said Receiver; and

4 5. Doing any act or thing whatsoever to interfere with the taking control of,
5 possession or management by the Receiver appointed herein of the property subject to
6 this Receivership, or to in any way harass or interfere with said Receiver, or to interfere,
7 in any manner, with the exclusive jurisdiction of this court over the property and assets of
8 either Defendant.

9 C. **IT IS FURTHER ORDERED THAT** no person may serve or cause to be served
10 upon the Receiver and any special Deputy Receiver any legal process, including attachments,
11 garnishments, subpoenas, writs of replevin, writs of execution and every other form of process
12 whether described specifically herein or not, without first securing the authorization of this
13 Court or the specific written consent of the Receiver. Any process issued in violation of this
14 Order is void. Persons endeavoring to secure documentation from the Receiver shall in all
15 instances first attempt to secure such information by submitting a formal written request to the
16 Receiver and, if such request has not been responded to within sixty (60) days, such person may
17 thereafter seek an order of this Court with regard to the relief requested.

18 D. **IT IS FURTHER ORDERED THAT:**

19 1. All attorneys, consultants, accountants, and others employed or engaged by
20 or on behalf of either Defendant to represent the Defendant or its insureds, within
21 thirty (30) days of notice of this Order, report to the Receiver on the name, company
22 claim number and status of each file they are handling on behalf of the Defendant. Said
23 report shall also include an accounting of any funds received from or on behalf of the
24 Defendant. All attorneys, consultants, accountants and others described herein may either
25 be retained or discharged by the Receiver in the Receiver's sole discretion.
26

1 2. All agents, brokers, third-party administrators or other persons having sold
2 policies of insurance and/or collected premiums on behalf of either Defendant shall
3 account for and pay premiums and commissions due in the normal course of business
4 owed to the Defendant directly to the Receiver within thirty (30) days of the date of this
5 Order. Persons failing to provide such status reports may be required to appear before
6 this Court to show cause, if any they may have, as to why they should not be required to
7 account to the Receiver or be held in contempt of court for violation of the provisions of
8 this Order. No agent, broker, third party administrator, managing general agent, or other
9 person shall use premium monies owed to either Defendant for the refund of unearned
10 premium or for any purpose other than payment to the Receiver. No agent, broker, third
11 party administrator, managing general agent, or other person shall exercise any form of
12 set-off, alleged set-off, lien, any form of self-help whatsoever or refuse to transfer any
13 funds or assets to the Receiver's control without the permission of this Court.

14 3. All claims adjusters and other third parties handling claims files relating to
15 either Defendant's policies, insurance contracts or bonds shall within ten (10) days of the
16 date of this Order, report to the Receiver on the name, company claim number, policy or
17 other identifying number and status of each file they are handling on behalf of the
18 Defendant. Persons failing to provide such status reports may be required to appear
19 before this Court to show cause, if any they may have, as to why they should not be
20 required to account to the Receiver or be held in contempt of court for violation of the
21 provisions of this Order. All claims adjusters and other third parties handling claims files
22 relating to either Defendant's policies, insurance contracts or bonds may be retained by
23 the Receiver at her sole discretion.

24 4. Any premium finance company which has entered into a contract to finance
25 a premium for a policy, insurance contract or bond which has been issued by either
26 Defendant shall pay any premium owed to the Defendant directly to the Receiver and

1 make its records relating to such premium financing available to the Receiver upon her
2 request. Further, any premium finance company which has entered into a contract to
3 finance a premium for a policy, insurance contract or bond which has been issued by
4 either Defendant shall not without prior written leave of the Receiver or this Court
5 proceed against any person so insured for any amounts due in connection with said policy
6 or financing.

7 5. Any bank, savings and loan association, institution or other person or entity
8 (including but not limited to Citizens Bank of Oklahoma) which has on deposit, in its
9 possession, custody or control of any funds, accounts, and any other assets of either
10 Defendant, including pledged assets, shall immediately transfer title, custody and control
11 of all such funds or assets to the Receiver, which Receiver is the customer for the
12 purposes of any financial privacy laws, and are hereby instructed that the Receiver has
13 absolute control over such accounts and other assets and the Receiver may change the
14 name of such accounts and other assets, withdraw them from such bank, savings and loan
15 association, other institution, person or entity, or take any lesser action necessary for the
16 proper conduct of this receivership. No bank, savings and loan association, other
17 institution, person or entity shall exercise any form of set-off, alleged set-off, lien, any
18 form of self-help whatsoever or refuse to transfer any funds or assets to the Receiver's
19 control without the permission of this Court.

20 6. Pursuant to A.R.S. § 20-630, any action or proceeding in the nature of an
21 attachment, garnishment or execution or lien obtained pursuant to such action or
22 proceeding against either Defendant within four months of the commencement of this
23 delinquency proceeding is void and funds or assets of either Defendant taken pursuant
24 thereto shall be returned to the Receiver forthwith; pursuant to A.R.S. § 20-636, any
25 transfer of or lien upon property of either Defendant made or created within four months
26 of the granting of the order to show cause in this matter is void; further pursuant to

1 A.R.S. § 20-636, the Receiver may recover any property or its value from anyone who
2 has received it, pursuant to the terms of A.R.S. § 20-636(C).

3 7. Any data processing service or other person which has custody or control of
4 any data processing information and records including but not limited to source
5 documents, data processing cards, input tapes, all types of storage information, master
6 tapes or any other recorded or electronic information of any kind in any form relating to
7 claimants and insureds of either Defendant or any aspect of the business of either
8 Defendant shall transfer custody, control and access of such records to the Receiver, upon
9 demand.

10 E. **IT IS FURTHER ORDERED THAT** each Defendant and its respective officers,
11 directors, agents, servants, employees, attorneys, successors, accountants, stockholders and
12 assigns and those persons in active concert or participation with them and each of them shall
13 transfer to the Receiver within ten (10) calendar days after request from the Receiver all books,
14 records, accounts, documents or any other data of any kind or nature relating to each
15 Defendant's business, in whatever format, electronic or otherwise, including claims files,
16 whether open or closed, and all policyholder files and correspondence relating to claimants and
17 insureds, and shall immediately send to the Receiver all such documents received after the date
18 the Receiver makes a request for files and give to the Receiver a list of third parties who may be
19 in possession of such documents.

20 F. **IT IS FURTHER ORDERED THAT** because each Defendant is insolvent and
21 or impaired, all insurance policies or certificates of each Defendant are cancelled as of the date
22 of this Order;

23 G. **IT IS FURTHER ORDERED THAT** each Defendant and its respective officers,
24 directors, agents, servants, employees, attorneys, successors, accountants, stockholders and
25 assigns and those persons in active concert or participation with them and each of them be and
26 hereby are enjoined during the pendency of this action from directly or indirectly:

1 1. Except through and at the direction of the Receiver, transacting any of
2 either Defendant's business.

3 2. Wasting or disposing of its assets, or the obtaining of preferences,
4 judgments, attachments, or other liens, or the making of any levy against either
5 Defendant.

6 3. Destroying, secreting, defacing, transferring, or otherwise altering or
7 disposing of any books, records, accounts or any other papers of any kind or nature of
8 either Defendant.

9 4. Transferring, receiving, altering, selling, encumbering, pledging, assigning,
10 liquidating, or otherwise disposing of any assets, funds or property owned, controlled, or
11 in the possession of, or in which an interest is held or claimed by either Defendant, or the
12 Receiver appointed herein.

13 5. Obstructing or interfering or refusing to cooperate with the Receiver
14 appointed pursuant to this Order or his duly authorized agents, in the exercise of their
15 lawful authority under the Orders of this Court.

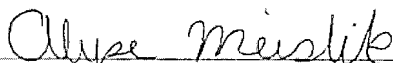
16 DONE IN OPEN COURT this 30 day of Dec, 2009.

17
18 

19
20 _____
21 Judge of the Superior Court

22 APPROVED AS TO FORM AND CONTENT:
23 TERRY GODDARD, Attorney General

24 COMMISSIONER RICHARD NOTHWEHR

25 

26 _____
Alyse Merslik
Assistant Attorney General
Attorneys for Plaintiff

DEC 30 2009

Astraea Risk Retention Group, Inc.

Registration Status Report

STATE	Registration Application Filed	Registration Confirmation Received	Notes
ALABAMA (AL)	09/02/05	10/11/05	
ALASKA (AK)			
ARIZONA (AZ)	Licensed	08/12/05	
ARKANSAS (AR)	09/02/05	04/05/06	
CALIFORNIA (CA)	09/02/05	11/16/07	
COLORADO (CO)	09/02/05	09/12/05	
CONNECTICUT (CT)			
DELAWARE (DE)			
DIST OF COL (DC)			
FLORIDA (FL)	09/02/05	07/03/06	
GEORGIA (GA)	09/02/05	09/16/05	
HAWAII (HI)			
IDAHO (ID)	09/02/05	09/16/05	
ILLINOIS (IL)	11/08/05		Joe Mowry handled.
INDIANA (IN)			
IOWA (IA)	03/19/08	10/15/08	
KANSAS (KS)	09/02/05		
KENTUCKY (KY)			
LOUISIANA (LA)	09/02/05	10/07/05	
MAINE (ME)			
MARYLAND (MD)	09/02/05	10/05/05	
MASSACHUSETTS (MA)			
MICHIGAN (MI)			
MINNESOTA (MN)			
MISSISSIPPI (MS)	09/02/05	12/13/06	
MISSOURI (MO)	09/02/05	12/13/05	
MONTANA (MT)	09/02/05	11/08/05	
NEBRASKA (NE)			
NEVADA (NV)			
NEW HAMPSHIRE (NH)	09/02/05	10/04/05	
NEW JERSEY (NJ)			
NEW MEXICO (NM)	09/02/05	01/26/06	
NEW YORK (NY)			
NORTH CAROLINA (NC)	09/02/05	8/20/2006 - See note	Uninsured/Underinsured coverage not allowed by RRGs in North Carolina
NORTH DAKOTA (ND)	09/02/05	09/21/05	
OHIO (OH)	09/02/05	11/15/05	
OKLAHOMA (OK)	08/26/05	10/21/05	
OREGON (OR)	09/02/05	09/06/05	
PENNSYLVANIA (PA)	09/02/05	10/26/05	
RHODE ISLAND (RI)			
SOUTH CAROLINA (SC)	09/02/05	09/12/05	
SOUTH DAKOTA (SD)	09/02/05	09/13/05	
TENNESSEE (TN)			
TEXAS (TX)	08/26/05	09/09/05	
UTAH (UT)	09/02/05	10/12/05	
VERMONT (VT)			
VIRGINIA (VA)			
WASHINGTON (WA)	09/02/05	10/20/05	
WEST VIRGINIA (WV)			
WISCONSIN (WI)	09/02/05	10/11/05	
WYOMING (WY)	09/02/05	12/09/05	