

May 17, 2005

Craig A. Koenig
Special Deputy Receiver
Highlands Insurance Company
275 Phillips Blvd.
Trenton, NJ 08618-1426

Re: Highlands Insurance Company
Suspension of Certificate of Authority in Maine
Docket No. INS 05-302

Dear Mr. Koenig:

Highlands Insurance Company has an active Certificate of Authority in the State of Maine. Due to the Company's current hazardous financial condition and the November 6, 2003 Agreed Permanent Injunction and Order Appointing Receiver, it is necessary to suspend Highlands Insurance Company's Certificate of Authority in Maine.

Pursuant to Title 24-A M.R.S.A. § 417(3), the Certificate of Authority for Highlands Insurance Company is suspended indefinitely, effective immediately. Per Lauri Cooper's recent telephone conversation with Alexandra Rio in the Company's regulatory division, Highlands Insurance Company has waived the right to a hearing. Thus, a hearing has not been scheduled.

Pursuant to 24-A M.R.S.A. §§ 229 and 419(1), Highlands Insurance Company may, at any time, file with the Superintendent a request to lift the suspension upon a showing that valid grounds for suspension no longer exist, and may petition for an adjudicatory hearing if the request to lift the suspension is denied.

If you have any questions, please contact Lauri Cooper at (207) 624-8464 or via e-mail at laurelyn.s.cooper@maine.gov.

Per Order of

Alessandro A. Iuppa
Superintendent of Insurance

cc: Alexandra Rio, Highlands Insurance Company