MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of		
The Market Conduct Examination of	)	Amendment of No. G 05-84
Illinois National Insurance Company **New Hampshire Indemnity Company** **AIG National Insurance Company** Authorized Insurers	)	Findings, Conclusions, and Order Adopting Report of Market Conduct Examination

BACKGROUND

On October 27, 2005, Order No. G 05-84 was entered which adopted the market conduct examination report of **Illinois National Insurance Company, New Hampshire Indemnity Company, and AIG National Insurance Company** as of December 31, 2004. Subsequently, typographical errors were detected in both the order and the report. This amended order is entered to effect only the following corrections:

Report page 20, Instruction 3 is amended to read:

> The Companies are instructed to comply with RCW 48.18.230(1) and WAC 284-30-560 to ensure that binders issued to temporarily secure coverage are valid until the policy is issued or ninety days, whichever is shorter. The Companies are further instructed to ensure the binders identify the Company providing the coverage and effective time and dates. (Underwriting Standard #1).

Order No. G 05-84, page 2, Order 3, is amended to read:

> 3. The Companies are ordered to comply with RCW 48.18.230(1) and WAC 284-30-560 to ensure that binders issued to temporarily secure coverage are valid until the policy is issued or ninety days, whichever is shorter. The Companies are further ordered to ensure the binders identify the Company providing the coverage and effective time and dates. (Underwriting Standard #1).

In all respects other than the two amendments noted above, the market conduct examination report of Illinois National Insurance Company, New Hampshire Indemnity Company, and AIG National Insurance Company as of December 31, 2004, and Order No. G 05-84 is affirmed as originally adopted.

This order is entered at Tumwater, Washington, on March 21, 2006, to be effective as of October 27, 2005.

Mike Kreidler
Insurance Commissioner

By: [signature]

James T. Odiorne, CPA, JD
Deputy Insurance Commissioner
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In the Matter of	)	No. G 05-84
	)	
The Market Conduct Examination of	)	FINDINGS, CONCLUSIONS,
	)	AND ORDER ADOPTING REPORT
Illinois National Insurance Company	)	
New Hampshire Indemnity Company	)	OF
AIG National Insurance Company	)	
	)	MARKET CONDUCT EXAMINATION
	)	
Authorized Insurers	)	
	)	

BACKGROUND

An examination of the market conduct of **Illinois National Insurance Company, New Hampshire Indemnity Company, AIG National Insurance Company** (the Companies) as of December 31, 2004 was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies, domiciled in the states of Illinois, Pennsylvania and New York each hold a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions and recommendations was transmitted to the Companies for their comments on September 7, 2005. The Companies' response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Companies.

Subject to the right of the Companies to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 25 of the report.

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CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Illinois National Insurance Company, New Hampshire Indemnity Company and AIG National Insurance Company,** and to order the Companies to take the actions described in the Instructions and Recommendations section of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions prior to the date of this order. The Instructions in the report are an appropriate response to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Companies are ordered as follows, these being the Instructions contained in the examination report on page 20.

1. The Companies are ordered to comply with RCW 48.05.190(1), Bulletin 78-7, and Technical Assistance Advisory T2000-06 and ensure that the legal name of the Company is clearly identified in all correspondence, releases, and checks. (General Examination Standard #2.) Instruction 1.

2. The Companies are ordered to comply with RCW 48.17.060(1) and (2), and ensure that all agents and agencies are appointed with each Company prior to allowing them to solicit business for the Company. (Agent Activity Standard #2.) Instruction 2.

3. The Companies are ordered to comply with RCW 48.18.230(1) and WAC 284-30-560 to ensure that binders issued to temporarily secure coverage are valid until the policy is issued or ninety days, whichever is shorter. The Companies are further ordered to ensure the binders identify the Company providing the coverage and effective time and dates. (Underwriting Standard #3.) Instruction 3.

4. The Companies are ordered to comply with RCW 48.18.140(1) and (2)(d) to ensure that all policies issued contain the required information regarding effective time and dates of coverage. (Rate and Form Filing Standard #3.) Instruction 4.

5. The Companies are ordered to comply with WAC 284-30-570 and Bulletin 96-2 to ensure that all cancellation and non-renewal notices include the true and actual reason for the action and are in clear and simple language so that the insured is not required to do additional research to understand the company's decision. (Cancellation and Non-Renewal Standard #3.) Instruction 5.

IT IS FURTHER ORDERED THAT, the Companies file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Companies have addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 27th day of October, 2005.

MIKE KREIDLER
Insurance Commissioner