MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

Phone: (360) 725-7000

OFFICE OF
INSURANCE COMMISSIONER

In the Matter of	)	No. G06-9
	)	
The Market Conduct Examination of	)	FINDINGS, CONCLUSIONS,
	)	AND ORDER ADOPTING REPORT
American International Insurance	)	
Company	)	
AIU Insurance Company	)	OF
American Home Assurance Company	)	MARKET CONDUCT EXAMINATION
Birmingham Fire Insurance Company	)	
of Pennsylvania	)	
	)	
Authorized Foreign Insurers	)	

BACKGROUND

An examination of the market conduct of **American International Insurance Company, AIU Insurance Company, American Home Assurance Company, Birmingham Fire Insurance Company of Pennsylvania** (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 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 December 22, 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.

Mailing Address: P.O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 26 of the report.

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 **American International Insurance Company, AIU Insurance Company, American Home Assurance Company, Birmingham Fire Insurance Company of Pennsylvania,** and to order the Companies to take the actions described in the Instructions and Recommendations sections 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, this being the Instructions contained in the examination report on page 21.

1. The Companies are ordered to comply with RCW 48.05.190(1), Bulletin 78-7, Technical Assistance Advisory T2000-06 and ensure that the legal name of the Company is clearly identified in all correspondence, releases, and checks. (Instruction 1, Page 21)

2. The Companies are ordered to comply with RCW 48.17.060(1) and (2), and RCW 48.17.160 and ensure that all agents and agencies are licensed and appointed with each Company prior to allowing them to represent the Company. (Instruction 2, Page 21)

3. The Companies are ordered to comply with RCW 48.18.100 and ensure that policy forms and applications, where required, have been filed with and approved by the OIC prior to use. (Instruction 3, Page 21)

4. The Companies are ordered to comply with RCW 48.19.040 and ensure that they have filed with the OIC classification manuals, manuals of rules and rates, rating plans, rating schedules, minimum rates, class rates, and rating rules prior to use, and does not issue any policies that are not in accord with the filing in effect. (Instruction 4, Page 21)

5. The Companies are ordered to comply with RCW 48.18.140(1) and (2)(a)-(f) and ensure that the policy identifies all forms that make up the policy. That the policy identifies the effective time and date of the policy. The policy will identify all coverage, conditions and limits. The Companies are further ordered to ensure that the Companies underwriting rules conform to the conditions of the policy. (Instruction 5, Page 21)

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 14th day of February, 2006.

MIKE KREIDLER
Insurance Commissioner