MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of	)	No. G 06-47
	)	
The Market Conduct Examination of	)	FINDINGS, CONCLUSIONS,
	)	AND ORDER ADOPTING REPORT
Financial Indemnity Company	)	
Alpha Property and Casualty	)	OF
Insurance Company	)	
	)	MARKET CONDUCT EXAMINATION
	)	
Authorized Insurers	)	

BACKGROUND

An examination of the market conduct of **Financial Indemnity Company and Alpha Property and Casualty Insurance Company** (the Companies) as of June 30, 2005 was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies, domiciled in the states of California and Wisconsin, 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 comments and recommendations was transmitted to the Companies for their comments on May 18, 2006. The Companies' response dated June 5, 2006 is attached to this order only to provide convenient review.

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 26 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 **Financial Indemnity Company and Alpha Property and Casualty Insurance Company** and to order the Companies to take the actions described in the Instructions 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 21.

1. The Companies are ordered to comply with RCW 48.05.190(1) and ensure that all checks and correspondence identify the full name of the insurer.

2. The Companies are ordered to comply with RCW 48.17.060(1) and (2) and ensure that all agents are licensed for the appropriate line of business in Washington prior to allowing them to solicit business or represent the Companies in any way.

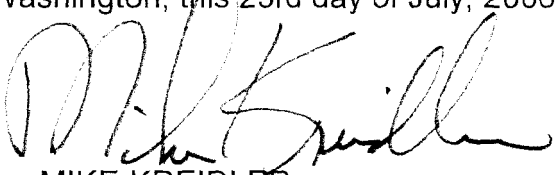
3. The Companies are ordered to comply with RCW 48.30.310, RCW 46.52.130, and WAC 308-104-145 to ensure that information derived from personal driver's license MVRs are not used in rating situations where the commercial driving record is required. The Companies are ordered to file a rating plan within 90 days of adoption of this report that meets these requirements. The Companies are further ordered to re-rate all policies where commercial MVRs should have been used for rating the commercial motor vehicles on the policy and refund any overcharged premium within 90 days of the adoption of the report.

4. The Companies are ordered to comply with RCW 48.17.591 and ensure that no policies are cancelled or non-renewed because the relationship between the Companies and the agent have terminated.

5. The Companies are ordered to comply with WAC 284-30-570 and ensure that all cancellation or non-renewal notices give sufficient information so that the insured does not need to do additional research to understand the Company's decision.

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 23rd day of July, 2006.



MIKE KREIDLER
Insurance Commissioner