MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of	)	No. G 07-0355
	)	
The Market Conduct Examination of	)	FINDINGS, CONCLUSIONS,
	)	AND ORDER ADOPTING REPORT
Grange Insurance Association	)	
Rocky Mountain Fire and Casualty	)	OF
Company	)	
	)	MARKET CONDUCT EXAMINATION
	)	
Authorized Domestic Insurers	)	

BACKGROUND

An examination of the market conduct of **Grange Insurance Association and Rocky Mountain Fire and Casualty Company** (the Companies) as of December 31, 2006 was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies, domiciled in the state of Washington, respectively hold Washington certificates of authority as a fraternal insurer and 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 November 2, 2007. The Companies' response dated November 20, 2007 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 5-24 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 and to order **Grange Insurance Association and Rocky Mountain Fire and Casualty Company** 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 and Recommendations prior to the date of this order. The Instructions and Recommendations 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 and Recommendations contained in the examination report on page 21.

1. The Companies are ordered to comply with RCW 48.05.190(1) to ensure all documents and correspondence identify the legal name of the insuring Company accurately.

2. The Companies are ordered to comply with RCW 48.17.160 to ensure that agents are appointed with the proper Company prior to soliciting business for that Company.

3. The Companies are ordered to comply with RCW 48.19.040(1) and (6) to ensure policies are rated according to the filings that apply.

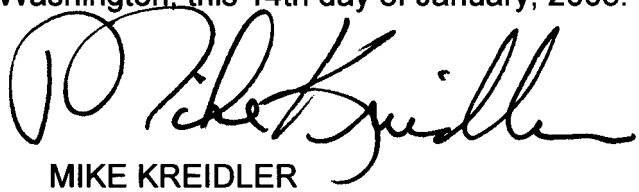
4. The Companies are ordered to comply with WAC 284-30-3901-3916 to ensure that total losses are evaluated according to the standards set forth in regulation. The Companies are further ordered to document the source of salvage quotes.

5. It is ordered that the Companies consider including specific review of compliance with WAC 284-30-340 that requires claim files to contain sufficient log notes and documentation of events and with WAC 284-30-370 that requires prompt investigation in its internal claim file audits.

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 January, 2008.



MIKE KREIDLER
Insurance Commissioner