



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	No. 11-154
)	
The Financial Examination of)	FINDINGS, CONCLUSIONS,
SAFECO INSURANCE COMPANY)	AND ORDER ADOPTING REPORT
OF AMERICA)	OF FINANCIAL EXAMINATION

A Domestic Insurer.

BACKGROUND

An examination of the financial condition of **SAFECO INSURANCE COMPANY OF AMERICA** (the Company) as of December 31, 2009, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds 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 Company for its comments on May 19, 2011. The Company's response to the report is attached to this order only for the purpose of a more convenient review of the response.

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

Subject to the right of the Company 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 1 through 12 of the report.



CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **SAFECO INSURANCE COMPANY OF AMERICA** and to order the Company to take the actions described in the Instructions section of the report. The Commissioner acknowledges that the Company may have implemented some of the Instructions prior to the date of this order. The Instructions in the report are appropriate responses to the matters found in the examination.

ORDER

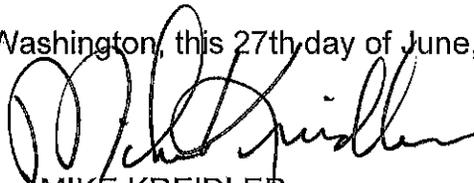
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions contained in the examination report on pages 1-2.

1. The Company is ordered to comply with RCW 48.05.073, RCW 48.05.250, WAC 284-07-050(2), RCW 48.13.020(1), and SSAP 4, paragraph 2(b), by excluding from the NAIC Annual Statement assets that are not registered, recorded, or held under the insurer's name. Instruction 1, Examination Report, page 1.
2. Pursuant to RCW 48.05.280, the Company is ordered to adequately disclose the details of the intercompany reinsurance arrangement in the NAIC Annual Statement, Notes to Financial Statements, to accurately reflect the assignment to PIC and to report the legal nature and transfer of liabilities. Instruction 2, Examination Report, page 2.

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

ENTERED at Olympia, Washington, this 27th day of June, 2011.



MIKE KREIDLER
Insurance Commissioner



**Liberty Mutual
Agency Corporation™**

June 20, 2011

James T. Odiorne, CPA, JD
Deputy Insurance Commissioner
Company Supervision Division
P.O. Box 40255
Olympia, WA 98504-0255

Re: Financial Examination Reports of Safeco Insurance Company of America, First National Insurance Company of America, General Insurance Company of America and Safeco Surplus Lines Insurance Company as of December 31, 2009.

Dear Mr. Odiorne:

This letter is to acknowledge receipt and acceptance of the State of Washington's Statutory Reports of Examination of the above-mentioned companies' Statutory Reports of Examination.

Respectfully,

A handwritten signature in black ink, appearing to read "Michael Fallon", with a long horizontal flourish extending to the right.

Michael Fallon, Chief Financial Officer and Treasurer