

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
THE LIMITED SCOPE MARKET
CONDUCT EXAMINATION OF
DIRECT INSURANCE COMPANY**

AID NO. 2005-046

ORDER

Now on this day the matter of the Limited Scope Market Conduct Examination ("Examination") of Direct Insurance Company ("Company"), NAIC # 37220, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Associate Counsel Sara Farris and the Finance Division of the Arkansas Insurance Department ("Department"). From the facts and law before her, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. The Company is a Tennessee-domiciled insurer authorized to transact marine and property and casualty, excluding workers' compensation, insurance in the State of Arkansas.
3. Pursuant to Ark. Code Ann. §23-61-201, *et seq.*, and other applicable laws, the Commissioner authorized and directed the Department to participate in a targeted market conduct Examination of the Company. The goal of the Examination was to assess whether the Company is appropriately protecting the privacy of personal information in its possession on policyholders and applicants, in accordance with Title V of the Gramm-Leach-Bliley Act of 1999.

4. The draft Examination Report was submitted to the Department on June 8, 2005; it was forwarded to the Company via email on June 8, 2005.
5. The Company sent the Department a response to the Examination Report on July 15, 2005, a copy of which is attached.
6. Based upon the Findings contained in the Examination Report and the Company's response, the Department has determined that further investigation is required.

THEREFORE, pursuant to Ark. Code Ann. § 23-61-103, the Department shall investigate the Findings contained in the Report and shall thereafter, consistent with the result of such investigation, enter an Order adopting the Report pursuant to Ark. Code Ann. § 23-61-205.

IT IS SO ORDERED this 15th day of August, 2005.


JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS