

BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

IN THE MATTER OF THE
REPORT OF EXAMINATION OF
CITIZENS FIDELITY INSURANCE
COMPANY

AID NO. 2006- 037

ADOPTION ORDER

Now on this day the matter of the Report of Examination ("Report" or "Report of Examination") as of December 31, 2005 of Citizens Fidelity Insurance Company ("Citizens Fidelity" or "Company"), of Little Rock, Arkansas, NAIC #83968, a domestic stipulated premium plan insurer, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by the Chief Counsel, Ms. Jean Langford, Legal Division, and the Finance Division of the Arkansas Insurance Department ("Department"). From the facts, matters and other things before her, the Commissioner finds as follows:

FINDINGS OF FACT

1. That the Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. That the Company is an Arkansas-domiciled insurance company authorized to transact life and accident and health (disability) insurance on the stipulated premium plan in the State of Arkansas.
3. That pursuant to Ark. Code Ann. §23-61-201, et seq., applicable to stipulated premium plan insurers pursuant to Ark. Code Ann. §23-71-103, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records and assets of the Company as of December 31, 2005.
4. That said examination was commenced by the Department on April 17, 2006, and completed on May 19, 2006.

5. That the verified Report of Examination was filed with the Department on June 16, 2006; it was then forwarded to the Company via certified mail on or about June 16, 2006. The Company received the Report on June 19, 2006, according to the certified mail return receipt that was returned to the Department.

6. That the Report of Examination contains no comments or discrepancies or deficiencies concerning the Company's operations:

7. That the Company filed no acknowledgement letter with the Department, and apparently the Company had no formal comments or rebuttal to the Examiners' findings in the draft Report of Examination.

THEREFORE, pursuant to the provisions of Ark. Code Ann. §23-61-205, applicable to the Company pursuant to Ark. Code Ann. §23-71-103, the Commissioner hereby orders:

1. That the Report of Examination as filed with the Department is hereby adopted;
2. That the Department shall forward a copy of this Order and the adopted Report of Examination to the Company, via certified mail, to the Company's Arkansas address of record. The mailing to the Company shall include specimen affidavit forms for the Company's Directors to use and return to the Department in acknowledgement of receipt of the adopted Report of Examination and this Order;
4. That within twenty (20) days of receipt of this Order and the adopted Report of Examination, the Company shall file with the Department affidavits executed by each one (1) of its Directors, stating under oath or affirmation that each received a copy of this Order and the adopted Report of Examination, pursuant to Ark. Code Ann. §23-61-205(b)(1), as applicable pursuant to Ark. Code Ann. §23-71-103;
5. That the adopted Report of Examination shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Order; and

6. That the Department reserves the right to consider or address further administrative proceedings against Citizens Fidelity Insurance Company at a later date, although it is important for the Company to note that none are contemplated by the Department at this time.

IT IS SO ORDERED this 14th day of August, 2006.



JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS