

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

**IN THE MATTER OF
THE CERTIFICATES OF AUTHORITY OF
VESTA FIRE INSURANCE CORPORATION,
SHELBY CASUALTY INSURANCE COMPANY,
SHELBY INSURANCE COMPANY, and VESTA
INSURANCE CORPORATION**

A.I.D. NO. 2007-028

ORDER OF SUSPENSION

Now on this day the matter of the Arkansas Certificates of Authority of VESTA FIRE INSURANCE CORPORATION, SHELBY CASUALTY INSURANCE COMPANY, THE SHELBY INSURANCE COMPANY, and VESTA INSURANCE CORPORATION, Texas-domiciled insurers, is taken under consideration by Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas (“Commissioner”), as presented by Amanda Capps Rose, Associate Counsel, Legal Division of the Arkansas Insurance Department (“Department”) and by the Finance Division of the Department. From the facts, matters and other things before the Commissioner, she finds as follows:

1. The Commissioner has jurisdiction over the parties and the subject matter involved herein.
2. Vesta Fire Insurance Corporation, NAIC No. 11762, is a Texas-domiciled insurer authorized to transact property and casualty insurance business in the State of Arkansas.
3. Shelby Casualty Insurance Corporation, NAIC No. 30503, is a Texas-domiciled insurer authorized to transact accident and health and property and casualty insurance business in the State of Arkansas.
4. The Shelby Insurance Company, NAIC No. 15156, is a Texas-domiciled insurer authorized to transact property and casualty insurance business in the State of Arkansas.

5. Vesta Insurance Corporation, NAIC No. 42668, is a Texas-domiciled insurer authorized to transact property and casualty insurance business in the State of Arkansas.

6. Vesta Fire Insurance Corporation, Shelby Casualty Insurance Company, The Shelby Insurance Company, and Vesta Insurance Corporation are affiliated entities.

7. On August 1, 2006, the District Court of Travis County, Texas issued an Order Appointing Liquidator and Permanent Injunction ("Order"). Pursuant to the Order, Vesta Fire Insurance Corporation, Shelby Casualty Insurance Company, and The Shelby Insurance Company were placed in liquidation effective August 1, 2006. The Texas Court also found that grounds existed for Vesta Insurance Corporation to remain in rehabilitation and so ordered in the August 1, 2006 Order.

8. The Order raises concerns for regulators about the soundness of the business operations of the insurers that are parties hereto as well as concerns regarding possible danger to the insurance-buying public in Arkansas.

9. On this date the Commissioner has determined that the causes as stated make it appropriate and expedient to suspend the Arkansas Certificates of Authority for Vesta Fire Insurance Corporation, Shelby Casualty Insurance Company, The Shelby Insurance Company, and Vesta Insurance Corporation.

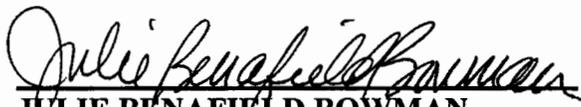
10. Pursuant to Ark. Code Ann. §§ 23-63-213, 23-63-214 and 23-63-215, the Commissioner hereby orders an immediate suspension of the following Arkansas Certificates of Authority: Certificate of Authority No. 2289 issued to Vesta Fire Insurance Corporation, Certificate of Authority No. 1484 issued to Shelby Casualty Insurance Company, Certificate of Authority No. 2602 issued to The Shelby Insurance Company, and Certificate of Authority No. 2460 issued to Vesta Insurance Corporation. This suspension shall continue unless the

Commissioner shortens or rescinds this suspension or considers alternative action based on subsequent events in the Texas state court liquidation and rehabilitation proceedings.

11. Pursuant to Ark. Code Ann. § 23-63-215(b), unless waived by the Commissioner, during the period of this suspension all insurers that are parties hereto shall file their annual statements and pay fees, licenses, and taxes as required under the Arkansas Insurance Code as if the Certificates of Authority had continued in full force.

12. Pursuant to the waiver provisions of Department Rule 56, the Company's payment of the Rule 56 fee ("CFRF") currently due on June 30, 2007 is waived; further, under the provisions of Department Rule 5, any anti-fraud assessments due in 2007 are hereby waived for the Company.

IT IS SO ORDERED THIS 19th DAY OF JUNE 2007.


JULIE BENAFIELD BOWMAN
INSURANCE COMMISSIONER
STATE OF ARKANSAS