

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

**IN THE MATTER OF THE  
REPORT OF EXAMINATION OF  
AMC RE, INC.  
(NAIC #12884)**

AID NO.: 2007- 080

**ADOPTION ORDER**

Now on this day the matter of the Report of Examination ("Report" or "Report of Examination") as of December 31, 2006, of AMC Re, Inc. ("Company"), of Little Rock, Arkansas, NAIC #12884, is taken under consideration by Ms. Julie Benafield Bowman, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Associate Counsel, Zane A. Chrisman, 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. The Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. The Company is an Arkansas-domiciled producer reinsurance captive insurance company.
3. Pursuant to Ark. Code Ann. § 23-61-201 et seq., 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, 2006.
4. Said examination was commenced by the Department on June 26, 2007, and completed on September 7, 2007.
5. The verified Report of Examination was filed with the Department on November 2, 2007; it was then forwarded to the Company via certified mail on November 2, 2007. The Company received the Report on November 7, 2007, according to the certified mail return receipt.
6. The Company did not respond to the Report of Examination.
7. The Report of Examination recommends that if the collectibility of the reinsurance agreement with Argonaut Insurance Company is not determined through arbitration or otherwise by

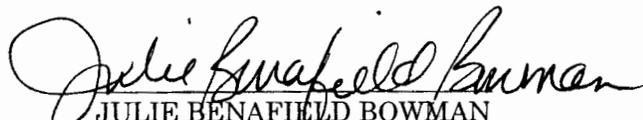
December 31, 2007, the Company shall report the receivable as a non-admitted asset in its 2007 annual statement in accordance with SSAP 87, paragraph 3.

8. The Report of Examination notes that the RTT and Texas ELI Protected Cell annual statements did not reflect the estimates of unpaid loss and LAE reserves as was calculated by the consulting actuary. Therefore, the Company shall ensure that those responsible for completing the protected cell annual statements correctly report the loss and loss adjustment expense reserve estimates of the Company's consulting actuary on all future protected cell financial statements filed with the Department.

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

1. That the Examination Report, as filed with the Department, is hereby adopted.
2. That the Department shall forward a copy of this Order and the adopted Examination Report, as filed, to the Company, by certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Directors to use in acknowledgement of receipt of the adopted Report of Examination and this Order.
3. That within twenty (20) days of receipt of this Order and the adopted Examination Report, the Company shall file with the Department affidavits executed by each one of its Directors, stating under oath or affirmation that each has received a copy of this Order and the adopted Examination Report;
4. That the adopted Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Order.
5. That the Department, as a matter of course, reserves the right to consider administrative proceedings against the Company at a later date.

IT IS SO ORDERED this 14th day of December 2007.

  
JULIE BENAFIELD BOWMAN  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS