

BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS

IN THE MATTER OF
THE REPORT OF EXAMINATION OF
FIRST GUARANTY INSURANCE COMPANY

AID NO. 2009 - 018

ADOPTION ORDER

Now on this day the matter of the Report of Examination ("Report" or "Report of Examination") as of December 31, 2007, of First Guaranty Insurance Company ("Company"), of Ashdown, Arkansas, NAIC No. 84034, is taken under consideration by Mr. Jay Bradford, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Chief Counsel, Booth Rand of the Arkansas Insurance Department ("Department"). From the facts, matters and other things before him, 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 legal reserve, stock, life 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, 2007.
4. The examination began on or about October 6, 2008.

5. A verified Report of Examination was filed according to Ark. Code Ann. § 23-61-205(a)(2) with the Department on January 15, 2009. It was forwarded to the Company via certified mail on January 15, 2009. The Company received the Report on January 20, 2009, according to the certified mail return receipt.
6. The Company did not respond to the Report nor file any objections to same.
7. The Report of Examination contained one (1) discrepancy concerning the Company's operations. An examiner found that the Company paid commissions to three (3) entities that were not properly licensed or appointed in violation of Ark. Code Ann. §23-64-513(a) and (b).

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, 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 within forty-five (45) days of receipt of this Order, the Company shall address in writing to the Finance Director of the Department the policies or plan it intends to implement to ensure better compliance with the requirements of Ark. Code Ann. § 23-64-513.

IT IS SO ORDERED this 12th day of March 2009.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS