

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

**IN THE MATTER OF  
THE REPORT OF EXAMINATION  
UNITED HOME INSURANCE COMPANY**

**A.I.D. NO. 2010- 098**

**ADOPTION ORDER**

Now on this day the matter of the Report of Examination ("Report") as of December 31, 2009, of United Home Insurance Company ("Company"), of Paragould, Arkansas, NAIC No. 17647, is taken under consideration by Jay Bradford, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Associate Counsel, Amanda Capps Rose, and the Finance Division 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 property and casualty insurer.
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, 2009.
4. Said examination was commenced by the Department on June 7, 2010 and completed on September 24, 2010.
5. The verified Report of Examination was filed with the Department on November 3, 2010. It was mailed to the Company via certified mail on November 3,

2010. The Company received the Report on November 4, 2010, according to the tracking service available through the United States Postal Service.

6. The Report of Examination notes that the Company was not preparing the minutes of Stockholders and Board of Directors meetings on pre-numbered pages.

7. The Report of Examination also notes non-compliance with certain provisions of the Producer Controlled Property and Casualty Insurer Act, Ark. Code Ann. §§ 23-63-1101, *et seq.*, as follows:

a. The Company does not have an independent audit committee that meets annually with the Company's independent certified public accountant(s) and independent actuary or loss reserve specialist;

b. The Company has not annually filed with the Commissioner an opinion of an independent casualty actuary or other independent loss reserve specialist reporting loss ratios for each line of business written and attesting to the adequacy of loss reserves established for losses incurred and outstanding as of the year's end, including losses incurred but not reported, on business placed by the producer.

c. The Company, during the period being examined, failed to provide the written notice to its policyholders disclosing the relationship between the producer and the Company.

#### **CONCLUSIONS OF LAW**

Based upon the above and foregoing Findings of Fact, the Commissioner makes the following Conclusions of Law:

1. The Commissioner and the Department have jurisdiction over the parties and the subject matter contained herein.

2. This Adoption Order has been properly entered in accordance with the Arkansas Insurance Code and Arkansas Insurance Department Rules.

3. The Company's failure to have an independent audit committee in place that meets annually with the Company's independent certified public accountant(s) and independent actuary or loss reserve specialist is a violation of Ark. Code Ann. § 23-63-1105(c)(1) – (2).

4. The Company's failure to annually file with the Commissioner an opinion of an independent casualty actuary or other independent loss reserve specialist reporting loss ratios for each line of business written and attesting to the adequacy of loss reserves established for losses incurred and outstanding as of the year's end, including losses incurred but not reported, on business placed by the producer is a violation of Ark. Code Ann. § 23-63-1105(d)(1).

5. The Company's failure to provide the written notice to its policyholders disclosing the relationship between the producer and the Company is a violation of Ark. Code Ann. § 23-63-1106.

6. The Company's failure to prepare the minutes of Stockholders and Board of Directors meetings was a violation of Arkansas Insurance Department Rule 9.

7. Subsequent to the period of examination, the Company has come into compliance with the matters listed in Findings of Fact ¶ 7(c); however, the Company continues to work toward compliance with Findings of Fact ¶ 7(a) and (b).

**THEREFORE**, pursuant to the provisions of Ark. Code Ann. § 23-61-205 and other provisions of the Arkansas Insurance Code, 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 Adoption Order and the adopted Examination Report, as filed, to the Company via certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Board of Directors to use in acknowledgement of receipt of the adopted Report of Examination and this Adoption Order;

3. That within twenty (20) days of receipt of this Adoption 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 Adoption Order and the adopted Examination Report; and

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 Adoption Order.

**IT IS SO ORDERED** this 14<sup>th</sup> day of December, 2010.

  
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**JAY BRADFORD**  
**INSURANCE COMMISSIONER**  
**STATE OF ARKANSAS**