

“Suspension Order”), on November 20, 2002. (A true and exact copy of the Suspension Order is attached hereto and marked as Exhibit 1).

4. The Suspension Order was predicated, in large part, on the fact that the Director of the South Carolina Department of Insurance had issued an Order Imposing Administrative Supervision and Appointing Supervisor (hereinafter referred to as the “Supervision Order”) against the Respondent as well as two (2) of Seibels Bruce’s other subsidiary insurance companies (hereinafter referred to as the “Affiliates”). The Supervision Order had found that the Affiliates had entered into agreements with Human Dynamics Corporation (hereinafter referred to as “HDC”) that violated South Carolina law, as well as violated a prior agreement between the Affiliates and the South Carolina Department of Insurance. (A true and exact copy of the Supervision Order is attached hereto and marked as Exhibit 2).

5. In the Supervision Order, the South Carolina Director found that as a result of the above mentioned agreements between the Affiliates and HDC sufficient grounds existed to place the Respondent in administrative supervision. The grounds for such action mentioned in the Supervision Order were: (1) the Respondent was in an unsound financial condition due to the transactions with HDC and its continued operation without the supervision was hazardous to the public; (2) the Respondent did not have full and correct records of business transactions with HDC as required by South Carolina law; and (3) the Respondent’s exposure on one single risk, the HDC risk, exceeded ten percent (10%) of its surplus in violation of South Carolina law.

6. On September 4, 2002, the South Carolina Department of Insurance decided to allow the Respondent to renew the insurance business of South Carolina Insurance Company. (A true and exact copy of the approval is attached hereto and marked as Exhibit 3). In large part based upon the South Carolina Department’s action, the Commissioner entered an Agreed Order that lifted the

suspension of the Respondent's certificate of authority. The Agreed Order did place, by agreement, a restriction on the Respondent's certificate of authority that limited the business that the Respondent could do under said certificate of authority to that of renewing the policies of its existing policyholders of the Respondent and the existing policyholders of South Carolina Insurance Company, an affiliate of the Respondent. (A true and exact copy of the Agreed Order is attached hereto and marked as Exhibit 4).

7. On May 20, 2003, the Director of the South Carolina Insurance Department issued an Order Lifting Administrative Supervision and Relieving Supervisor (hereinafter referred to as the "Lifting Order"). In issuing the Lifting Order, the Director concluded that the Respondent was no longer in a financially unsound condition and that it had provided the Department with sufficient access to its books and records. (A true and exact copy of the Lifting Order is attached hereto and marked as Exhibit 5).

8. On June 13, 2003, the Respondent requested that the Commissioner lift any conditions that currently exist on the Respondent's certificate of authority. (A true and exact copy of the request is attached hereto as Exhibit 6).

CONCLUSIONS OF LAW

1. Based upon the financial statements filed by the Respondent with the Division as well as the Lifting Order entered by the Director of the South Carolina Department of Insurance, the Respondent is hereby deemed financially sound. Therefore, Respondent is qualified to do business in this state as defined by Tennessee Code Annotated § 56-2-103(a)(2).

NOW, THEREFORE, in consideration of the foregoing, it is **ORDERED** that:

The restriction placed upon the Respondent's Certificate of Authority prohibiting it from writing any new business in the State of Tennessee is hereby removed. The Respondent is hereby authorized to perform any acts under its certificate of authority that the Law permits.

Entry of this Order shall not in any way restrict the Tennessee Insurance Division or the Commissioner of Commerce and Insurance from taking further action with respect to any violations by the Respondent of the Tennessee Insurance Law or any of the Rules promulgated thereunder.

IT IS SO ORDERED.

ENTERED this the 16th day of October, 2003.

Paula A. Flowers

Paula A. Flowers
Commissioner

APPROVED FOR ENTRY:



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