

**BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE  
OF THE STATE OF TENNESSEE**

**IN THE MATTER OF:**

**PREFERRED AUTO INSURANCE COMPANY, INC.**

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**No.: 09-023**

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**ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVE**

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Pursuant to TENN. CODE ANN. §§ 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (“Division”) has examined certain affairs of Preferred Auto Insurance Company, Inc. (the “Company”), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31<sup>st</sup> day of December, 2007, the examiner-in-charge filed with the Division, on the 5<sup>th</sup> day of June, 2009, a verified, written report on the examination, and a copy of that report has been sent to Preferred Auto Insurance Company, Inc. (The Report on Examination of Preferred Auto Insurance Company, Inc. is attached hereto as Exhibit A). The Division received no written rebuttal to said examination report from the Company.

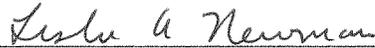
Pursuant to TENN. CODE ANN. § 56-1-411, said examination report regarding the affairs of Preferred Auto Insurance Company, Inc. filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 5<sup>th</sup> day of June, 2009, is hereby **ADOPTED** as filed with the following **DIRECTIVE**:

The Company is **DIRECTED** to comply with TENN. CODE ANN. §§ 56-1-501(g) by preparing its financial statements in accordance with National Association of Insurance Commissioners (“NAIC”) Accounting Practices and Procedures Manual.

The adoption of this examination report shall not preclude the Department from imposing sanctions against Preferred Auto Insurance Company, Inc. for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

**ENTERED** this the 29<sup>th</sup> day of June, 2009.



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Leslie A. Newman, Commissioner  
Department of Commerce and Insurance  
State of Tennessee

**PREPARED FOR ENTRY:**

  
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Karen L. Heidel (BRR # 024484)  
Assistant General Counsel  
Tennessee Department of Commerce and Insurance  
500 James Robertson Parkway  
Davy Crockett Tower, Second Floor  
Nashville, Tennessee 37243  
(615) 741-2199

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report with Directive has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, Bryan Cummings, Insurance Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to Preferred Auto Insurance Company, Inc., at the address of 216 South Cooper, Memphis, Tennessee, 38104; on this the 29<sup>th</sup> day of June, 2009.

  
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Karen L. Heidel  
Certifying Attorney