

BEFORE THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE

RECEIVED

IN THE MATTER OF:)

)

No.: 12-005

FEB 13 2012

DIRECT INSURANCE COMPANY)

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Dept. of Commerce & Insurance
Company Examinations

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. § 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined certain affairs of Direct Insurance Company (hereinafter also referred to as the "Company"), an insurance company domiciled in the state of Tennessee. As a result of an examination conducted as of the 31st day of December 2010, the examiner-in-charge filed with the Division, on the 20th day of December 2011, a verified, written report on examination, and a copy of that report has been sent to the Company. (The Report on Examination of Direct Insurance Company is attached hereto and marked as Exhibit A). The Division received a written response letter to said examination report on January 13, 2012. (The Company's response letter is attached hereto and marked as Exhibit B).

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of Direct Insurance Company, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 20th day of December 2011, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. §56-1-501(g) and SSAP No. 53 and report advance premiums separately in the Annual Statement.
2. The Company is **DIRECTED** to comply with SSAP No. 96 and shall amend the

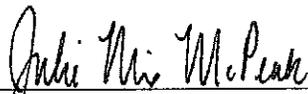
inter-company agreement to include a specified due date for account settlements in its cost allocation agreement.

The Company shall comply with the directives contained in this Order within thirty (30) days of its entry.

The adoption of this examination report shall not preclude the Division from imposing sanctions against the Company 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 as Filed with Directives merely to adopt the examination report filed by the examiner-in-charge.

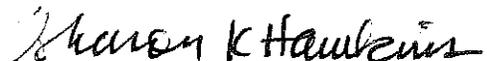
It is so **ORDERED**.

ENTERED this the 10th day of February, 2012.



Julie Mix McPeak, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report with Directives has been messenger mailed to: Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance; Mark Jaquish, Insurance Analysis Director, Department of Commerce and Insurance; and mailed first class, postage prepaid, to Direct Insurance Company, 1281 Murfreesboro Road, Nashville, Tennessee 37217, on this the 14th day of February, 2012.



Sharon K. Hawkins
Certifying Attorney