

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

**IN THE MATTER OF:**

**DIRECT INSURANCE COMPANY**

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**TID No.: 17-053**

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**ORDER ADOPTING EXAMINATION REPORT**

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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 Direct Insurance Company (“Company”), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of December 31, 2015, the examiner-in-charge filed with the Division, on May 17, 2017, a verified, written report on the 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 response regarding the report from the Company on June 28, 2017. (The written response submitted by the Company is attached hereto and marked as Exhibit B.)

Pursuant to Tenn. Code Ann. § 56-1-411, the examination report regarding the affairs of the Company filed with the Division on May 17, 2017, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Report on Examination contains an apparent typographical error by referencing Tenn. Code Ann. § 56-11-105(b)(1)(A) in the second paragraph in the section titled “Producer Agreement, Direct General Companies Intercompany Services and Cost Allocation Agreement, and Premium Finance Settlement Agreement” on page twenty-four (24) of the Report on Examination. The

reference should be Tenn. Code Ann. § 56-11-105(b)(3)(A). The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-11-105(b)(3)(A) by disclosing transfers of funds on the annual Form B Holding Company Registration Statement filed by Elara Holdings, Inc.

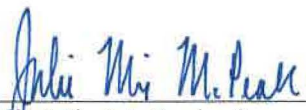
2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-11-105(b)(3) by documenting transfers of funds on an intercompany agreement that is filed with and approved by the Division.
3. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-11-106(a)(2) by notifying the Commissioner in writing of all management agreements at least thirty (30) days prior to effective date of such 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 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 30th day of June, 2017.

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

**PREPARED FOR ENTRY:**

  
\_\_\_\_\_  
Jenny Taylor, BPR # 027264

Assistant General Counsel for Insurance  
Tennessee Department of Commerce and Insurance  
500 James Robertson Parkway  
Davy Crockett Tower, 8<sup>th</sup> Floor  
Nashville, Tennessee 37243

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report has been messenger mailed to: Lorrie K. Brouse, Deputy Commissioner and General Counsel, Department of Commerce and Insurance; Joy Little, Insurance Examinations Director/Chief Examiner, 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 Pike # 150, Nashville, Tennessee 37217, on this the 30<sup>th</sup> day of June 2017.

  
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Jenny Taylor