MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

OFFICE OF
INSURANCE COMMISSIONER

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In the Matter of	)	No. G 06-3
	)	
The Market Conduct Examination of	)	FINDINGS, CONCLUSIONS,
	)	AND ORDER ADOPTING REPORT
Red Shield Insurance Company	)	OF
	)	MARKET CONDUCT EXAMINATION
	)	
Authorized Domestic Insurer	)	
	)	

BACKGROUND

An examination of the market conduct of **Red Shield Insurance Company** (the Company) as of December 31, 2004 was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Company, domiciled in the state of Washington, holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and comments and recommendations was transmitted to the Company for its comments on December 22, 2005. The Company's response to the report is attached to this order only for the purpose of providing convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

FINDINGS

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 3 through 21 of the report.

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CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the market conduct examination of **Red Shield Insurance Company** and to order the Company to take the actions described in the Instructions and Recommendations sections of the report. The Commissioner acknowledges that the Company may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are an appropriate response to the matters found in the examination.

ORDER

The market conduct examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions and Recommendations contained in the examination report on page 18.

1. The Company is ordered to comply with RCW 48.17.060 (1) and (2) and ensure that all agents and brokers are licensed in the appropriate line of business before allowing them to solicit business or represent the Company in any way. (Instruction 1, Page 18)

2. The Company is ordered to comply with RCW 48.17.160 and ensure that all agents are appointed with the Company prior to allowing them to solicit business for the Company. (Instruction 2, Page 18)

3. The Company is ordered to comply with WAC 284-24-100 and ensure that underwriting analysis and decisions are documented in the underwriting file. (Instruction 3, Page 18)

4. The Company is ordered to comply with RCW 48.19.040(1) and (6). Within 90 days of adoption of this report, the Company must determine the policies affected by the programmed rating errors discovered by the examiners and refund any premium charged in error. Proof of this action must be submitted to the Chief Market Conduct Examiner. (Instruction 4, Page 18)

5. The Company is ordered to comply with RCW 48.17.591 to ensure that no policies are non-renewed because the relationship between the agent and the Company was terminated. (Instruction 5, Page 18)

6. The Company is ordered to consider auditing its agency database to ensure that all agents and brokers are appropriately licensed and appointed. (Recommendation 1, Page 18)

7. The Company is ordered to consider holding a training session on the requirements of WAC 284-30-340 regarding the need for additional or more complete file documentation and WAC 284-30-360 regarding the requirements for timely response to correspondence. (Recommendation 2, Page 18)

IT IS FURTHER ORDERED THAT, the Company file with the Chief Market Conduct Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 30th day of January, 2006.

MIKE KREIDLER
Insurance Commissioner