MIKE KREIDLER
STATE INSURANCE COMMISSIONER

STATE OF WASHINGTON

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OFFICE OF
INSURANCE COMMISSIONER

In the Matter of	)	No. G 06-65
	)	
The Market Conduct Examination of	)	FINDINGS, CONCLUSIONS,
	)	AND ORDER ADOPTING REPORT
Balboa Insurance Company	)	OF
Meritplan Insurance Company	)	MARKET CONDUCT EXAMINATION
	)	
Authorized Insurer	)	
	)	

BACKGROUND

An examination of the market conduct of **Balboa Insurance Company and Meritplan Insurance Company** (the Companies) as of June 30, 2005 was conducted by examiners of the Washington Office of the Insurance Commissioner (OIC). The Companies, domiciled in the state of California, each hold 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 recommendations was transmitted to the Companies for their comments on October 17, 2006. The Companies' 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 Companies.

Subject to the right of the Companies 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 26 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 **Balboa Insurance Company and Meritplan Insurance Company** and to order the Companies to take the actions described in the Instructions and Recommendations sections of the report. The Commissioner acknowledges that the Companies may have implemented the Instructions and Recommendations prior to the date of this order. The Instructions and Recommendations in the report are appropriate responses 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 Companies are ordered as follows, these being the Instructions and Recommendation contained in the examination report on page 21.

1. The Companies are ordered to ensure that all correspondence and forms identify the legal name of the insurer in compliance with RCW 48.05.190(1). Letterhead or forms that include the names of all companies in the group or the name of the parent company must clearly identify the actual insuring company in the document itself. (General Examination Standard #2)

2. The Companies are ordered to comply with RCW 48.17.160 (1) and (2) and ensure that all agents are appointed prior to soliciting business for the Companies. (Agent Activity Standard #2)

3. The Companies are ordered to comply with RCW 48.19.040(1) and (6) to ensure that no policies are issued that are not in accord with the filing of rates and rules in effect. (Rate & Form Filing Standard #1)

4. The Companies are ordered to comply with WAC 284-30-570 to ensure that cancellation or non-renewal notices comply with the requirements to identify the true reasons for the Companies' actions and that the information is sufficient so the insured would not need to make further inquiries to understand the decision to cancel or non-renew. (Renewal & Cancellation Standard #3)

5. The Companies are ordered to consider reviewing their policies and procedures for claim handling when using independent adjusters or appraisers to ensure that these vendors are held to standards that ensure compliance to Washington law.

IT IS FURTHER ORDERED THAT, the Companies 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 4th day of December, 2006.

MIKE KREIDLER
Insurance Commissioner