

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
THE REPORT OF EXAMINATION
UNITED HOME INSURANCE COMPANY**

A.I.D. NO. 2020- 39

ADOPTION ORDER

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2018, of United Home Insurance Company (“Company”), of Paragould, Arkansas, NAIC No. 17647, is taken under consideration by Alan McClain, Insurance Commissioner for the State of Arkansas (“Commissioner”), as presented by Associate Counsel, Amanda Capps Rose, and the Finance Division of the Arkansas Insurance Department (“Department”). From the facts, matters and other things before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Company is an Arkansas-domiciled property and casualty insurer.
2. Pursuant to Ark. Code Ann. §§ 23-61-201, *et seq.*, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records, and assets of the Company as of December 31, 2018.
3. Said examination was commenced by the Department on July 16, 2019, and completed on April 9, 2020.
4. The verified Report was filed with the Department on May 14, 2020. It was then mailed to the Company via certified mail on May 15, 2020. The Company received the Report on May 19, 2020, according to the tracking service available through the United States Postal Service.

5. The Department received a response from the Company on May 26, 2020, stating that the Company is aware of the findings in the Report and waiving the remainder of its thirty (30) days to respond.

6. The Report notes that the Company failed to maintain adequate standards for the appointment of producers as Company agents.

7. The Company begins the process of nonrenewing a producer's existing book of business ninety (90) days after the termination of the producer, regardless of property condition.

8. The Company failed to consistently notify insureds within ten (10) days of cancellation for nonpayment of premium.

9. The Company's Board of Directors meeting minutes do not document the presentation of the Actuarial Opinion nor a presentation by the appointed actuary to the Board of Directors.

10. Based on the Department contract actuary's review of reserves using data valued through December 31, 2019, the reserves by the Company as of December 31, 2018 were deemed to be deficient.

CONCLUSIONS OF LAW

Based upon the above and foregoing Findings of Fact, the Commissioner makes the following Conclusions of Law:

1. The Commissioner and the Department have jurisdiction over the parties and the subject matter contained herein.

2. This Adoption Order has been properly entered in accordance with the Arkansas Insurance Code and Department Rules.

3. The Company's failure to maintain adequate standards for the appointment of producers as its agents is a violation of Ark. Code Ann. § 23-64-514(a).

4. The Company's procedure of nonrenewing a producer's existing book ninety (90) days after the producer's termination, regardless of property condition, is a violation of Ark. Code Ann. § 23-64-230(a)(1).

5. The Company's failure to provide ten (10) days' notice of cancellation for nonpayment of premium is a violation of Ark. Code Ann. § 23-66-206(9)(B).

6. The Company's failure to document the presentation of the Actuarial Opinion nor a presentation by the appointed actuary to the Board of Directors is a violation of Annual Statement Instructions and Ark. Code Ann. § 23-63-216(a)(3).

7. The Company should accurately estimate reserves in accordance with Annual Statement Instructions and Ark. Code Ann. § 23-63-216(a)(3) so they are not deficient.

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205 and other provisions of the Arkansas Insurance Code, the Commissioner hereby orders:

1. That the Report, as filed with the Department, is hereby adopted;

2. That the Department shall forward a copy of this Adoption Order and the adopted Report, as filed, to the Company via certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Board of Directors to use in acknowledgement of receipt of the adopted Report and this Adoption Order;

3. That within twenty (20) days of receipt of this Adoption Order and the adopted Report, the Company shall file with the Department affidavits executed by each

one of its directors, stating under oath or affirmation that each has received a copy of this Adoption Order and the adopted Report;

4. That the adopted Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Adoption Order;

5. That the Company shall comply with the provisions of Ark. Code Ann. § 23-64-514(a) regarding the appointment of producers as the Company's agents;

6. That the Company shall comply with the provisions of Ark. Code Ann. § 23-64-230(a)(1) regarding the nonrenewal of policies following the termination of a producer;

7. That the Company shall provide at least ten (10) days' notice of cancellation for nonpayment of premium in conformance with Ark. Code Ann. § 23-66-206(9)(B);

8. That the Company shall document the presentation of the Actuarial Opinion and a presentation by the appointed actuary to the Board of Directors as required by the Annual Statement Instructions and Ark. Code Ann. § 23-63-216(a)(3); and

9. The Company shall accurately estimate reserves in accordance with Annual Statement Instructions and Ark. Code Ann. § 23-63-216(a)(3) so they are not deficient.

IT IS SO ORDERED this 9th day of June, 2020.


ALAN McCLAIN
INSURANCE COMMISSIONER
STATE OF ARKANSAS