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

IN THE MATTER OF:	)	
	)	**No.: 05-053**
GOLDEN SECURITY INSURANCE COMPANY	)	

ORDER ADOPTING EXAMINATION REPORT
WITH MODIFICATIONS AND 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 Golden Security 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, 2004, the examiner-in-charge filed with the Division, on the 15th day of July, 2005, a verified, written report on examination, and a copy of that report has been sent to Golden Security Insurance Company. (The Report on Examination of Golden Security Insurance Company is attached hereto and marked as Exhibit A). The Division received written rebuttal to said examination report from the Company on July 25, 2005. (A copy of the Company's written rebuttal is attached hereto and marked as Exhibit B.)

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of Golden Security Insurance Company, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 15th day of July, 2005, is hereby **ADOPTED** as filed with the following **MODIFICATIONS** and **DIRECTIVES**:

1. The Report on Examination is hereby **MODIFIED** by deleting on page thirteen (13) under the title "Reinsurance" the following language:

   "The Company did not submit this agreement for approval in accordance with Tenn. Code Ann. § 56-10-301, Tenn. Code Ann. § 56-10-302(a)(2) and Tenn. Code Ann. §

56-10-302(c)(1)."

and replacing it with the following language:

"The Company was not required to submit a report concerning this agreement to the Department of Commerce and Insurance, as per Tenn. Code Ann. § 56-10-301, as it is not considered a material disposition under Tenn. Code Ann. § 56-10-302."

2. The Report on Examination is hereby **MODIFIED** by deleting in its entirety the subtitle "Reinsurance" and language found thereunder, as found on page twenty (20) under the title "Recommendations".

3. The Report on Examination is hereby **MODIFIED** by deleting in its entirety the subtitle "Aviation Policy" and language found thereunder, as found on page twenty (20) under the title "Comments".

4. The Report on Examination is hereby **MODIFIED** by deleting the language at the end of the title "Fidelity Bond and Other Insurance", as found on page ten (10), reading:

   ", with one (1) exception. Global Aerospace Insurance Co. was not a licensed insurance carrier of an approved alien or foreign surplus lines carrier in the State of Tennessee as of the date of this examination. Global Aerospace provided the Company coverage through an Aviation Policy."

   and replacing it with the following: ".".

5. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-11-206(a)(2)(C) by filing with the Commissioner for the Commissioner's review and consideration the "Agreement for the Allocation of Federal Income Tax Liability and Benefits Among The Members Of The BCBST Consolidated Group", should the Company desire to participate in this agreement.

6. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-11-206(a)(2)(D) by adopting formal, written agreements with its parent, subsidiaries and affiliates for all management, administrative and general services rendered by each participating entity. The Company is further **DIRECTED** to comply with Tenn. Code Ann. § 56-11-206(a)(2) by notifying the Commissioner in writing of its intention to enter into any transactions listed under § 56-11-206(a)(2) at least thirty (30) days prior to doing so, so as to allow the Commissioner to review such transactions and determine whether or not to disapprove them.

7. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-411(c)(2) by providing the Commissioner and her deputies those documents necessary to fulfill the examination requirements found in the National Association of Insurance Commissioners' Examiners Handbook. These documents include, but are not limited to, a Letter of Representation, as described and outlined in Part 1, Exhibit K of the Examiners Handbook.

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 Department from imposing sanctions against Golden Security Insurance 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 With Modifications and Directives merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED this the 3rd day of August, 2005.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:

Eric J. Stansell

Eric J. Stansell (BPR# 021707)
Staff Attorney
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Davy Crockett Tower, Fifth Floor
Nashville, Tennessee 37243
(615) 741-2199

CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to Golden Security Insurance Company, 801 Pine Street, Chattanooga, Tennessee 37402, on this the 5th day of August, 2005.

Eric J. Stansell

Eric J. Stansell
Certifying Attorney