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

IN THE MATTER OF:	)	
	)	**No.: 05-011**
NORTH AMERICAN INDEMNITY COMPANY	)	

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. §§ 56-13-101, *et seq.* and 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 North American Indemnity Company (hereinafter also referred to as the "Company"), a captive insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2003, the examiner-in-charge filed with the Division, on the 22nd day of March, 2005, a verified, written report on examination, and a copy of that report has been sent to North American Indemnity Company. (The Report of Examination of North American Indemnity Company is attached hereto and marked as Exhibit A). The Division received written rebuttal to said examination report from the Company on April 11, 2005. (A true and exact copy of the company's written rebuttal is attached hereto and marked as Exhibit B).

Pursuant to Tenn. Code Ann. §§ 56-13-120 and 56-1-411, said examination report regarding the affairs of North American Indemnity Company, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 22nd day of March, 2005, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

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Company Examinations

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-2-103(a)(6) by submitting for the Commissioner of Commerce and Insurance's ("Commissioner"'s) approval any and all charter amendments prior to submitting such amendments to the Tennessee Secretary of State.

2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-3-112 and Tenn. Comp. R. & Regs., ch. 0780-1-46-.04 (1999) by maintaining a custodial agreement that complies with said rule, should the Company choose an authorized method of holding its securities that requires such an agreement.

3. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-13-113 by filing its annual statements in such form as approved by the Commissioner.

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 North American Indemnity 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 Directives merely to adopt the examination report filed by the examiner-in-charge.

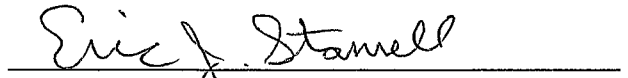
It is so **ORDERED**.

ENTERED this the 29th day of April, 2005.

Paula A. Flowers

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

PREPARED FOR ENTRY:



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(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 North American Indemnity Company, 3401 West End Avenue, Suite 600, Nashville, Tennessee 37203, on this the 2nd day of May, 2005.

Eric J. Stansell
Certifying Attorney