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

IN THE MATTER OF:	)	
	)	**No.: 03-146**
PERMANENT GENERAL ASSURANCE CORPORATION	)	

ORDER ADOPTING EXAMINATION REPORT AS FILED WITH 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 the affairs of Permanent General Assurance Corporation, an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2001, the examiner-in-charge has filed with the Division on the 3rd day of September, 2003, a verified written report of examination under oath, and a copy of that report has been sent to Permanent General Assurance Corporation (The Report on Examination of Permanent General Assurance Corporation, is attached hereto and marked as Exhibit A). The Division received written rebuttal to said examination report from the company on October 13, 2003. (A true and exact copy of the company's written rebuttal is attached hereto and marked as Exhibit B).

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of Permanent General Assurance Corporation, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 3rd day of September, 2003, is hereby **ADOPTED** as filed, with **DIRECTIVES** to the company.

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Dept. Of Commerce & Insurance
Company Examinations

Permanent General Assurance Corporation (hereinafter referred to as the "Company") is hereby **DIRECTED** to accomplish the following:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-6-603. Such compliance shall include, but not be limited to, the filing of all information required by such section with the Commissioner for the year ended December 31, 2002.

2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-11-206 and Tenn. Comp. R. & Regs. Tit. Dept of Commerce and Ins., ch. 0780-1-67 by obtaining the Commissioner's prior approval for any and all transactions within the holding company system that requires such approval under Tenn. Code Ann. § 56-11-206(a)(2). The Company is further **DIRECTED** to file all such agreements currently in existence with the Commissioner and that have not yet received the Commissioner's approval.

3. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-3-402 by only investing its assets in items authorized by said statute unless otherwise permitted by law. Compliance with this section shall include, but not be limited to, investing in money market funds that are on the list of funds filed with the Securities Valuation Office of the National Association of Insurance Commissioners.

4. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-501(b) by filing with the Department annual statements that comply with the annual statement instructions established by the Commissioner. The Company is further **DIRECTED** to implement and maintain the changes recommended by the examiner on pages 34 and 36 of the Report on Examination concerning such annual statements.

5. The company is **DIRECTED** to comply with Tenn. Comp. R. & Regs. Tit. Dep't of Commerce and Ins., ch. 0780-1-46-.04, should it choose to hold its securities with a custodial bank by having such securities held pursuant to a qualified custodial agreement between the insurance company and the custodial bank.

The company shall comply with the directions 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 Permanent General Assurance Corporation 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 with the directives herein contained.

It is so **ORDERED**.

ENTERED this the 21st day of November, 2003.

Paula A. Flowers

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

PREPARED FOR ENTRY:

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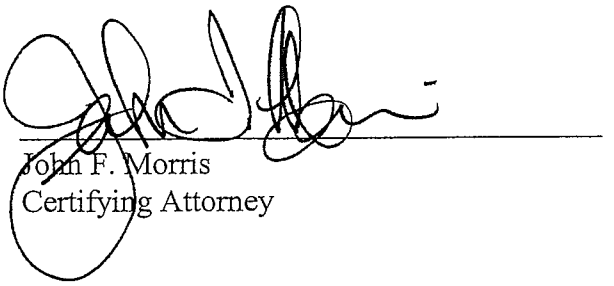
615 741 2199

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, Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to Permanent General Assurance Corporation, at the mailing address of 301 Plus Park Boulevard, Suite 10, Nashville, Tennessee 37217-1005; on this the 24th day of November, 2003.



John F. Morris
Certifying Attorney