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

IN THE MATTER OF:	)	
	)	**No.: 05-052**
SOUTHERN FIRE & CASUALTY COMPANY	)	

ORDER ADOPTING EXAMINATION REPORT WITH MODIFICATIONS

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 Southern Fire & Casualty 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 30th day of September, 2004, the examiner-in-charge filed with the Division, on the 12th day of July, 2005, a verified, written report on examination, and a copy of that report has been sent to Southern Fire & Casualty Company. (The Report on Examination of Southern Fire & Casualty 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 Southern Fire & Casualty Company, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 12th day of July, 2005, is hereby **ADOPTED** as filed with the following **MODIFICATIONS**:

1. The Report on Examination is hereby **MODIFIED** by replacing near the top of page nine (9), under the heading "Expense Allocation Agreement", the word "ears" with the word "bears."

2. The Report on Examination is hereby **MODIFIED** by replacing on page twelve (12), under the heading "Territory" the numeral "2,791,078" with the numeral "3,855,630".

3. The Report on Examination is hereby **MODIFIED** by replacing on page fourteen (14), under the heading "Loss Experience" the numeral "3,157,272" with the numeral "3,119,272".

4. The Report on Examination is hereby **MODIFIED** by replacing on page sixteen (16), under the heading "Loss Reserves" the amount of "$29,482,000" with the amount of "$28,482,000".

The adoption of this examination report shall not preclude the Department from imposing sanctions against Southern Fire & Casualty 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 merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED this the 1st day of August, 2005.

Paula A. Flowers

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

PREPARED FOR ENTRY:

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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 Southern Fire & Casualty Company, One General Drive, Sun Prairie, Wisconsin 53596, on this the 1st day of August, 2005.

Eric J. Stansell
Certifying Attorney