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

IN THE MATTER OF:	)	
	)	**No.: 09-031**
HOSPITAL UNDERWRITING GROUP, INC.	)	
	)	

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. §§ 56-1-401, *et seq.*, and 56-13-120, the Insurance Division of the State of Tennessee Department of Commerce and Insurance ("Division") has examined certain affairs of the Hospital Underwriting Group, Inc. ("Company"), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2007, the examiner-in-charge filed with the Division, on the 11th day of June, 2009, a verified, written report on the examination, and a copy of that report has been sent to the Company. (The Report on Examination of the Company is attached hereto and marked as Exhibit A). The Division received no written rebuttal to said examination report from the Company.

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of the Hospital Underwriting Group, Inc., filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 11th day of June, 2009, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-3-112 and Tenn. Comp. R. & Reg. § 0780-1-46 by establishing a proper custodial agreement, with a bank that is a member of the federal reserve system, that meets the requirements of Tenn. Code Ann. § 56-3-112 and Tenn. Comp. R. & Reg. § 0780-1-46. Furthermore, all funds held through a custodial agreement that does not meet the requirements of Tenn. Comp. R. & Reg. § 0780-1-46 are to be reported as non-admitted assets on future annual statement filings per Tennessee Regulation 0780-1-46-.03(4).

2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-2-104(a)(5)(A) by maintaining its principle place of business, primary executive, administrative and home offices, and all original books and records in the State of Tennessee.

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 the Hospital Underwriting Group, Inc. 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 June, 2009.

Leslie A. Newman

Leslie A. Newman, 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 mailed, first class, postage prepaid, to the Hospital Underwriting Group, Inc., 13737 Noel Road, Suite 100, Dallas, TX 75240, on this the 29th day of June, 2009.

Tony Greer
Certifying Attorney