

**STATE OF NEW YORK  
DEPARTMENT OF FINANCIAL SERVICES**

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**In the Matter of  
Force-Placed Insurance Review**

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**ORDER**

**WHEREAS** the Department of Financial Services (the “Department”) has commenced an investigation pursuant to Financial Services Law §§ 306 and 404 and Insurance Law § 308 into practices related to force-placed insurance (i.e., insurance coverage placed on a homeowner’s property when the homeowner has failed to maintain or renew insurance as required by the terms of the homeowner’s mortgage);

**WHEREAS** the Department conducted public hearings pursuant to Financial Services Law §§ 305 and 306 concerning force-placed insurance;

**WHEREAS** the Department has reviewed extensive evidence during the course of the investigation;

**WHEREAS** the Department’s investigation has raised questions and concerns regarding the rates for force-placed insurance American Modern Home Insurance Company (“American Modern”) currently has on file with the Department and whether the information American Modern provided in support of such rate filings was accurate;

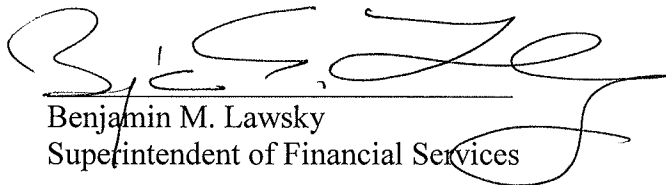
**WHEREAS** the Department’s investigation has revealed that loss ratios (i.e., the percentage of premiums paid on claims) American Modern actually experienced for force-placed insurance have regularly been far below the expected loss ratios American Modern filed with the

Department, and that American Modern's rates for force-placed insurance appear to be excessive and destructive of competition;

**WHEREAS** any final determination of rates requires further consideration of the foregoing as well as appropriate expenses, profits and contingencies;

**NOW, THEREFORE, IT IS HEREBY ORDERED**, pursuant to Financial Services Law §§ 301(c)(1) and 302(a)(1) and Insurance Law §§ 2303 and 2316(a)(3), that American Modern Home Insurance Company shall propose and justify amended rates for force-placed insurance based on factors including but not limited to: commissions and brokerage; other acquisition expenses; general expenses; taxes, licenses and fees; and profit and contingencies. American Modern Home Insurance Company shall propose such amended rates by July 6, 2012.

Dated: June 8, 2012  
New York, NY

  
Benjamin M. Lawsky  
Superintendent of Financial Services