

**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;

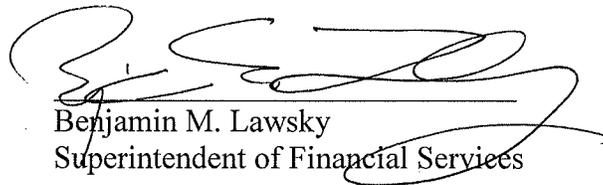
**WHEREAS** the Department’s investigation has raised questions and concerns regarding the rates for force-placed insurance American Security Insurance Company (“ASIC”) currently has on file with the Department and whether the information ASIC provided in support of such rate filings was accurate;

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