

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

IN THE MATTER OF:)

PRE-PAID LEGAL SERVICES OF)
TENNESSEE, INC.)

No.: 08-093

RECEIVED

JUN 20 2008

Dept. Of Commerce & Insurance
Company Examinations

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. §§ 56-1-401, *et seq.*, the Insurance Division of the Tennessee Department of Commerce and Insurance (“Division”) has examined certain affairs of Pre-Paid Legal Services of Tennessee, Inc. (“Company”), an insurance company domiciled in the State of Oklahoma and incorporated under the Tennessee Business Corporation act as a for-profit legal insurance company. As a result of an examination conducted as of the 31st day of December, 2006, the examiner-in-charge filed with the Division, on the 21st day of May, 2008, a verified, written report on examination of the Company (“Report”), and a copy of the Report is attached hereto and marked as Exhibit A. A copy of the report was sent to the Company on May 22, 2008. The Division received the Company’s written response to the Report on June 11, 2008, acknowledging the Comments and Recommendations made in the Report and noting that it has implemented the necessary procedures to comply with the Recommendations. A copy of the Company’s response is attached hereto and marked as Exhibit B.

Pursuant to Tenn. Code Ann. § 56-1-411, said examination report regarding the affairs of the Company, filed with the Division on the 21st day of May, 2008, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-501(g) by reporting the correct designations of securities shown in its annual statement as required by

the Statement of Statutory Accounting Principles ("SSAP") No. 26, paragraph 7 of the National Association of Insurance Commissioners Accounting Practices and Procedures Manual ("AP&P Manual") by designating the bond investment in General Motors as "3" rather than "1" and by designating the bond investment in Weingarten Realty as "2" rather than "1".

2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-501(g) by reporting acquisitions and sales of securities as required by SSAP No. 26, paragraph 4 of the AP&P Manual, by reporting such acquisitions and sales on the trade date rather than the settlement date.
3. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-3-301(b)(1) by requiring that its Board of Directors authorize investments prior to the Company making investments.

The company shall comply with the directive contained in this order within thirty (30) days of its entry.

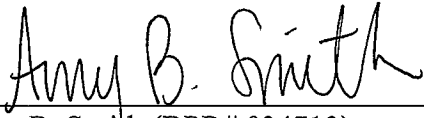
The adoption of this examination report shall not preclude the Division from imposing sanctions against the Company for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report with Directives merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED this the 17th day of June, 2008.

Leslie A. Newman
Leslie A. Newman, Commissioner
Department of Commerce and Insurance
State of Tennessee

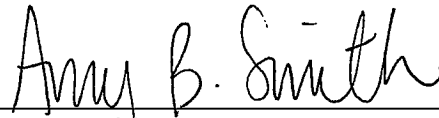
PREPARED FOR ENTRY:



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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, Philip Blustein, Chief Examiner, Department of Commerce and Insurance, and Mark Jaquish, Financial Affairs Director, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to Pre-Paid Legal Services of Tennessee, Inc., P.O. Box 145, Ada, Oklahoma 74821-0145, on this 19th day of June, 2008.



Amy B. Smith
Certifying Attorney