BEFORE THE COMMISSIONER OF COMMERCE AND INSURANCE OF THE STATE OF TENNESSEE

IN THE MATTER OF:	)	
	)	
	)	**No.: 08-114**
FARMERS MUTUAL FIRE INSURANCE COMPANY	)	
OF WASHINGTON COUNTY	)	

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to TENN. CODE ANN. §§ 56-22-101, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance ("Division") has examined certain affairs of Farmers Mutual Fire Insurance Company of Washington County ("Company"), a county mutual insurance company insurance company domiciled in the State of Tennessee. 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 2nd day of June, 2008, a verified, written report on the examination, and a copy of that report has been sent to Farmers Mutual Fire Insurance Company of Washington County. (The Report on Examination of Farmers Mutual Fire Insurance Company of Washington County is attached hereto 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 Farmers Mutual Fire Insurance Company of Washington County filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 2nd day of June, 2008, is hereby **ADOPTED** as filed with the following **DIRECTIVES:**

1. The Company is **DIRECTED** to comply with TENN. CODE ANN. § 56-22-108(b) by placing its placing its investments in an institution authorized by TENN. CODE ANN. § 56-3-112 and establishing a proper custodial relationship with these

entities in accordance with TENN. COMP. R. & REGS. 0780-1-46. Further, any investments not held according to these provisions shall be reported as non-admitted assets on financial statements submitted to the Division.

2. The Company is further **DIRECTED** to comply with TENN. CODE ANN. § 56-22-109(a)(4) by excluding premiums collected on behalf of other insurance companies as assets on annual statements filed with the Department in accordance with National Association of Insurance Commissioners accounting procedures.

3. The Company is further **DIRECTED** to comply with TENN. CODE ANN. § 56-22-114 by ensuring that gross premiums subject to taxation and Schedule C premium taxes subject to reduction are reflected on the annual statement and correctly calculated on tax returns submitted to the Division.

The adoption of this examination report shall not preclude the Department from imposing sanctions against Farmers Mutual Fire Insurance Company of Washington County 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 24th 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, James T. Pearce, Examiner-in-Charge, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to Farmers Mutual Fire Insurance Company of Washington County, at the address of 106 Jackson Boulevard, P.O. Box 436, Jonesborough, Tennessee 37659; on this the 26th day of June, 2008.

Karen L. Heidel
Certifying Attorney