

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
THE REPORT OF EXAMINATION OF
LOGAN COUNTY FARMERS MUTUAL AID**

A.I.D. NO. 2013- 034

ADOPTION ORDER

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2011 of Logan County Farmers Mutual Aid (“Company”) of Scranton, Arkansas, NAIC No. 14251, is taken under consideration by Jay Bradford, Insurance Commissioner for the State of Arkansas (“Commissioner”), as presented by Associate Counsel, Amanda Capps Rose, and the Finance Division of the Arkansas Insurance Department (“Department”). From the facts, matters and other things before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. The Company is an Arkansas-domiciled Farmers’ Mutual Aid Association, NAIC No. 14251.
3. Pursuant to Ark. Code Ann. §§ 23-61-201, *et seq.*, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records, and assets of the Company as of December 31, 2011.
4. Said examination was commenced by the Department on October 10, 2012, and completed on December 6, 2012.
5. The verified Report of Examination was filed with the Department on February 3, 2013. It was then mailed to the Company via certified mail on February 4,

2013. The Company received the Report on February 13, 2013, according to the tracking service available through the United States Postal Service.

6. As of the examination date, biographical affidavits for all officers and directors had not been received.

7. As of the examination date, the Company had not established a conflict of interest policy requiring annual declarations of its officers and directors as required by Ark. Code Ann. § 23-66-206(5).

8. The Company did not have fidelity or other insurance coverage as of December 31, 2011. The Department recommends, based upon the NAIC suggested minimum fidelity bond for this Company, that the Company obtain a dishonesty/forgery policy in the amount of \$25,000.00.

9. The Company's officers and directors were paid a commission for soliciting and selling insurance products without an insurance producer license.

10. Executive members of the Company were acting within the scope of insurance producers, being paid commissions for soliciting and selling insurance products without an insurance producer license.

CONCLUSIONS OF LAW

Based upon the above and foregoing Findings of Fact, the Commissioner makes the following Conclusions of Law:

1. The Commissioner and the Department have jurisdiction over the parties and the subject matter contained herein.

2. This Adoption Order has been properly entered in accordance with the Arkansas Insurance Code and Department Rules.

3. The Company's failure to file biographical affidavits of its officers and directors is a violation of Department Rule 7.

4. The Company has not established a conflict of interest policy requiring annual declarations of its officers and directors, which is a violation of Ark. Code Ann. § 23-66-206(5).

5. Allowing officers, directors or executive members of the Company to solicit and sell insurance products for payment of a commission is a violation of Ark. Code Ann. §§ 23-73-104(11) and 23-73-121.

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205 and other provisions of the Arkansas Insurance Code, the Commissioner hereby orders:

1. That the Company shall cooperate with the Department in filing the biographical affidavits of its officers and directors in accordance with Department Rule 7;

2. That the Company establish a conflict of interest policy requiring annual declarations of its directors and officers;

3. That any officer, director or executive member of the Company be licensed in accordance with the provisions of Ark. Code Ann. §§ 23-73-104(11) and 23-73-121 if any commission is to be received for the solicitation or sale of any insurance product;

4. That the Examination Report, as filed with the Department, is hereby adopted;

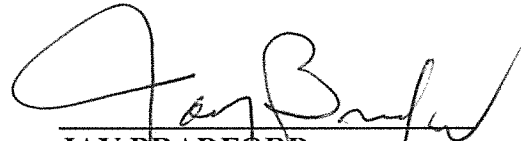
5. That the Department shall forward a copy of this Adoption Order and the adopted Examination Report, as filed, to the Company via certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Board of

Directors to use in acknowledgement of receipt of the adopted Report of Examination and this Adoption Order;

6. That within twenty (20) days of receipt of this Adoption Order and the adopted Examination Report, the Company shall file with the Department affidavits executed by each one of its directors, stating under oath or affirmation that each has received a copy of this Adoption Order and the adopted Examination Report; and

7. That the adopted Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Adoption Order.

IT IS SO ORDERED this 25th day of March, 2013.


**JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS**