

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

**IN THE MATTER OF  
THE REPORT OF EXAMINATION  
FARMERS FIRE INSURANCE COMPANY**

**A.I.D. NO. 2017- 074**

**ADOPTION ORDER**

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2016, of Farmers Fire Insurance Company (“Company”), NAIC No. 14246, of Conway, Arkansas, is taken under consideration by Allen Kerr, 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 Company is an Arkansas-domiciled farmers’ mutual aid association, organized under Ark. Code Ann. §§ 23-73-101, *et seq.*
2. 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, 2016.
3. Said examination was commenced by the Department on March 8, 2017, and completed on August 11, 2017.
4. The verified Report of Examination was filed with the Department on October 5, 2017. It was then mailed to the Company via certified mail on October 6, 2017. The Company received the Report on October 11, 2017, according to the tracking service available through the United States Postal Service. On October 23, 2017, the

Company submitted correspondence to the Department stating that it had received the examination report, had no comments, and waived the remainder of the review period.

5. The Report of Examination reflects that, as of December 31, 2016, the Company failed to follow the procedures required regarding the appointment and termination of its producers.

### **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 follow the provisions regarding proper appointments and appointment terminations of producers and the required notice to the Commissioner is in violation of Ark. Code Ann. §§ 23-64-514 and 23-64-515.

4. The Commissioner ordered the Company in A.I.D. Order No. 2014-421 to implement written policies and procedures for producer appointments and termination of appointments, to be submitted to the Department on or before December 15, 2014, and implemented no later than January 1, 2015. The Company did not comply with this provision of Order No. 2014-421.

**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 Examination Report, as filed with the Department, is hereby adopted;

2. 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;

3. 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;

4. 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; and

5. That the Company shall implement written policies and procedures regarding producer appointments and termination of appointments consistent with Ark. Code Ann. §§ 23-64-514 and 23-64-515. The policies and procedures shall be submitted to the Department for review on or before December 15, 2017, and put into effect no later than January 1, 2018.

**IT IS SO ORDERED** this 26<sup>th</sup> day of October, 2017.

  
**ALLEN KERR**  
**INSURANCE COMMISSIONER**  
**STATE OF ARKANSAS**