

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

**IN THE MATTER OF
THE REPORT OF EXAMINATION
OF FARMERS MUTUAL FIRE
INSURANCE COMPANY OF
CARROLL COUNTY**

A.I.D. NO. 2018- 027

ADOPTION ORDER

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2016 of Farmers Mutual Fire Insurance Company of Carroll County (“Company”) of Berryville, Arkansas, NAIC No. 14245, 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 Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. The Company is an Arkansas-domiciled Farmers’ Mutual Aid Association.
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, 2016.
4. The Department’s examination was commenced by the Department on July 27, 2017, and completed on January 17, 2018.
5. The verified Report of Examination was filed with the Department on January 22, 2018. It was then mailed to the Company via certified mail on January 23, 2018. The

Company received the Report on January 26, 2018, according to the tracking service available through the United States Postal Service.

6. The Company did not maintain conflict of interest procedures during the examination period.

7. The Company failed to maintain Incurred But Not Reported (“IBNR”) reserves during the examination period.

8. The Company submitted a response to the Report of Examination, which was received by the Department on February 22, 2018. The Company accepted the Report as written and waived the remainder of the review period.

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 maintain conflict of interest procedures is a violation of Ark. Code Ann. § 23-66-206(5).

4. The Company’s failure to maintain IBNR reserves is a violation of Ark. Code Ann. § 23-63-604.

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 Company will maintain conflict of interest procedures in compliance with Ark. Code Ann. § 23-66-206(5);

3. That the Company will maintain IBNR reserves in accordance with Ark. Code Ann. § 23-63-604;

4. 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;

5. 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

6. 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 2nd day of March, 2018.



ALLEN KERR
INSURANCE COMMISSIONER
STATE OF ARKANSAS