

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

**IN THE MATTER OF  
THE REPORT OF EXAMINATION  
OF FARMERS MUTUAL  
INSURANCE COMPANY, INC.**

**A.I.D. NO. 2020- 16**

**ADOPTION ORDER**

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2018 of Farmers Mutual Insurance Company, Inc. (“Company”) of Gentry, Arkansas, NAIC No. 14244, 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, NAIC No. 14244.
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, 2018.
3. Said examination was commenced by the Department on April 29, 2019, and completed on October 25, 2019.
4. The verified Report of Examination was filed with the Department on December 17, 2019. It was then mailed to the Company via certified mail on December

18, 2019. The Company received the Report on December 20, 2019, according to the tracking service available through the United States Postal Service.

5. The Company is reporting advanced premiums in the unearned premium reserve rather than on a separate line item in the Liabilities section of the Annual Statement.

6. The Company submitted a response to the Report of Examination, which was received by the Department on January 6, 2020. The Company requested minor revisions to the Report, which were incorporated, 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 correctly report advanced premiums is not in accordance with SSAP No. 53, paragraph 15 and is in violation of Ark. Code Ann. § 23-63-604. The Company has taken steps to correct this in its 2019 financial reports.

**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 report its advanced premiums on a separate line item in the Liabilities section of the Annual Statement in compliance with SSAP No. 53, paragraph 15.

IT IS SO ORDERED this 14<sup>th</sup> day of January, 2020.



ALLEN KERR  
INSURANCE COMMISSIONER  
STATE OF ARKANSAS