

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

**IN THE MATTER OF
THE REPORT OF EXAMINATION
OF FARM AND HOME MUTUAL
INSURANCE COMPANY**

A.I.D. NO. 2020- 38

ADOPTION ORDER

Now on this day the matter of the Report of Examination (“Report”) as of December 31, 2018 of Farm and Home Mutual Insurance Company (“Company”) of Paragould, NAIC No. 14250, is taken under consideration by Alan McClain, 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.
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 July 16, 2019, and completed on April 9, 2020.
4. The verified Report was filed with the Department on May 11, 2020. It was then mailed to the Company via certified mail on May 12, 2020. The Company

received the Report on May 14, 2020, according to the tracking service available through the United States Postal Service.

5. The Report notes that the Company failed to maintain adequate standards for the appointment of producers as Company agents.

6. The Company begins the process of nonrenewing a producer's existing book of business ninety (90) days after the termination of the producer, regardless of property condition.

7. The Company failed to consistently notify insureds within ten (10) days of a cancellation for nonpayment of premium.

8. The Department received a response from the Company on May 26, 2020, stating that the Company is aware of the findings in the Report and waiving its thirty (30) days to respond.

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 adequate standards for the appointment of producers as its agents is a violation of Ark. Code Ann. § 23-64-514(a).

4. The Company's procedure of nonrenewing a producer's existing book ninety (90) days after the producer's termination, regardless of property condition, is a violation of Ark. Code Ann. § 23-64-230(a)(1).

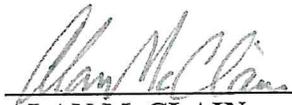
5. The Company's failure to provide ten (10) days' notice of cancellation for nonpayment of premium is a violation of Ark. Code Ann. § 23-66-206(9)(B).

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 Report, as filed with the Department, is hereby adopted;
2. That the Department shall forward a copy of this Adoption Order and the adopted 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 and this Adoption Order;
3. That within twenty (20) days of receipt of this Adoption Order and the adopted 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 Report;
4. That the adopted Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Adoption Order;
5. That the Company shall comply with the provisions of Ark. Code Ann. § 23-64-514(a) regarding the appointment of producers as the Company's agents;
6. That the Company shall comply with the provisions of Ark. Code Ann. § 23-64-230(a)(1) regarding the nonrenewal of policies following the termination of a producer; and

7. That the Company shall provide at least ten (10) days' notice of cancellation for nonpayment of premium in conformance with Ark. Code Ann. § 23-66-206(9)(B).

IT IS SO ORDERED this 9th day of June, 2020.



ALAN McCLAIN
INSURANCE COMMISSIONER
STATE OF ARKANSAS