

**BEFORE THE COMMISSIONER
OF THE DEPARTMENT OF COMMERCE AND INSURANCE
FOR THE STATE OF TENNESSEE**

IN THE MATTER OF:)
)
FARMERS MUTUAL FIRE INSURANCE) **TID No.: 23-057**
COMPANY OF WASHINGTON COUNTY)

ORDER ADOPTING EXAMINATION REPORT

Pursuant to Tenn. Code Ann. § 56-22-115, the Insurance Division of the State of Tennessee, Department of Commerce and Insurance (“Division”) has examined certain affairs of Farmers Mutual Fire Insurance Company of Washington County (“Company”), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of December 31, 2021, the examiner-in-charge filed a verified, written report on the examination with the Division on May 19, 2023. A copy of that report was sent to the Company. (The Report on Examination of the Company is attached hereto and marked as Exhibit A).

The Division received a response regarding the report from the Company dated June 29, 2023. (The written response submitted by the Company is attached hereto and marked as Exhibit B).

Pursuant to Tenn. Code Ann. § 56-22-115, the examination report regarding the affairs of the Company is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company could not provide all of its Board meeting minutes or its annual member meeting minutes for 2019 as required by Tenn. Code Ann. § 48-66-101(a). The Company is **DIRECTED** to keep as permanent records minutes of all meetings of its members and board of directors, a record of all actions taken by the members or directors without a meeting, and a record of all actions taken by committees of the board of directors in place of the board of directors in compliance with Tenn. Code Ann. § 48-66-101(a).


2. The Company failed to provide documentation of the Board's approval of the Company's investments or investment transactions for 2018 through 2021 as required by Tenn. Code Ann. § 56-3-408(b)(1). The Company is **DIRECTED** to ensure that investments or loans made by the Company are properly authorized by the board of directors or by a committee appointed by the board in compliance with Tenn. Code Ann. § 56-3-408(b)(1).
3. The Company did not have written procedures for tracking and reporting unclaimed property as required by Tenn. Comp. R. & Regs. 1700-02-01 (Unclaimed Property Act) and Tenn. Code Ann. § 66-29-101 et seq. The Company is **DIRECTED** to correctly account for unclaimed property in compliance with Tenn. Comp. R. & Regs. 1700-02-01 and Tenn. Code Ann. § 66-29-101 et seq.
4. The Company failed to file multiple annual statements properly. The Company is **DIRECTED** to file its annual statements in compliance with the Annual Statement Instructions for Tennessee County Mutual Insurers and Tenn. Code Ann. § 56-22-109.
5. The Company is **DIRECTED** to comply with Statement of Statutory Accounting Principles (SSAP) SSAP No. 6, No. 53, and No. 65, as they relate to written premium, earned premium, unearned premium, premiums receivable and advance premium.
6. The Company is **DIRECTED** to properly account for loss adjustment expenses in compliance with SSAP No. 55 paragraph 6(c) and Tenn. Code Ann. § 56-22-109.
7. The Company failed to maintain its books, records, documents, and other business records in such an order that data regarding claims, rating, underwriting, and marketing are accessible and retrievable for examination by the Insurance Commissioner as required by Tenn. Code Ann. § 56-8-104(10). The Company is **DIRECTED** to properly maintain business records, including information regarding the issuance, non-renewal, and denial of policies, in compliance with Tenn. Code Ann. § 56-8-104(10).
8. The Company's complaint recordkeeping process does not meet the requirements of Tenn. Code Ann. § 56-8-104(11). The Company is **DIRECTED** to maintain a complete record of all the complaints it has received since the date of its last examination and to ensure that the record indicates the total number of complaints, their classification by line of insurance, the nature of each complaint, the disposition of each complaint, and the time it took to process each complaint, all of which is in compliance with Tenn. Code Ann. § 56-8-104(11).

The Company shall comply with the Directives contained in this Order within thirty (30) days of its entry and execution.

The adoption of this examination report shall not preclude the Department from imposing sanctions against the Company for potential violations of Tennessee insurance law which may be revealed in the examination report, it being the intent of this Order merely to adopt the examination report filed by the examiner-in-charge.

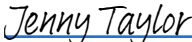
It is so **ORDERED**.

ENTERED AND EXECUTED June 30, 2023.


Carter Lawrence (Jun 30, 2023 15:39 CDT)

Carter Lawrence, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:



Jenny Taylor (Jun 30, 2023 11:29 CDT)

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as filed has been emailed to Bill Huddleston, Assistant Commissioner for Insurance, Department of Commerce and Insurance at bill.huddleston@tn.gov; and mailed first class, postage prepaid, to Farmers Mutual Fire Insurance Company of Washington County, 921 W. Main St., Greeneville, Tennessee 37743, on June 30, 2023.

Jenny Taylor

Jenny Taylor (Jun 30, 2023 11:29 CDT)

Jenny Taylor
Associate General Counsel