

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

IN THE MATTER OF:

**MCMINN COUNTY FARMERS MUTUAL
INSURANCE COMPANY**

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No.: 13-079

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. § 56-1-401 *et seq.*, and Tenn. Code Ann. § 56-22-101 *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (“Division”) has examined certain affairs of McMinn County Farmers Mutual Insurance Company (“Company”), an insurance company domiciled in the state of Tennessee. As a result of an examination conducted as of the 31st day of December 2011, the examiner-in-charge filed with the Division, on the 3rd day of June 2013, a verified, written report on the examination, and a copy of that report has been sent to the Company. (The Report on Examination of McMinn County Farmers Mutual Insurance Company is attached hereto and marked as Exhibit A.) The Division received a response regarding the report from the Company on June 17, 2013. (The written response submitted by the Company is attached hereto and marked as Exhibit B.)

Pursuant to Tenn. Code Ann. § 56-22-115, said examination report regarding the affairs of McMinn County Farmers Mutual Insurance Company filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 3rd day of June 2013 is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-3-408(b)(1) by requiring the Company’s Board of Directors or a committee appointed by the Board of Directors to approve all investment transactions prior to their execution

dates.

2. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-109(a)(4) by accounting for realized or unrealized gains or losses in its common stock investments in accordance with the National Association of Insurance Commissioners (“NAIC”) Statement of Statutory Accounting Principles (“SSAP”) Number (No.) 30.
3. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-109(a)(4) by accounting for uncollected installment premium balances that are less than 90 days past due as an asset in accordance with the NAIC SSAP No. 4.
4. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-109(a)(4) by accounting for premium receivables over 90 days past due as non-admitted assets, net of unearned premium, in accordance with the NAIC SSAP No. 6.
5. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-109(a)(4) by accounting for written, earned and unearned premium for each policy in accordance with NAIC SSAP No. 53.
6. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-109(a)(4) by accounting for ceded reinsurance premiums payables in accordance with NAIC SSAP No. 62.
7. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-109(a)(4) by accounting for accounts payable in future annual statement filings in accordance with NAIC SSAP No. 5R.
8. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-

109(a)(4) by accounting for federal income taxes payable in accordance with NAIC SSAP No. 101.

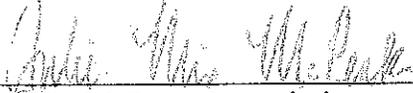
9. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-109(a)(4) by accounting for premium held by the Company on behalf of other insurance companies in accordance with NAIC SSAP No. 67.
10. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-22-109(a)(4) by re-filing the Company's 2012 Annual Statement to incorporate the changes required by **DIRECTIVE 2** through **DIRECTIVE 9** of this Order Adopting Examination Report with Directives.
11. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-1-411(b)(1) by providing free and convenient access to all books, records, securities, documents, and any and all papers relating to the property, assets, business, and affairs of the company.
12. The Company is **DIRECTED** to comply with Tenn. Comp. R. & Regs. 0780-01-78-.03(2) by not exceeding the thirty percent (30%) compensation expense ratio.

The company shall comply with the Directives contained in this Order within 30 days of its entry.

The adoption of this examination report shall not preclude the Department from imposing sanctions against McMinn County Farmers Mutual Insurance Company for potential violations of the Tennessee Insurance Law which may be revealed in the examination report, it being the intent of this Order Adopting Examination Report merely to adopt the examination report filed by the examiner-in-charge.

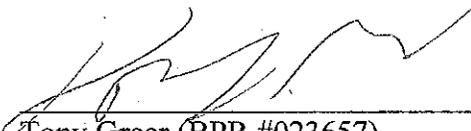
It is so **ORDERED**.

ENTERED this the 28th day of June, 2013.



Julie Mix McPeak, Commissioner
Department of Commerce and Insurance
State of Tennessee

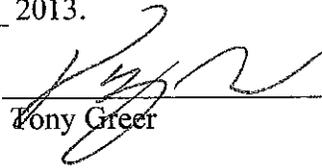
PREPARED FOR ENTRY:



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report has been messenger mailed to: Chlora Lindley-Myers, Deputy Commissioner, Department of Commerce and Insurance; James York, Insurance Examinations Director, Department of Commerce and Insurance; Mark Jaquish, Insurance Analysis Director, Department of Commerce and Insurance; and mailed first class, postage prepaid, to McMinn County Farmers Mutual Insurance Company, 403 West Madison Avenue, Athens, Tennessee 37303, on this the 1st day of July 2013.



Tony Greer