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

Commerce & Insurance
Company Examinations

IN THE MATTER OF:

**FARMERS MUTUAL FIRE INSURANCE COMPANY
OF JEFFERSON COUNTY**

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No.: 10-094

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to 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 Farmers Mutual Fire Insurance Company of Jefferson County ("Company"), a county mutual insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December 2008, the examiner-in-charge filed with the Division, on the 20th day of August 2010, a verified, written report on the examination, and a copy of that report has been sent to Farmers Mutual Fire Insurance Company of Jefferson County. (The Report on Examination of Farmers Mutual Fire Insurance Company of Jefferson County is attached hereto as Exhibit A). The Division received no written rebuttal to said examination report from the Company.

Pursuant to TENN. CODE ANN. § 56-1-411, said examination report regarding the affairs of Farmers Mutual Fire Insurance Company of Jefferson County filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 20th day of August 2010 is hereby **ADOPTED** as filed with the recommendation that the Company maintain all records pertaining to the completion of the Annual Statement and with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to implement corrective action for the purpose of

complying with SSAP No. 19, PP2: Furniture, fixtures and equipment generally meet the definition of assets established in SSAP No. 4-Assets and Nonadmitted Assets (SSAP No. 4). Within that definition, such items also meet the criteria defining nonadmitted assets. Accordingly, these assets shall be depreciated against net income as the estimated economic benefit expires, and the undepreciated portion of these assets shall be reported as nonadmitted assets and charged against surplus. TENN. CODE ANN. § 56-22-109; TENN. COMP. R. & REGS. 078-01-78-.04.

2. The Company is **DIRECTED** to implement corrective action for the purpose of complying with SSAP No. 16, PP 3: EDP equipment and software shall be depreciated for a period not to exceed three years using methods detailed in SSAP No. 19-Furniture, Fixtures and Equipment; Leasehold Improvements Paid by the Reporting Entity as Lessee; Depreciation of Property and Amortization of Leasehold Improvements. TENN. CODE ANN. § 56-22-109; TENN. COMP. R. & REGS. 078-01-78-.04.

The adoption of this examination report shall not preclude the Department from imposing sanctions against Farmers Mutual Fire Insurance Company of Jefferson County 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 With Directives merely to adopt the examination report filed by the examiner-in-charge.

It is so **ORDERED**.

ENTERED this the 19th day of January, 2011.

Leslie A. Newman
Leslie A. Newman, 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: Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance; Horace Gaddis, 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 Farmers Mutual Fire Insurance Company of Jefferson County, 1205 Gay Street, Suite A, P.O. Box 605, Dandridge, Tennessee 37725 on this the _____ day of _____, 2011.

Sharon K. Hawkins
Certifying Attorney