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

IN THE MATTER OF:

CITIZENS MUTUAL INSURANCE COMPANY OF LINCOLN COUNTY, TN

TID No.: 18-017

ORDER ADOPTING EXAMINATION REPORT

Pursuant to Tenn. Code Ann. §§ 56-1-401 et seq., the Insurance Division of the State of Tennessee Department of Commerce and Insurance ("Division") has examined certain affairs of Citizens Mutual Insurance Company of Lincoln County, TN ("Company"), an insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of December 31, 2016, the examiner-in-charge filed a verified, written report on the examination with the Division on April 2, 2018. A copy of that report was sent to the Company. (The Report on Examination of Citizens Mutual Insurance Company of Lincoln County, TN is attached hereto and marked as Exhibit A.) The Division received a response regarding the report from the Company on May 22, 2018. (The written response submitted by the Company is attached hereto and marked as Exhibit B.)

Pursuant to Tenn. Code Ann. § 56-1-411, the examination report regarding the affairs of the Company filed with the Division on April 2, 2018, is hereby ADOPTED as filed with the following DIRECTIVES:

1. The Company is DIRECTED to formalize its verbal agreements made with service providers by reducing the verbal agreements to writing.

2. The Company is DIRECTED to comply with Tenn. Code Ann. § 56-6-106(b) by discontinuing the practice of acting as an insurance producer.
The Company is DIRECTED to discontinue the practice of accepting premium payments for Farmer's liability policies in the same check as payment of its premiums.

The Company is DIRECTED to comply with Tenn. Code Ann. § 56-6-113(b) by discontinuing the practice of accepting commissions on Farmers' liability policies.

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

The adoption of this examination report shall not preclude the Department from imposing sanctions against the 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 11 day of June, 2018.

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: Lorrie K. Brouse, Deputy Commissioner and General Counsel, Department of Commerce and Insurance; Joy Little, Insurance Examinations Director/Chief Examiner, Department of Commerce and Insurance; and mailed first class, postage prepaid, to Citizens Mutual Insurance Company of Lincoln County, TN, 118 College Street West, Post Office Box 46, Fayetteville, Tennessee 37334, on this the 13th day of June 2018.

Patrick Merkel