

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

IN THE MATTER OF:

FARMERS MUTUAL OF TENNESSEE

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TID No.: 18-069

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 Farmers Mutual of Tennessee (“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 June 6, 2018. A copy of that report was sent to the Company. (The Report on Examination of Farmers Mutual of Tennessee is attached hereto and marked as Exhibit A.) The Division received a response regarding the report from the Company dated June 15, 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 June 6, 2018, 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. § 56-6-106(b) by discontinuing the practice of allowing a business entity to act as an insurance producer for its policies.
3. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-6-115(a) by appointing individual agents with a casualty license to write liability coverage on its behalf through each county mutual insurer.
4. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-6-113(b) by discontinuing the practice of paying commissions to entities other than duly licensed agents.
5. The Company is **DIRECTED** to comply with Tenn. Comp. R. & Regs. 0780-01-02 by either depositing its mutual fund investments with one of the custodian banks with which it has an existing custodial agreement, or by obtaining a written agreement with Vanguard.
6. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-8-104(11) by recording all complaints on its complaints register, whether received directly from the insured or from the Department.

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 22 day of June, 2018.



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

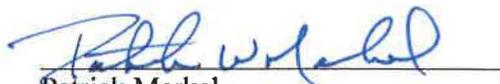
PREPARED FOR ENTRY:



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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 Farmers Mutual of Tennessee, 837 North Hall of Fame Drive, Knoxville, Tennessee 37917, on this the 26th day of June 2018.


Patrick Merkel