



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

IN THE MATTER OF:

FARMERS LIFE INSURANCE COMPANY

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TID No.: 24-033

ORDER ADOPTING EXAMINATION REPORT

Pursuant to Tenn. Code Ann. § 56-1-408, the Insurance Division of the State of Tennessee, Department of Commerce and Insurance (“Division”) has examined certain affairs of Farmers Life Insurance Company (“Company”), an insurance company domiciled in the state of Tennessee. As a result of an examination conducted as of December 31, 2022, the examiner-in-charge filed a verified, written report on the examination with the Division on June 24, 2024. 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 July 31, 2024. (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 is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company records failed to reflect that the Company’s appointed actuary properly reported to the Company Board or Audit Committee on an annual basis. The Company is **DIRECTED** to ensure that the appointed actuary for the Company reports annually to the Company Board or Audit Committee regarding the actuarial opinion report and to properly record the reporting in the Company’s Board or

Audit Committee minutes in compliance with Tenn. Code Ann. § 56-1-501(b) and the NAIC Annual Statement Instructions.

2. The Company's annual statement jurat page failed to include accurate information regarding the Company's elected Directors. The Company is **DIRECTED** to ensure that the Company's annual jurat page includes accurate information in compliance with Tenn. Code Ann. § 56-1-501(b) and the NAIC Annual Statement Instructions.
3. The Company's records failed to reflect that certain Company investment transactions were properly approved by the Company's Board or the Board's appointed committee. The Company is **DIRECTED** to ensure that all investment transactions are properly approved and documented in compliance with Tenn. Code Ann. § 56-3-408(b)(1).
4. The Company acquired obligations in excess of the limits prescribed in Tenn. Code Ann. § 56-3-303(a)(19)(A). The Company is **DIRECTED** to ensure that the acquired obligations of the Company do not exceed three percent (3%) of the Company's admitted assets in compliance with Tenn. Code Ann. § 56-3-303(a)(19)(A), subject to Tenn. Code Ann. § 56-3-303(a)(15).
5. The Company's financial statements included improper valuations of land and building assets. The Company is **DIRECTED** to report assets at "fair value" in compliance with the NAIC Accounting Practices and Procedures Manual, Statements of Statutory Accounting Principles No. 37 and 100R, and Tenn. Code Ann. § 56-1-501(g).
6. The Company reported investing in mortgage loans that exceed seventy-five percent (75%) of the value of the property. The Company is **DIRECTED** to ensure that the Company's mortgage-loan investments do not exceed seventy-five percent (75%) of the value of the property.
7. The Company failed to file an annual suitability report with its senior management regarding the Company's annuity supervision system. The Company is **DIRECTED** to ensure that a report is provided annually to the Company's senior management detailing a review, with appropriate testing, reasonably designed to determine the effectiveness of the supervision system, the exceptions found, and corrective action taken or recommended, if any, in compliance with Tenn. Comp. R. & Regs. 0780-01-86-.06(3)(b)9.
8. The Company failed to provide certain disclosures to policyholders upon the issuance of annuity policies. The Company is **DIRECTED** to ensure that all required disclosures are provided to purchasers of annuities in compliance with Tenn. Comp. R. & Regs. 0780-01-86.
9. The Company failed to properly notify the Department regarding insurance

producer appointments. The Company is **DIRECTED** to ensure that all producer appointments are completed properly in compliance with Tenn. Code Ann. § 56-6-115 and to maintain adequate records in compliance with Tenn. Code Ann. § 56-8-104(10).

10. The Company's records failed to reflect that the Company properly adopted and implemented standards for the investment and settlement of claims. The Company is **DIRECTED** to adopt detailed claims handling procedures, which include standards for acknowledging claims in a timely manner and standards for processing various types of claims. The procedures should also include information regarding the process of ensuring that claimants are provided the necessary forms and instructions for filing claims, and reasonable assistance in filing claims in compliance with Tenn. Code Ann. § 56-8-105(3) and Tenn. Comp. R. & Regs. 0780-01-05-.07(4).
11. The Company failed to ensure that proper documentation was recorded in claims files. The Company is **DIRECTED** to properly document each claims file to permit reconstruction of the Company's activities relative to each claim in compliance with Tenn. Comp. R. & Regs. 0780-01-05-.05(2).

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 Division from imposing sanctions against the Company for additional 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 August 23, 2024.


Carter Lawrence (Aug 23, 2024 16:01 CDT)

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

ADDITIONAL SIGNATURES ON THE FOLLOWING PAGE

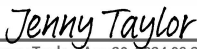
PREPARED FOR ENTRY:

Jenny Taylor
Jenny Taylor (Aug 20, 2024 08:25 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 Life Insurance Company, 243 North Peters Road, Knoxville, Tennessee 37923, on August 23, 2024.


Jenny Taylor (Aug 20, 2024 08:25 CDT)

Jenny Taylor
Associate General Counsel