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

RECEIVED
OCT 19 2004
Dept. Of Commerce & Insurance
Company Examinations

IN THE MATTER OF:	)	
	)	**No.: 04-100**
FARMERS MUTUAL FIRE INSURANCE	)	
COMPANY OF SULLIVAN COUNTY	)	

ORDER ADOPTING EXAMINATION REPORT WITH DIRECTIVES

Pursuant to Tenn. Code Ann. §§ 56-22-101, *et seq.* and 56-1-401, *et seq.*, the Insurance Division of the State of Tennessee Department of Commerce and Insurance (hereinafter referred to as the "Division") has examined certain affairs of Farmers Mutual Fire Insurance Company of Sullivan County (hereinafter also referred to as the "Company"), a county mutual fire insurance company domiciled in the State of Tennessee. As a result of an examination conducted as of the 31st day of December, 2003, the examiner-in-charge filed with the Division, on the 3rd day of August, 2004, a verified, written report on examination, and a copy of that report has been sent to Farmers Mutual Fire Insurance Company of Sullivan County. (The Report of Examination of Farmers Mutual Fire Insurance Company of Sullivan County is attached hereto and marked as Exhibit A). The Division received no written rebuttal to said examination report from the Company.

Pursuant to Tenn. Code Ann. § 56-22-132, said examination report regarding the affairs of Farmers Mutual Fire Insurance Company of Sullivan County, filed with the Insurance Division of the State of Tennessee Department of Commerce and Insurance on the 3rd day of August, 2004, is hereby **ADOPTED** as filed with the following **DIRECTIVES**:

1. The Company is **DIRECTED** to comply with Tenn. Code Ann. § 56-3-112 by holding the deposit of securities it may own in a clearing corporation, in Euroclear or in a federal reserve bank under book-entry system.

2. The Company is **DIRECTED** to comply with Tenn. Comp. R. & Regs., ch. 0780-1-46-.04 (1999), by maintaining a custodial agreement that complies with said rule, should the Company choose an authorized method of holding its securities that requires such an agreement.

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 Farmers Mutual Fire Insurance Company of Sullivan 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.

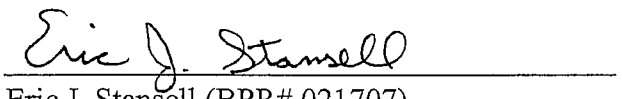
It is so **ORDERED**.

ENTERED this the 18th day of October, 2004.

Paula A. Flowers

Paula A. Flowers, Commissioner
Department of Commerce and Insurance
State of Tennessee

PREPARED FOR ENTRY:



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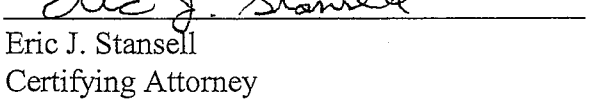
CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing Order Adopting Examination Report as Filed has been messenger mailed to Larry C. Knight, Jr., Assistant Commissioner for Insurance, Department of Commerce and Insurance, and Don Spann, Chief Examiner, Department of Commerce and Insurance, and mailed, first class, postage prepaid, to Farmers Mutual Fire Insurance Company of Sullivan County, 3188 Highway 126, Blountville, Tennessee 37617, on this the 18th day of October, 2004.



Eric J. Stansell
Certifying Attorney