



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	No. 11-151
	)	
The Financial Examination of	)	FINDINGS, CONCLUSIONS,
<b>FARMERS INSURANCE COMPANY</b>	)	AND ORDER ADOPTING REPORT
<b>OF WASHINGTON</b>	)	OF FINANCIAL EXAMINATION

A Domestic Insurer.

**BACKGROUND**

An examination of the financial condition of **FARMERS INSURANCE COMPANY OF WASHINGTON** (the Company) as of December 31, 2009, was conducted by examiners of the Washington State Office of the Insurance Commissioner (OIC). The Company holds a Washington certificate of authority as a stock insurer. This examination was conducted in compliance with the laws and regulations of the state of Washington and in accordance with the procedures promulgated by the National Association of Insurance Commissioners and the OIC.

The examination report with the findings, instructions, and recommendations was transmitted to the Company for its comments on June 3, 2011. The Company's response to the report is attached to this order only for the purpose of a more convenient review of the response.

The Commissioner or a designee has considered the report, the relevant portions of the examiners' work papers, and the submissions by the Company.

Subject to the right of the Company to demand a hearing pursuant to Chapters 48.04 and 34.05 RCW, the Commissioner adopts the following findings, conclusions, and order.

**FINDINGS**

Findings in Examination Report. The Commissioner adopts as findings the findings of the examiners as contained in pages 1 through 11 of the report.

## CONCLUSIONS

It is appropriate and in accordance with law to adopt the attached examination report as the final report of the financial examination of **FARMERS INSURANCE COMPANY OF WASHINGTON** and to order the Company to take the actions described in the Instructions section of the report. The Commissioner acknowledges that the Company may have implemented some of the Instructions prior to the date of this order. The Instructions in the report are appropriate responses to the matters found in the examination.

## ORDER

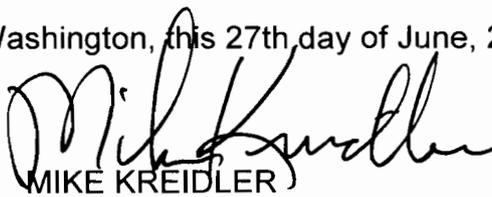
The examination report as filed, attached hereto as Exhibit A, and incorporated by reference, is hereby ADOPTED as the final examination report.

The Company is ordered as follows, these being the Instructions contained in the examination report on page 2.

1. The Company is ordered to execute a revised or amended custodial agreement that complies with the FCEH and RCW 48.13.480. The Company is also ordered to comply with RCW 48.05.250 by filing a true statement of its financial condition, transactions and affairs and to follow the NAIC Annual Statement Instructions and the AP&P, as required by WAC 284-07-050(2). Instruction 1, Examination Report, page 2.

IT IS FURTHER ORDERED THAT, the Company file with the Chief Examiner, within 90 days of the date of this order, a detailed report specifying how the Company has addressed each of the requirements of this order.

ENTERED at Olympia, Washington, this 27th day of June, 2011.



MIKE KREIDLER  
Insurance Commissioner



**FARMERS**

**RECEIVED**

Farmers Insurance Co. of Washington  
23175 NW Bennett St.  
Hillsboro, OR 97124

JUN 21 2011

June 10, 2011

Mr. James T. Odiorne, CPA, JD  
Deputy Insurance Commissioner  
Company Supervision Division  
Office of Insurance Commissioner  
State of Washington  
5000 Capitol Blvd  
Tumwater, WA 98501

**INSURANCE COMMISSIONER  
COMPANY SUPERVISION**

**RE: 2009 Washington Department of Insurance Financial Examination of:  
Farmers Insurance of Company of Washington ("FICO WA")**

Mr. Odiorne:

We have received and reviewed the examination report for the above Washington domiciled company as of December 31, 2009 and wish to compliment the Department and the examiner on their thoroughness and cooperation. We have carefully reviewed the report and made the necessary changes to the custodial agreement to comply with the Washington's DOI requirements. Accordingly, we request that the following statement be added to Page 1 of the report under "Custodial agreement" as follows:

"Subsequent to the financial examination, the Company made the necessary changes to the Custodial agreement that contains the provisions required by the FCEH and RCW 48.13.480 and the language of the Amendment is acceptable."

As always, we appreciate your attention to this matter, and look forward to hearing from you. Let me know if you wish to discuss further and advice of any have any questions.

Sincerely,

Stephen Brown  
President,  
Farmers Insurance Company of Washington

Cc: Randy Fong    Tim Hays    Joseph Hammond    Carla Kimzey  
    Ron Myhan    Scott Ballew