

**STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION**

In the Matter of **Farmers Insurance Company**) **STIPULATION** and
of Oregon.) **FINAL ORDER**
) Case No. INS 00-12-005
) File No. 2405 IV

STIPULATION

The Director of the Department of Consumer and Business Services (Director) commenced the above entitled administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take disciplinary action against Farmers Insurance Company of Oregon (Farmers) for violating the Oregon Insurance Code.

Farmers enters into this stipulation, pursuant to ORS 183.415(5) and Oregon Administrative Rules (OAR) 137-003-0510(3)-(4), to conclude this proceeding without further administrative or judicial proceedings. The person signing this stipulation on behalf of Farmers represents that he or she is so authorized by Farmers.

Farmers waives the right to receive a notice of proposed action, notice of rights and notice of judicial review, to have a hearing, to be represented by an attorney at the hearing and to judicial review of the final order.

Farmers admits and agrees to the following facts, conclusions and action.

Facts

Licensing

Farmers has been licensed in Oregon as a domestic insurer since 9/15/70. Farmers's Insurance Division company number is 1827 and its National Association of Insurance Commissioners (NAIC) identification number is 021636. Farmers is an Oregon corporation. William K. Brauer is the President of Farmers. Farmers' main administrative office is located at 13333 SW 68th Parkway, Tigard, OR 97223.

Improper Termination of Agent

On or about 5/18/00, Farmers mailed by certified mail a letter dated 5/18/00 to Arlene J. Monen (Monen), an agent of Farmers. Monen received the letter on 5/20/00. The letter notified Monen that Farmers was terminating her appointment effective on 8/18/00. The letter indicated that Farmers was exercising its right to terminate Monen with three months notice pursuant to Paragraph C of its Agent Appointment Agreement. However, the letter did not specify the reason why Farmers was terminating its appointment of Monen. On 7/24/00, after the Insurance Division intervened, Farmers mailed another letter notifying Monen that Farmers was terminating its appointment of Monen effective 10/24/00 for the reasons that Monen did not "achieve the business results [Farmers] require" and Monen's efforts did not "respond to [Farmers'] Deteriorating Agency Rehabilitation Guidelines program."

Ultimate Facts and Conclusions

Farmers violated ORS 744.175 by terminating the appointment of an agent in Oregon by giving the agent a written notice of termination at least 90 days in advance but not specifying the reason for the termination in the notice.

Action

Farmers shall pay to the Director a civil penalty of \$1,000 pursuant to ORS 731.988 on or before the date of the Final Order. Payment shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due.

Dated January 16, 2001.

/s/ William K. Brauer
William K. Brauer
President
Farmers Insurance Company of Oregon

FINAL ORDER

The Director adopts, and incorporates herein by this reference, the Facts, Ultimate Facts, Conclusions and Action in the above Stipulation as the Findings of Fact, Ultimate Findings of Fact, Conclusions of Law and Order, respectively, of this Final Order.

Dated February 2, 2001.

/s/ Mary C. Neidig
Mary C. Neidig
Director
Department of Consumer and Business Services

CERTIFICATE OF SERVICE

I certify that I served the above Stipulation and Final Order by mailing a copy thereof in a sealed envelope, with first class postage prepaid, to the party named therein on the date below.

Dated February 2, 2001.

/s/ Mitchel D. Curzon
Mitchel D. Curzon
Administrative Law Specialist
Insurance Division

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