

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

In the Matter of **Country Mutual Insurance Company**.) **STIPULATION** and
) **FINAL ORDER**
) Case No. INS 03-08-020

STIPULATION

The Director of the Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Country Mutual Insurance Company (Country Mutual) as a result of a follow up market conduct examination as of 6/30/01 of Country Mutual by the Insurance Division.

Country Mutual enters into this Stipulation, pursuant to ORS 183.415(5), to conclude this proceeding without further administrative or judicial proceedings.

Country Mutual waives the right to receive a notice of proposed action, to receive a notice of the rights of a party and procedures in contested cases, to have a hearing pursuant to both ORS 183.415 and 731.312(3), to be represented by an attorney at the hearing, to receive a proposed order, to file exceptions to the proposed order, and to judicial review of the Final Order.

Country Mutual stipulates to the following facts, conclusions, and action; and consents to issuance of a Final Order incorporating this Stipulation.

Facts and Conclusions

Licensing

Country Mutual has been licensed in Oregon as an insurer since 3/25/87. Country Mutual's Oregon Insurance Division company number is 2648 and its NAIC identification number is 20990. Country Mutual's principal business mailing address is PO Box 2100, Bloomington, Illinois.

Market Conduct Examinations

The Insurance Division conducted a [standard market conduct examination](#) of Country Mutual as of 6/30/98 to determine whether Country Mutual was complying with the Oregon Insurance Code and administrative rules relating to complaint handling, claims handling, and underwriting. The Insurance Division found that Country Mutual violated or did not comply with 12 provisions of the Insurance Code and related rules and recommended that Country Mutual comply with such laws.

The Insurance Division conducted a [follow up market conduct examination](#) of Country Mutual as of 6/30/01 to determine whether Country Mutual had corrected the violations of the statutes and rules found during the prior examination. The Insurance Division found that Country Mutual had not complied with four of the 12 violations of the statutes and rules found during the prior examination. On 3/19/03, the Insurance Division filed a final report of the follow up examination, which is incorporated herein by this reference.

Action

Pursuant to ORS 731.988, Country Mutual shall be assessed a civil penalty of \$10,000. However, the civil penalty is suspended, and shall be either withdrawn or reinstated upon the following conditions.

The Insurance Division shall conduct another follow up market conduct examination in about six months after the date of the Final Order for the purpose of determining whether Country Mutual has complied with the recommendations listed in [Exhibit A](#) (hereinafter "violations"). The follow up examination shall cover the time period starting on the date of the Final Order and ending on the date of examination. If the Insurance Division finds that Country Mutual has corrected the violations, then the civil penalty shall be withdrawn. However, if the Insurance Division finds that Country Mutual has not corrected the violations, then the suspension of the civil penalty shall be terminated and the civil penalty shall be reinstated. The payment of the reinstated civil penalty, if necessary, shall be made in the form of a check payable to the "Department of Consumer and Business Services" for the full amount due. The payment shall be delivered to the Insurance Division at 350 Winter Street NE, Room 440, Salem, OR 97301-3883, or mailed to the Insurance Division at PO Box 14480, Salem, OR 97309-0405. The payment shall be received by the Insurance Division by the 30th calendar day after the date Country Mutual receives the final report of the follow up examination.

Dated July 15, 2004

/s/ Barbara A. Baurer
[Signature of Representative]

Barbara A. Baurer
[Printed Name of Representative]

Executive Vice President & Chief Operating Officer
[Printed Title of Representative]

Country Mutual Insurance Company

FINAL ORDER

The director adopts, and incorporates herein by this reference, the above Stipulation as the director's final decision in this proceeding.

Dated July 30, 2004

/s/ Cory Streisinger
Cory Streisinger
Director
Department of Consumer and Business Services

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