STATE OF OREGON
DEPARTMENT OF CONSUMER AND BUSINESS SERVICES
INSURANCE DIVISION

In the Matter of **Farmers Insurance Exchange**	)	**STIPULATION** and
	)	**FINAL ORDER**
	)	Case No. INS 06-06-016

STIPULATION

The Director of the Oregon Department of Consumer and Business Services (director) commenced this administrative proceeding, pursuant to Oregon Revised Statutes (ORS) 731.256, to take enforcement action against Farmers Insurance Exchange (Farmers Exchange).

Farmers Exchange desires to conclude this proceeding without a hearing by entering into this stipulation pursuant to ORS 183.415(5).

Farmers Exchange waives all rights relative to an administrative hearing and judicial review thereof.

Farmers Exchange stipulates to the following facts, conclusions, action, and to the issuance of a final order incorporating this stipulation.

Facts and Conclusions

Licensing Information

Farmers Exchange has been licensed in Oregon as a foreign insurer since 4/1/30. Farmers Exchange's last recorded principal business address is located in Los Angeles, California.

Increased Special Workers' Compensation Deposit Late

Farmers Exchange is subject to enforcement action pursuant to ORS 731.616(3) because of the following circumstances. ORS 731.616(3) requires a person who is licensed in Oregon as an insurer, is authorized to transact workers compensation insurance, and is subject to ORS 731.628, to make and maintain a special deposit for the payment of workers compensation benefits, and to deposit with the director an additional amount within 30 days after being notified by the director of the amount. On 3/8/06, the director notified Farmers Exchange that they were required

to make an additional deposit of $1,346,038 to their special workers' compensation deposit by 3/31/06. Farmers Exchange made their additional deposit on 4/21/06, 20 days late.

Action

Pursuant to ORS 731.988, Farmers Exchange is assessed a civil penalty of $2,000. The payment 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 the Labor and Industries Building, 350 Winter Street NE, Room 440 (4th Floor), Salem, Oregon; 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 date of the final order / [date].

Dated July 12, 2006

/s/ Scott Ballew
[Signature of Representative]
Scott Ballew
[Printed Name of Representative]
P & C Director
[Printed Title of Representative]
Farmers Insurance Exchange

FINAL ORDER

The director incorporates herein the above stipulation, adopts it as the director's final decision in this proceeding, and orders that the action stated therein be taken.

Dated August 10, 2006

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

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