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 07-10-008

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).

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

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

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

Facts and Conclusions

Licensing Information

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

Over Recouped OIGA Assessment from Insureds

Farmers is subject to enforcement action pursuant to ORS 734.579(1) because of the following circumstances. ORS 734.550 requires all insurers who are licensed in Oregon as insurers and authorized to transact property and casualty insurance to be members of the Oregon Insurance Guaranty Association (OIGA).
ORS 734.570(3) requires OIGA to assess its member insurers an amount necessary to pay OIGA's expenses. If OIGA assesses its member insurers, then ORS 734.579(1) requires a member insurer to recoup its assessment from its insureds, unless otherwise permitted by Oregon Administrative Rules (OAR) 836-

031-0855. However, if a member insurer recoups its assessment from its insureds, it may not recoup more than its assessment. At all relevant times, Farmers was a member insurer of OIGA, was assessed by OIGA, and recouped its assessment from its insureds. However, in 2006, Farmers recouped $27,076.14 more than its assessment.

Action

Pursuant to ORS 731.988, Farmers is assessed a civil penalty of $2,500. 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.

Dated November 1, 2007

/s/ Kathryn M. Trepinski
[Signature of Representative]
Kathryn M. Trepinski
[Printed Name of Representative]
Assistant Vice President – Regulatory Affairs
[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 February 15, 2008

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