

1 homeowner non-renewals and six homeowner declinations.

2 **CONCLUSIONS OF LAW.**

3 1. FIE violated A.R.S §20-2110 by failing to send policyholder a Summary of
4 Rights in the event of an adverse underwriting decision.

5 2. Grounds exist for the entry of the following Order in accordance with
6 A.R.S. §§20-220 and 20-2117.

7 **ORDER**

8 **IT IS HEREBY ORDERED THAT:**

9 1. Farmers Insurance Exchange shall cease and desist from:

10 a. Failing to send insureds a compliant Summary of Rights in the event
11 of an adverse underwriting decision.

12 2. Within 90 days of the filed date of this Order, Farmers Insurance
13 Exchange shall submit to the Arizona Department of Insurance, for approval, evidence
14 that corrections have been implemented and communicated to the appropriate
15 personnel, regarding the issues outlined in Paragraph 1 of the Order section of this
16 Consent Order. Evidence of corrective action and communication thereof includes, but
17 is not limited to, memos, bulletins, E-mails, correspondence, procedures manuals, print
18 screens, and training materials.

19 3. The Department shall be permitted, through authorized representatives,
20 to verify that FIE has complied with all provisions of this Order.

21 4. FIE shall pay a civil penalty of \$15,000.00 to the Director for remission to
22 the State Treasurer for deposit in the State General Fund in accordance with A.R.S.
23 §20-220(B). The civil penalty shall be provided to the Market Oversight Division of the
24 Department prior to the filing of this Order.

25 5. The Report of Target Market Examination of Farmers Insurance

1 Exchange of March 31, 2006, including the letter with their objections to the Report of
2 Examination, shall be filed with the Department upon the filing of this Order.

3 DATED at Arizona this 5th day of December, 2006.

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7 Christina Urias
8 Director of Insurance
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1 **CONSENT TO ORDER**

2 1. Farmers Insurance Exchange has reviewed the foregoing Order.

3 2. Farmers Insurance Exchange admits the jurisdiction of the Director of
4 Insurance, State of Arizona, admits the foregoing Findings of Fact, and consents to the
5 entry of the Conclusions of Law and Order.

6 3. Farmers Insurance Exchange is aware of the right to a hearing, at which
7 it may be represented by counsel, present evidence and cross-examine witnesses.
8 Farmers Insurance Exchange irrevocably waives the right to such notice and hearing
9 and to any court appeals related to this Order.

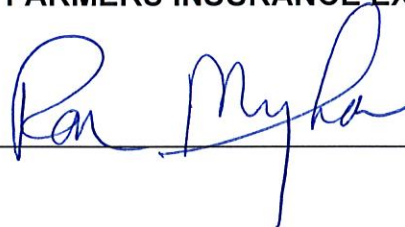
10 4. Farmers Insurance Exchange states that no promise of any kind or
11 nature whatsoever was made to it to induce it to enter into this Consent Order and that
12 it has entered into this Consent Order voluntarily.

13 5. Farmers Insurance Exchange acknowledges that the acceptance of this
14 Order by the Director of the Arizona Department of Insurance is solely for the purpose
15 of settling this matter and does not preclude any other agency or officer of this state or
16 its subdivisions or any other person from instituting proceedings, whether civil, criminal,
17 or administrative, as may be appropriate now or in the future.

18 6. Ronald G. Myhan, who holds the office of
19 Senior VP & Treasurer of Farmers Insurance Exchange, is authorized to enter
20 into this Order for them and on their behalf.

21 **FARMERS INSURANCE EXCHANGE**

22
23 November 29, 2006 By _____
24 Date

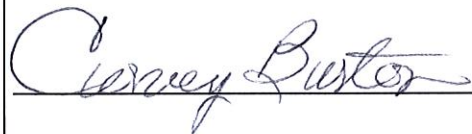


1 COPY of the foregoing mailed/delivered
this 6th day of December , 2006, to:

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3 Gerrie Marks
Deputy Director
4 Mary Butterfield
Assistant Director
5 Consumer Affairs Division
6 Paul J. Hogan
Market Oversight Administrator
7 Market Oversight Division
8 Dean Ehler
Assistant Director
Property and Casualty Division
9 Steve Ferguson
Assistant Director
10 Financial Affairs Division
11 Alan Griffith
Chief Financial Examiner
12 Alexandra Schafer
Assistant Director
13 Life and Health Division
14 Terry L. Cooper
Fraud Unit Chief

15 DEPARTMENT OF INSURANCE
16 2910 North 44th Street, Suite 210
17 Phoenix, AZ 85018

18
19
20 William, Johanneson, AVP Regulatory Affairs
Farmers Insurance Exchange
21 4680 Wilshire Blvd.
22 Los Angeles, CA 90010

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