

BEFORE THE INSURANCE COMMISSIONER AND THE ATTORNEY GENERAL OF
THE STATE OF IOWA

In re the application of FARMERS MUTUAL HAIL INSURANCE COMPANY OF IOWA for approval of a Plan of Reinsurance with FARMERS UNION COOPREATIVE INSURANCE COMPANY, INC.)	FINDING OF FACT, CONCLUSIONS OF LAW AND ORDER
)	(Iowa Code § 521.8)

I. INTRODUCTION

Pursuant to Iowa Code sections 521.5 and 521.8 (2011), on October 24, 2011 the undersigned Commission heard an application for approval of a Plan of Assumption between FARMERS MUTUAL HAIL INSURANCE COMPANY OF IOWA ("Farmers Mutual") and FARMERS UNION COOPERATIVE INSURANCE COMPANY, INC. ("Farmers Union"). Farmers Union is a wholly owned subsidiary of Farmers Mutual. The Commission reviewed the Plan of Assumption and other relevant filings. The Commission also took notice of the fact that Farmers Mutual and Farmers Union are domiciled in Iowa, licensed and in good standing with the Iowa Insurance Division ("Division"), and have current financial statements on file with the Division.

II. JURISDICTION

The Commission has jurisdiction over this proceeding under Iowa Code sections 521.2, 521.3, 521.4, 521.5, and 521.8 (2011).

III. FINDINGS OF FACT

Under the Plan of Assumption, Farmers Mutual and Farmers Union will enter into an assumption of risk agreement transferring the rights, liabilities, and legal responsibility for the service and management of all policies in force as of April 1, 2011. Farmers Mutual will reinsure and assume all policies that have been issued in the name of Farmers Union, while receiving in exchange all of Farmers Union's rights, liabilities, and obligations as of the effective date. Farmers Union will transfer all rights, liabilities, and obligations to Farmers Mutual for the service and management of all directly assumed risks insured by Farmers Union.

The contractual language effectively moves responsibility for the policies from Farmers Union to Farmers Mutual without diminishing policyholder contract rights. Farmers Mutual is Iowa licensee in good standing with the Division, while also possessing adequate reserves. Lastly, Farmers Union is a wholly owned subsidiary of Farmers Mutual and Farmers Mutual's assumption of Farmers Union's contract responsibilities should not adversely impact the existing policyholders of Farmers Union or Farmers Mutual.

Under this record, the Commission finds that the interests of Farmers Mutual's and Farmers Union's policyholders are properly protected. The Commission further finds that no reasonable objection for approval of the Plan of Assumption exists.

IV. CONCLUSION OF LAW

The legislature has vested discretion in the Commission not only to make factual findings, but also to interpret and apply the law. Iowa Code sections 521.3 and 521.8 (2011) permit the Commission to approve a Plan of Assumption and consolidation if it determines that the applicant demonstrates the two criteria listed within section 521.8 (2011) to the satisfaction of the Commission.

The Commission concludes, upon substantial evidence, that the Plan of Assumption and consolidation between Farmers Mutual and Farmers Union meets the two requirements of Iowa Code section 521.8 (2011), and should be approved.

ORDER

IT IS THEREFORE ORDERED that:

FARMERS MUTUAL HAIL INSURANCE COMPANY OF IOWA's application for approval of its Plan of Assumption with FARMERS UNION COOPERATIVE INSURANCE COMPANY, INC. is **APPROVED**.


This Order shall be considered the final agency action for the purposes of Iowa Code chapter 17A (2011). Any action challenging this Order shall comply with the requirements of Iowa Code chapter 17A (2011).

Dated this 24th day of October, 2011.

SUSAN E. VOSS
Iowa Insurance Commissioner

THOMAS J. MILLER
Iowa Attorney General


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