



REPORT ON

MARKET CONDUCT EXAMINATION

of the

NORTHWEST FARMERS MUTUAL INSURANCE COMPANY

Winston-Salem, North Carolina

BY REPRESENTATIVES OF THE

NORTH CAROLINA DEPARTMENT OF INSURANCE

as of

August 30, 2013

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Raleigh, North Carolina  
August 30, 2013

Honorable Wayne Goodwin  
Commissioner of Insurance  
Department of Insurance  
State of North Carolina  
Dobbs Building  
430 N. Salisbury Street  
Raleigh, North Carolina 27603

Honorable Commissioner:

Pursuant to your instructions and in accordance with the provisions of North Carolina General Statute (NCGS) 58-2-131 through 58-2-134, a general examination has been made of the market conduct activities of

**NORTHWEST FARMERS MUTUAL INSURANCE COMPANY  
(NAIC #14021)**

NAIC Exam Tracking System Exam Number: NC299-M30  
Winston-Salem, North Carolina

hereinafter generally referred to as the Company, at the North Carolina Department of Insurance (Department) office located at 11 S. Boylan Avenue, Raleigh, North Carolina. A report thereon is respectfully submitted.

## **FOREWORD**

This examination reflects the North Carolina insurance activities of Northwest Farmers Mutual Insurance Company. The examination is, in general, a report by exception. Therefore, much of the material reviewed will not be contained in this written report, as reference to any practices, procedures, or files that manifested no concerns were omitted.

### **SCOPE OF EXAMINATION**

This examination commenced on July 29, 2013, and covered the period of January 1, 2008, through December 31, 2012, with analyses of certain operations of the Company being conducted through August 30, 2013. All comments made in this report reflect conditions observed during the period of the examination.

The examination was arranged and conducted by the Department. It was made in accordance with Market Regulation standards established by the Department and procedures established by the National Association of Insurance Commissioners (NAIC) and accordingly included tests of policyholder treatment, marketing, underwriting practices, terminations, and claims practices.

It is the Department's practice to cite companies in violation of a statute or rule when the results of a sample show errors/noncompliance at or above the following levels: 0 percent for consumer complaints, sales and advertising, producers who were not appointed and/or licensed, and the use of forms and rates/rules that were neither filed with nor approved by the Department; 7 percent for claims; and 10 percent for all other areas reviewed. When errors are detected in a sample, but the error rate is below the applicable threshold for citing a violation, the Department issues a reminder to the company.

## EXECUTIVE SUMMARY

This market conduct examination revealed concerns with Company procedures and practices in the following areas:

*Consumer Complaints* – response time to Departmental inquiries and NAIC company code not included on Company response.

*Underwriting Practices* – Homeowners; Standard Fire; and Farmowners: applications accepted from producers who were not properly appointed.

Specific violations related to each area of concern are noted in the appropriate section of this report. All North Carolina General Statutes and rules of the North Carolina Administrative Code cited in this report may be viewed on the North Carolina Department of Insurance Web site [www.ncdoi.com](http://www.ncdoi.com) by clicking “INSURANCE DIVISIONS” then “Legislative Services”.

This examination identified various non-compliant practices, some of which may extend to other jurisdictions. The Company is directed to take immediate corrective action to demonstrate its ability and intention to conduct business in North Carolina according to its insurance laws and regulations. When applicable, corrective action for other jurisdictions should be addressed.

All unacceptable or non-compliant practices may not have been discovered or noted in this report. Failure to identify improper or non-compliant business practices in North Carolina or in other jurisdictions does not constitute acceptance of such practices. Examination report findings that do not reference specific insurance laws, regulations, or bulletins are presented to improve the Company’s practices and ensure consumer protection.

## COMPANY OVERVIEW

### History and Profile

The Farmers Mutual Fire Association was organized in 1893. The charter was granted to the association that licensed county mutuals. The Forsyth-Stokes County branch was

established in 1895. This branch of the Farmers Mutual Fire Association was established to provide insurance coverage against the perils of fire, lightning, and extended coverage on dwellings and other farm buildings.

The Company began writing theft and liability coverages in 1976. These coverages were underwritten on behalf of Alliance Mutual Insurance Company, thus creating a “dual masthead” policy for the Company’s homeowners, mobile homeowners, and farmowners programs.

In 1992, the Company elected to include Davidson, Rockingham, Surry, and Yadkin counties in addition to Forsyth and Stokes counties for the 6 contiguous counties the Department would allow.

The Company’s name was changed January 1, 1994 to Northwest Farmers Mutual Insurance Company. The Company continues to operate as an independent chartered county farm mutual.

Effective January 1, 2009, Northwest Farmers Mutual Insurance Company signed a Producer Agreement with Alamance Farmers’ Mutual Insurance Company of Graham, North Carolina to begin writing the “dual masthead” policies with them, thus Northwest began non-renewing policies with Alliance and writing them with Alamance.

On September 17, 2009, Northwest Farmers Mutual Insurance Company created a subsidiary, NWFMIC Agency, LLC to handle the brokerage of Section II premiums, which are underwritten by Alamance Mutual Insurance Company, and other general liability policies placed with other carriers. NWFMIC Agency, LLC began October 1, 2009.

On July 27, 2011, Northwest Farmers Mutual Insurance Company began to add agencies to write business for the Company. To date, five agencies have been added.



### Company Operations and Management

The Company is a writer of property coverages only and is licensed to write business in Davidson, Forsyth, Rockingham, Stokes, Surry, and Yadkin counties.

Direct written premium for the Company in 2012 was \$626,471. Premium writings in North Carolina between 2008 and 2012 increased approximately 41.3 percent. The charts below outline the Company's mix of business for selected lines in 2012 and loss ratios for the examination period.

Line of Business	Written Premium	Percentage
Fire	\$469,853	75.0
Allied Lines	\$156,618	25.0
<b>Total</b>	<b>\$626,471</b>	<b>100.0</b>

Year	Written Premium	Earned Premium	Incurred Losses	Loss Ratio
2008	\$443,352	\$447,509	\$128,377	28.7
2009	\$415,778	\$422,881	\$ 45,896	10.9
2010	\$412,781	\$411,946	\$ 96,147	23.3
2011	\$428,972	\$409,427	\$106,300	26.0
2012	\$626,471	\$519,626	\$267,916	51.6

### Certificate of Authority

The Certificates of Authority issued to the Company were reviewed for the period under review. These certificates were reviewed to determine compliance with the provisions of NCGS 58-7-15. The Company's writings in North Carolina were deemed to be in compliance with the authority granted.

### Disaster Recovery Procedures

The Company is currently in the process of preparing and documenting a formal disaster recovery program. Many procedures are currently in place to provide for business continuity in the event of a disaster. Two main items are of concern in order to maintain

business continuity – policyholder and claim files located at the office and the electronic databases and programs for policyholders and accounting information. For the files physically located at the office, all policyholder and claim files are maintained in fire-proof safes. Therefore, if these could be recovered based on what disaster happened, this information could be transferred to another location in which to conduct business. Should these be unrecoverable, the electronic files would be available for use.

The electronic files (complete server) are backed up every night using MozyPro. These backups are done in two phases – one backup of the Company server and one backup of the Secretary-Treasurer's hard drive. The backups are maintained on a webserver controlled by MozyPro and are not physically located at the Company's office. Should it be necessary, the Company would be able to relocate to a temporary location, obtain computers for their work, and restore the backup held by MozyPro to continue and conduct business for its policyholders.

While the Company could recover and be able to conduct business, it would be anticipated that this could be done within one week of a disaster, depending upon the severity of such event.

## **POLICYHOLDER TREATMENT**

### Consumer Complaints

The Company's complaint handling procedures were reviewed to determine compliance with applicable North Carolina statutes and rules. The Company's complaint register was reconciled with a listing furnished by the Consumer Services Division of the Department. The 1 complaint contained in the Department's listing was selected and received for review.

The distribution of complaints requiring a response to the Department is shown in the chart below.

<b>Type of Complaint</b>	<b>Total</b>
Underwriting	1
<b>Total</b>	<b>1</b>

The Company's response to the complaint was deemed to be appropriate to the circumstances. The Company was deemed to be in violation of the provisions of Title 11 of the North Carolina Administrative Code, (NCAC), Chapter 1, Section 0602 as the 1 complaint reviewed (100 percent error ratio) was responded to in excess of the 7 calendar day requirement of this rule.

The Company was deemed to be in violation of the provisions of 11 NCAC 4.0123 as the response to the 1 Departmental inquiry (100 percent error ratio) did not include the Company's NAIC code.

The service time to respond to the Departmental complaint was 12 calendar days. A chart of the Company's response time follows:

<b>Service Days</b>	<b>Number of Files</b>	<b>Percentage of Total</b>
1 – 7	0	0.0
8 – 14	1	100.0
<b>Total</b>	<b>1</b>	<b>100.0</b>

#### Privacy of Financial and Health Information

The Company provided privacy of financial and health information documentation for the examiners' review. The Company exhibited policies and procedures in place so that nonpublic personal financial or health information is not disclosed unless the customer or consumer has authorized the disclosure. The Company was found to be compliant with the provisions of NCGS 58-39-25, 58-39-26, and 58-39-27.

## MARKETING

### Social Media

The Company provided responses to the social media inquiries as requested in the interrogatories located in the Coordinator's Handbook. The Company does not use any social media outlets.

### Policy Forms and Filings

The Company does not have form authority for any of its dual masthead policies. Policy form filings for the Company have been made by Alamance Farmers Mutual Insurance Company since January 1, 2009. Prior to that time, they were made by Alliance Mutual Insurance Company. Emphasis of the review was placed on the following lines of business:

1. Homeowners
2. Standard Fire
3. Mobile Homeowners
4. Farmowners

The provisions stipulated under 11 NCAC 10.1102(10)(e) exempt the Company from having to submit rate filings to the Department. The Company promulgates its own rates.

### Sales and Advertising

Sales and advertising practices of the Company were reviewed to determine compliance with the provisions of NCGS 58-63-15. The Company does not conduct any form of advertising.

No unfair or deceptive trade practices were noted in this segment of the examination.

### Producer Licensing

The Company's procedures for appointment and termination of its producers were reviewed to determine compliance with the appropriate North Carolina statutes and rules. The Company informed the examiners that 23 producers were appointed and no producers were terminated during the period under examination.

All appointment forms reviewed were submitted to the Department in accordance with the timetables stipulated under the provisions of NCGS 58-33-40.

### Agency Management

The marketing effort is under the direction of the 2<sup>nd</sup> Vice President of the Board of Directors, located in Winston-Salem, North Carolina. The Company has 5 active agencies with 27 producers appointed in North Carolina.

Once appointed, agency activities are overseen by the Secretary-Treasurer of the Company, in conjunction with assistance from the 2<sup>nd</sup> Vice President of the Board of Directors. A formal review process is being developed with an anticipated annual frequency. Producer appointments, terminations, and licensing are performed by the Secretary-Treasurer.

## **UNDERWRITING PRACTICES**

### Overview

The Company's marketing philosophy in North Carolina focuses on personal and commercial lines. The Company provided the examiners with listings of the following types of active policies for the period under examination:

1. Homeowners
2. Standard Fire
3. Mobile Homeowners
4. Farmowners

A random selection of 173 policies was made from a total population of 475. Each policy was reviewed for adherence to underwriting guidelines, file documentation, and premium determination. Additionally, the policies were examined to determine compliance with the appropriate North Carolina statutes and rules, policy provisions, and the applicable policy manual rules.

### Homeowners

The Company provided a listing of 184 homeowners policies issued during the period under examination. Fifty policies were randomly selected and received for review.

The Company's homeowners policies were written on an annual basis. Coverages were written utilizing independent rates. Risk placement was determined by the Company's underwriting guidelines and the underwriter. No discrepancies were noted in the Company's use of its underwriting guidelines.

The Company was deemed to be in violation of the provisions of NCGS 58-33-26 and NCGS 58-33-40 as the producer was not properly appointed by the Company for 3 of the active files reviewed (6.0 percent error ratio).

All policy files contained sufficient documentation to support the Company's application of its rates and premiums charged.

#### Standard Fire

The Company provided a listing of 218 standard fire policies issued during the period under examination. Fifty policies were randomly selected and received for review.

The Company's standard fire policies were written on an annual basis. Coverages were written utilizing independent rates. Risk placement was determined by the Company's underwriting guidelines and the underwriter. No discrepancies were noted in the Company's use of its underwriting guidelines.

The Company was deemed to be in violation of the provisions of NCGS 58-33-26 and 58-33-40 as the producer was not properly appointed by the Company for 1 of the active files reviewed (2.0 percent error ratio).

All policy files reviewed contained sufficient documentation to support the Company's application of its rates and premiums charged.

#### Mobile Homeowners

The entire population of 25 mobile homeowners policies issued during the period under examination was selected and received for review.

The Company's mobile homeowners policies were written on an annual basis. Coverages were written utilizing independent rates. Risk placement was determined by the Company's underwriting guidelines and the underwriter. No discrepancies were noted in the Company's use of its underwriting guidelines.

All policy files reviewed contained sufficient documentation to support the Company's application of its rates and premiums charged.

### Farmowners

The entire population of 48 active farmowners policies issued during the period under examination was selected and received for review.

The Company's farmowners policies were written on an annual basis. Coverages were written utilizing independent rates. Risk placement was determined by the Company's underwriting guidelines and the underwriter. No discrepancies were noted in the Company's use of its underwriting guidelines.

The Company was deemed to be in violation of the provisions of NCGS 58-33-26 and NCGS 58-33-40 as producers were not properly appointed by the Company for 5 of the active files reviewed (10.4 percent error ratio).

All policy files reviewed contained sufficient documentation to support the Company's application of its rates and premiums charged.

## **TERMINATIONS**

### Overview

The Company's termination procedures were reviewed to determine compliance with the appropriate North Carolina statutes and rules, policy provisions, and the applicable policy manual rules. The review focused on the following lines of business:

1. Homeowners
2. Standard Fire
3. Mobile Homeowners
4. Farmowners

Special attention was placed on the validity and reason for termination, timeliness in issuance of the termination notice, policy refund (where applicable), and documentation of the policy file. A total of 616 policies were terminated during the period under examination. The examiners randomly selected 214 terminations for review.

#### Homeowners Cancellations

Fifty cancelled homeowners policies were randomly selected and received for review from a population of 151.

The reason for cancellation was deemed valid for all policies reviewed. The review revealed the following reasons for cancellation:

<b>Reason for Cancellation</b>	<b>Number of Policies</b>	<b>Percentage</b>
Insured's request	47	94.0
Rewritten	2	4.0
Underwriting reasons	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

The Company was not required to issue cancellation notices for 49 of the cancellations reviewed as these policies were cancelled at the request of the insured or the coverage was rewritten. The cancellation notice for the remaining policy stated the specific reason for cancellation.

All premium refunds were deemed correct. The Company issued the refunds in a timely manner.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

#### Standard Fire Cancellations

Fifty cancelled standard fire policies were randomly selected and received for review from a population of 340.



The reason for cancellation was deemed valid for all policies reviewed. The review revealed the following reasons for cancellation:

<b>Reason for Cancellation</b>	<b>Number of Policies</b>	<b>Percentage</b>
Insured's request	49	98.0
Coverage rewritten	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

The Company was not required to issue cancellation notices for all of the cancellations reviewed as these policies were cancelled at the request of the insured or the coverage was rewritten.

All premium refunds were deemed correct. The Company issued the refunds in a timely manner.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

#### Mobile Homeowners Cancellations

The entire population of 46 cancelled mobile homeowners policies was selected and received for review.

The reason for cancellation was deemed valid for all policies reviewed. The review revealed the following reasons for cancellation:

<b>Reason for Cancellation</b>	<b>Number of Policies</b>	<b>Percentage</b>
Insured's request	45	97.8
Underwriting reasons	1	2.2
<b>Total</b>	<b>46</b>	<b>100.0</b>

The Company was not required to issue cancellation notices for 45 of the cancellations reviewed as these policies were cancelled at the request of the insured. The cancellation notice for the remaining policy stated the specific reason for cancellation.

All premium refunds were deemed correct. The Company issued the refunds in a timely manner.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

#### Farmowners Cancellations

Fifty cancelled farmowners policies were randomly selected and received for review from a population of 61.

The reason for cancellation was deemed valid for all policies reviewed. The review revealed the following reasons for cancellation:

<b>Reason for Cancellation</b>	<b>Number of Policies</b>	<b>Percentage</b>
Insured's request	48	96.0
Coverage rewritten	1	2.0
Underwriting reasons	1	2.0
<b>Total</b>	<b>50</b>	<b>100.0</b>

The Company was not required to issue cancellation notices for 49 of the cancellations reviewed as these policies were cancelled at the request of the insured or the coverage was rewritten. The cancellation notice for the remaining policy stated the specific reason for cancellation.

All premium refunds were deemed correct. The Company issued the refunds in a timely manner.

The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

#### Homeowners Nonrenewals

The entire population of 9 nonrenewed homeowners policies was selected and received for review.

The reason for nonrenewal was deemed appropriate for all policies reviewed. The review revealed the following reason for nonrenewal:

<b>Reason for Nonrenewal</b>	<b>Number of Policies</b>	<b>Percentage</b>
Underwriting reasons	9	100.0
<b>Total</b>	<b>9</b>	<b>100.0</b>

The nonrenewal notices for the policies reviewed stated the specific reason for nonrenewal. The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

#### Standard Fire Nonrenewals

The entire population of 4 nonrenewed standard fire policies was selected and received for review.

The reason for nonrenewal was deemed valid for all policies reviewed. The review revealed the following reason for nonrenewal:

<b>Reason for Nonrenewal</b>	<b>Number of Policies</b>	<b>Percentage</b>
Underwriting reasons	4	100.0
<b>Total</b>	<b>4</b>	<b>100.0</b>

The nonrenewal notices for the policies reviewed stated the specific reason for nonrenewal. The final area of this review encompassed documentation of the policy file. All policy files reviewed contained sufficient documentation to support the action taken by the Company.

#### Mobile Homeowners Nonrenewals

The entire population of 1 nonrenewed mobile homeowners policy was selected and received for review.

The reason for nonrenewal was deemed valid for the policy reviewed. The review revealed the following reason for nonrenewal:

<b>Reason for Nonrenewal</b>	<b>Number of Policies</b>	<b>Percentage</b>
Underwriting reasons	1	100.0
<b>Total</b>	<b>1</b>	<b>100.0</b>

The nonrenewal notice for the policy reviewed stated the specific reason for nonrenewal. The final area of this review encompassed documentation of the policy file. The file reviewed contained sufficient documentation to support the action taken by the Company.

#### Farmowners Nonrenewals

The entire population of 4 nonrenewed farmowners policies was selected and received for review.

The reason for nonrenewal was deemed valid for all policies reviewed. The review revealed the following reason for nonrenewal:

<b>Reason for Nonrenewal</b>	<b>Number of Policies</b>	<b>Percentage</b>
Underwriting reasons	4	100.0
<b>Total</b>	<b>4</b>	<b>100.0</b>

The nonrenewal notices for the policies reviewed stated the specific reason for nonrenewals. The final area of this review encompassed documentation of the policy file. All files reviewed contained sufficient documentation to support the action taken by the Company.

#### Declinations/Rejections

The Company reported there were no declinations/rejections during the examination period.

## CLAIMS PRACTICES

### Overview

The Company's claims practices were reviewed to determine compliance with the appropriate North Carolina statutes and rules and policy provisions. The review encompassed paid, closed without payment, subrogated, and litigated claims.

Claims service in North Carolina is provided by the home office in Winston-Salem, North Carolina and is under the direction of the Secretary-Treasurer of the Company. The Company employs one clerical person to assist with claims processing.

After a claim is reported to the home office, it is assigned to one of several independent adjusters utilized by the Company. No check authority is provided to the independent adjusters. The Company's agency force does not adjust any claims.

One hundred one claims were randomly selected for review from a population of 286.

### Paid Claims

The examiners randomly selected and received 50 of the 226 first party property damage claims paid during the period under examination. The claim files were reviewed for timeliness of payment, supporting documentation, and accuracy of payment.

The following type of claim was reviewed and the average payment time is noted in calendar days:

Type of Claim	Payment Time
First party property damage	16.3

All payments issued by the Company were deemed to be accurate. Deductibles were correctly applied and depreciation taken was reasonable. All claim files reviewed contained documentation to support the Company's payments. The documentation consisted of appraisals, estimates, repair bills, or inventory listings.

First party property damage claims were not appraised in a timely manner for 1 claim (2.0 percent error ratio) and were not investigated in a timely manner for 1 claim (2.0 percent error ratio). These matters could result in a violation of the provisions of NCGS 58-63-15(11) if the occurrence is of such frequency as to be considered a general business practice.

#### Closed Without Payment Claims

Fifty closed without payment claims were randomly selected and received for review from a population of 59. The claim files were reviewed to determine if the Company's reasons for closing the claims without payment were valid.

The claim files reviewed contained documentation that supported the Company's reasons for closing the claims without payment. All reasons for denial or closing the files without payment were deemed valid. Claims were denied on an average of 13 calendar days for the 5-year period. The review of closed without payment claims disclosed no violations of the provisions of NCGS 58-63-15(11).

#### Subrogated Claims

The entire population of 1 subrogated claim was selected and received for review. The claim file was reviewed to determine if the insured's deductible was properly reimbursed by the Company when subrogation was successful. The reimbursement was deemed to be correct and was issued the same day the Company collected the monies. The review of subrogated claims disclosed no violations of the provisions of NCGS 58-63-15(11).

#### Litigated Claims

The Company reported there were no litigated claims during the examination period.

### **SUMMARY**

The Market Conduct examination revealed the following:

1. Policyholder Treatment

- a. The Company was deemed to be in violation of the provisions of 11 NCAC 1.0602 as the response to 100 percent of the Departmental inquiries reviewed was in excess of the 7 calendar day requirement of this rule.
- b. The Company was deemed to be in violation of the provisions of 11 NCAC 4.0123 as the response to 100 percent of the Departmental inquiries did not include its National Association of Insurance Commissioners code.

2. Underwriting Practices

- a. The Company was deemed to be in violation of the provisions of NCGS 58-33-26 and 58-33-40 as the producers were not properly appointed by the Company for 6.0 percent of the active homeowner files reviewed.
- b. The Company was deemed to be in violation of the provisions of NCGS 58-33-26 and 58-33-40 as the producers were not properly appointed by the Company for 2.0 percent of the active standard fire files reviewed.
- c. The Company was deemed to be in violation of the provisions of NCGS 58-33-26 and 58-33-40 as the producers were not properly appointed by the Company for 10.4 percent of the active farmowner files reviewed.

**TABLE OF STATUTES AND RULES**

<u>Statute/Rule</u>	<u>Title</u>
NCGS 58-2-131	Examinations to be made; authority, scope, scheduling, and conduct of examinations.
NCGS 58-2-132	Examination reports.
NCGS 58-2-133	Conflict of interest; cost of examinations; immunity from liability.
NCGS 58-2-134	Cost of certain examinations.
NCGS 58-7-15	Kinds of insurance authorized.
NCGS 58-33-26	General license requirements.
NCGS 58-33-40	Appointment of agents.
NCGS 58-39-25	Notice of insurance information practices.
NCGS 58-39-26	Federal privacy disclosure notice requirements.
NCGS 58-39-27	Privacy notice and disclosure requirement exceptions.

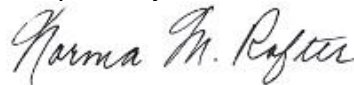
NCGS 58-63-15	Unfair methods of competition and unfair or deceptive acts or practices defined.
11 NCAC 1.0602	Insurance Companies' to Departmental Inquiries.
11 NCAC 4.0123	Use of Specific Company Name in Responses.
11 NCAC 10.1102	Applicability.

### CONCLUSION

An examination has been conducted on the market conduct affairs of Northwest Farmers Mutual Insurance Company for the period January 1, 2008, through December 31, 2012, with analyses of certain operations of the Company being conducted through August 30, 2013. This examination was conducted in accordance with the North Carolina Department of Insurance and the National Association of Insurance Commissioners Market Regulation Handbook procedures, including analyses of Company operations in the areas of policyholder treatment, marketing, underwriting practices, terminations, and claims practices.

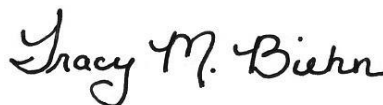
In addition to the undersigned, Kelvin A. Owens and Sharon O'Quinn, North Carolina Market Conduct Examiners, participated in this examination.

Respectfully submitted,



Norma M. Rafter, CPCU  
Examiner-In-Charge  
Market Regulation Division  
State of North Carolina

I have reviewed this examination report and it meets the provisions for such reports prescribed by this Division and the North Carolina Department of Insurance.



Tracy M. Biehn, LPCS, MBA  
Deputy Commissioner  
Market Regulation Division  
State of North Carolina