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**BEFORE THE INSURANCE COMMISSIONER  
OF THE STATE OF UTAH**

**COMPLAINANT:**

UTAH INSURANCE DEPARTMENT

**RESPONDENT:**

FARMERS INSURANCE EXCHANGE  
Attn: Wayne D. Wilson  
P.O. Box 2478 Terminal Anx.  
Los Angeles, CA 90051-2478  
Utah Org. Id. No. 319

**STIPULATION  
&  
ORDER**

**Docket No.** 2011-202-PC

Enf. Case No. 2830

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**STIPULATION**

1. Respondent, Farmers Insurance Exchange (“Farmers”), is an interinsurance exchange insurance company domiciled in the State of California and authorized to do business in the State of Utah, Utah Organization Identification No. 319.

2. Respondent stipulates with the Complainant, Utah Insurance Department, as follows:
- a. If a hearing were held, witnesses called by the Complainant could offer and introduce evidence that would support the Findings of Fact herein;
  - b. Respondent neither admits nor denies the Findings of Fact and Conclusions

made therefrom;

c. Respondent stipulates to the summary entry of the Order herein which shall be in lieu of other administrative proceedings by Complainant in this matter; and

d. Respondent and Complainant have negotiated the terms of the Order entered herein and Respondent agrees to its entry and further agrees to be bound by all its terms.

3. Respondent is aware of its right to a hearing at which it may be represented by counsel, present evidence and cross-examine witnesses. Respondent has irrevocably waived its right to such hearing and to any appeal related thereto.

4. Respondent admits the jurisdiction of the State of Utah Insurance Commissioner as to all matters herein.

5. Respondent is acting herein free from any duress or coercion of any kind or nature, having been advised fully as to its rights set forth herein.

6. Respondent acknowledges that the issuance of this Order by the Commissioner is solely for the purpose of disposition of the matter entitled herein.

DATED this 15<sup>th</sup> day of February, 2012

  
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FARMERS INSURANCE EXCHANGE  
Rick Russell, Senior Corporate Counsel

  
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UTAH INSURANCE DEPARTMENT  
M. Gale Lemmon, Assistant Attorney General

Based upon the foregoing Stipulation and information in the file, the Presiding Officer makes the following Findings of Fact:

**FINDINGS OF FACT**

1. Kristen E. Anderson (“Mrs. Anderson”) is a licensed resident insurance agent and was licensed in the State of Utah on July 29, 2004, License No. 216503, and was appointed to represent the Respondent on July 30, 2004.

2. Michael R. Anderson (“Mr. Anderson”) is the husband of Mrs. Anderson and is a licensed resident insurance agent, licensed in the State of Utah on January 26, 2006, License No. 237772.

3. In May 2007, Mr. Anderson began working with his wife who was acting as a contracted and appointed agent of the Respondent.

4. Respondent assigned Mr. Anderson his own sign-on identification number for Respondent’s e-agent website sometime in the spring of 2007 in order for Mr. Anderson to access Respondent’s website to submit insurance business on behalf of Respondent.

5. In December 2008, the Andersons were informed by a department employee that Mr. Anderson needed to be appointed as an agent by the Respondent and on December 8, 2008, Mr. Anderson submitted an application to be appointed as an agent for the Respondent.

6. Respondent received the application for appointment as an agent from Mr. Anderson, which was approved by the Respondent’s District Manager on December 9, 2008, but Respondent failed to process the application.

7. After Respondent was notified by Department personnel that Mr. Anderson was acting as an agent without being appointed, Respondent had Mr. Anderson submitted a second application for appointment and Respondent appointed him to act as their agent on November 9,

2010.

8. During the period of time between the spring of 2007 and November 9, 2010, Mr. Anderson acted as an agent for the Respondent by marketing, soliciting, selling, and servicing policies for the Respondent when Respondent had failed to contract with the Mr. Anderson to act as their agent and to appoint Mr. Anderson as their agent with the Department. During that period of time, Mr. Anderson submitted at least 114 auto insurance policies to Farmers under his own identification number in addition to a number of fire insurance policies.

9. On or about July 11, 2008, Respondent discovered that one of its agents, Torry Wilcox, had been forging the names of insureds on applications for insurance on 10 to 15 different occasions. Respondent failed to report these forgeries to the Department.

Based upon the foregoing Stipulation and Findings of Fact, the Presiding Officer enters the following Conclusions of Law:

#### **CONCLUSIONS OF LAW**

1. In accepting insurance business from an agent that had not been contracted with or appointed with the Respondent, Respondent violated Utah Code Annotated § 31A-23a-115(1), and Utah Administrative Code Rule R590-244-5(1)(b) and -9(1)(a).

2. Respondent's agent, Torry Wilcox, committed fraudulent insurance acts under Utah Code Annotated § 31A-31-103(1) on at least 10 occasions when he forged insureds' names to applications for insurance policies. In failing to report those acts to the Department, Respondent violated Utah Code Annotated § 31A-31-110.

Based upon the foregoing Stipulation, Findings of Fact and Conclusions of Law, the Presiding Officer herewith enters the following Order:

**ORDER**

IT IS HEREBY ORDERED:

1. Respondent is assessed an administrative forfeiture in the amount of \$15,000.00, to be paid within 30 days of the date of this Order.

**NOTIFICATION**

Respondent is hereby notified that failure to abide by the terms of this Order may subject it to further penalties, including additional forfeitures of up to \$5,000.00 per violation and the suspension or revocation of your license, and the filing of an action to enforce this Order in the District Court, which may impose penalties of up to \$10,000.00 per day for continued violation.

You are further notified that other jurisdictions in which you may be licensed may require that you report this action to them.

DATED this 21<sup>st</sup> day of February, 2011.

NEAL T. GOOCH  
INSURANCE COMMISSIONER



MARK E. KLEINFELD, Esq.  
Administrative Law Judge  
Utah Insurance Department  
State Office Building, Room 3110  
Salt Lake City, Utah 84114  
Telephone (801) 538-3800



# Insurance Department

State of Utah

GARY R. HERBERT  
*Governor*

GREG BELL  
*Lieutenant Governor*

NEAL T. GOOCH  
*Commissioner*

## CERTIFICATE OF MAILING

I do hereby certify that on this date I mailed, by regular mail postage prepaid, a true and correct copy of the attached:

### STIPULATION & ORDER

To the following:

Farmers Insurance Exchange  
Attn: Wayne D. Wilson  
P.O. Box 2478 Terminal Anx.  
Los Angeles, CA 90051-2478

DATED this 21<sup>st</sup> day of February, 2012

A handwritten signature in cursive script, reading "Linda Hardy", written over a horizontal line.

Linda Hardy  
Market Conduct  
Utah Department of Insurance  
State Office Building, Room 3110  
Salt Lake City, UT 84114-6901  
801-538-3860

**UTAH  
Invoice**

Printed Date: February 21, 2012

Invoice Date: February 21, 2012  
Balance Due: \$15,000.00  
Due Date: March 21, 2012  
Invoice ID: 566256

FARMERS INSURANCE EXCHANGE  
P O BOX 2478 TERMINAL ANX  
LOS ANGELES CA 90051-2478

<b>Item Description</b>	<b>Amount</b>
Monetary Penalty Agency	\$15,000.00
<b>Original Amount Due</b>	<u>\$15,000.00</u>
<b>Payments Received</b>	
	<u><b>Balance Due</b></u>

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**UTAH  
Invoice**

Printed Date: February 21, 2012

Invoice Date: February 21, 2012  
Balance Due: \$15,000.00  
Due Date: March 21, 2012  
Invoice ID: 566256

Make checks payable to: Utah Insurance Department

Send payment to:

Utah Insurance Department  
3110 State Office Building  
Salt Lake City, UT 84114-6901