

**BEFORE THE INSURANCE COMMISSIONER
FOR THE STATE OF ARKANSAS**

**IN THE MATTER OF
THE REPORT OF EXAMINATION
OF ARKANSAS MUTUAL
INSURANCE COMPANY**

A.I.D. NO. 2011- 145

ADOPTION ORDER

Now on this day the matter of the Report of Examination ("Report") as of December 31, 2010 of Arkansas Mutual Insurance Company ("Company") of Little Rock, Arkansas, NAIC No. 13565, is taken under consideration by Jay Bradford, Insurance Commissioner for the State of Arkansas ("Commissioner"), as presented by Associate Counsel, Amanda Capps Rose, and the Finance Division of the Arkansas Insurance Department ("Department"). From the facts, matters and other things before him, the Commissioner finds as follows:

FINDINGS OF FACT

1. The Commissioner has jurisdiction over the Company and the subject matter involved herein.
2. The Company is an Arkansas-domiciled physician-owned mutual insurance company licensed to sell medical professional liability insurance in Arkansas.
3. Pursuant to Ark. Code Ann. §§ 23-61-201, *et seq.*, the Commissioner authorized and directed the Department to conduct a regular examination of the affairs, transactions, accounts, records, and assets of the Company as of December 31, 2010.
4. Said examination was commenced by the Department on March 14, 2011 and completed on July 11, 2011.

5. The verified Report of Examination was filed with the Department on September 9, 2011. It was then mailed to the Company via certified mail on September 9, 2011. The Company received the Report on September 13, 2011, according to the tracking service available through the United States Postal Service.

6. On September 28, 2011, a response was received from the Company stating that it did not dispute the findings in the Report, but requested that additional information be included in the Report. The response was considered by the Department in preparing the final Report of Examination.

7. The Report of Examination contains the following comments or discrepancies regarding the Company's operation:

a. The Company had not established a conflict of interest procedure designed to identify and resolve any conflicts of interest as to key personnel.

b. The Company has not held an annual meeting of members as required by its bylaws.

c. The Company had not submitted biographical affidavits for all of its officers and directors.

CONCLUSIONS OF LAW

Based upon the above and foregoing Findings of Fact, the Commissioner makes the following Conclusions of Law:

1. The Commissioner and the Department have jurisdiction over the parties and the subject matter contained herein.

2. The Company must establish a conflict of interest procedure that is designed to identify and resolve any conflicts of interest as to key personnel in

compliance with Ark. Code Ann. § 23-66-206(5). As of the date of the issuance of this Adoption Order, the Company has established a conflict of interest procedure.

3. The Company is required by Department Rule 7 to submit biographical affidavits of all officers and directors. As of the date of the issuance of this Adoption Order, the Company has submitted all required biographical affidavits.

4. This Adoption Order has been properly entered in accordance with the Arkansas Insurance Code and Department Rules.

THEREFORE, pursuant to the provisions of Ark. Code Ann. § 23-61-205 and other provisions of the Arkansas Insurance Code, the Commissioner hereby orders:

1. That the Examination Report, as filed with the Department, is hereby adopted;

2. That, with regard to the Findings of Fact and Conclusions of Law above:

a. The Company shall vote on whether to adopt the recently established conflict of interest procedure at its next Board of Directors Meeting.

b. The Company shall hold annual meetings of members as required by its bylaws.

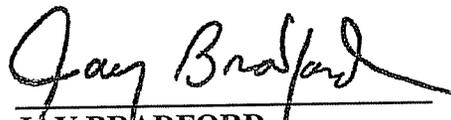
3. That the Department shall forward a copy of this Adoption Order and the adopted Examination Report, as filed, to the Company via certified mail. The mailing to the Company shall include specimen affidavit forms for the Company's Board of Directors to use in acknowledgement of receipt of the adopted Report of Examination and this Adoption Order;

4. That within twenty (20) days of receipt of this Adoption Order and the adopted Examination Report, the Company shall file with the Department affidavits

executed by each one of its directors, stating under oath or affirmation that each has received a copy of this Adoption Order and the adopted Examination Report; and

5. That the adopted Examination Report shall be open for public inspection upon the expiration of thirty (30) days from the Company's receipt of this Adoption Order.

IT IS SO ORDERED this 20th day of October, 2011.



JAY BRADFORD
INSURANCE COMMISSIONER
STATE OF ARKANSAS