

4. Following receipt of the verified report, the Kansas Insurance Department transmitted the report to Farmers Alliance Mutual Insurance Company on May 14, 2004, with a duly executed notice advising the company of its opportunity to prepare and submit to the Kansas Insurance Department a written submission or rebuttal with respect to any and all matters contained in the report. Farmers Alliance Mutual Insurance Company was further advised that any written submission or rebuttal needed to be filed with the Kansas Insurance Department no later than thirty (30) days after receipt of the verified report.

5. Farmers Alliance Mutual Insurance Company filed a written Rebuttal of the verified report on June 8, 2004.

6. The Kansas Insurance Department transmitted the revised report to Farmers Alliance Mutual Insurance Company on June 9, 2004, with a duly executed notice advising the company of its opportunity to prepare and submit to the Kansas Insurance Department a written submission or rebuttal with respect to any and all matters contained in the report. Farmers Alliance Mutual Insurance Company was further advised that any written submission or rebuttal needed to be filed with the Kansas Insurance Department no later than ten (10) days after receipt of the verified report.

7. Farmers Alliance Mutual Insurance Company filed a written Acceptance of the verified report on June 10, 2004.

8. Based upon the written submission tendered by Farmers Alliance Mutual Insurance Company, the company took no exceptions to matters contained in the verified report.

9. Within thirty (30) days of the end of the time period allowed for written submission or rebuttal, the Commissioner of Insurance fully reviewed the report, together with all written submissions and rebuttals provided by Farmers Alliance Mutual Insurance Company. The Commissioner of Insurance further reviewed all relevant workpapers.

10. No other written submissions or rebuttals were submitted by Farmers Alliance Mutual Insurance Company.

Conclusion of Law

11. K.S.A. 40-222(k)(2) provides:

"Within 30 days of the end of the period allowed for the receipt of written submissions or rebuttals, the commissioner shall fully consider and review the report, together with any written submissions or rebuttals and any relevant portions of the examiners workpapers and enter an order:

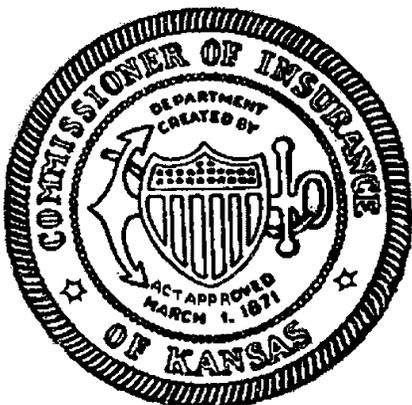
- (A) Adopting the examination report as filed or with modification or corrections. If the examination report reveals that the company is operating in violation of any law, regulation or prior order of the commissioner, the commissioner may order the company to take any action the commissioner considers necessary and appropriate to cure such violations; or
- (B) rejecting the examination report with directions to the examiners to reopen the examination for purposes of obtaining additional data, documentation or information, and refiling pursuant to subsection (k); or
- (C) call and conduct a fact-finding hearing in accordance with K.S.A. 40-281 and amendments thereto for purposes of obtaining additional documentation, data, information and testimony."

12. Based upon the Finding of Fact enumerated in paragraphs #1 through #10 above, the financial condition examination report as of December 31, 2002 of Farmers Alliance Mutual Insurance Company should be adopted.

IT IS THEREFORE, BY THE COMMISSIONER OF INSURANCE, ORDERED THAT:

- 1. The financial condition examination report as of December 31, 2002 of Farmers Alliance Mutual Insurance Company, here is adopted.
- 2. The Commissioner of Insurance retains jurisdiction over this matter to issue any and all further Orders deemed appropriate or to take such further action necessary to dispose of this matter.

IT IS SO ORDERED THIS 17th DAY OF JUNE, 2004, IN THE CITY OF TOPEKA, COUNTY OF SHAWNEE, STATE OF KANSAS.



___/s/ Sandy Praeger_____

Sandy Praeger
Commissioner of Insurance

BY:

___/s/ John W. Campbell_____

John W. Campbell
General Counsel