

**BEFORE THE COMMISSIONER OF INSURANCE OF
THE STATE OF KANSAS**

**In the Matter of the Redomestication
and Conversion of FEDERATED RURAL
ELECTRIC INSURANCE CORP.**

Docket No. 2800-R

ORDER OF REDOMESTICATION AND CONVERSION

WHEREAS Federated Rural Electric Insurance Corp. [“Federated”], a Wisconsin stock insurer admitted as a foreign insurer to do business in Kansas, has applied to transfer its place of domicile from Wisconsin to Kansas pursuant to K.S.A. 40-2,162; and

WHEREAS Federated has submitted its plan of redomestication and conversion [“the Plan”] to the Kansas Insurance Department pursuant to K.S.A. 40-1620 et seq in order to convert from a Wisconsin stock insurer to a Kansas reciprocal insurance exchange; WHEREUPON the Commissioner makes the following

FINDINGS OF FACT AND CONCLUSIONS OF LAW

1. Federated has submitted all necessary materials to the Kansas Insurance Department in connection with the proposed redomestication and conversion; and
2. the Plan includes all of the items required by K.S.A. 40-1620(b) and (c); and
3. the redomestication has been approved by the Office of the Commissioner of the State of Wisconsin; and
4. the Plan has been approved by 75% of the shares of Federated entitled to vote at a duly called special meeting of Federated at which a quorum, as determined by the bylaws of Federated, was present; and
5. pursuant to K.S.A. 40-2,162 and K.S.A. 40-1620 et seq,

IT IS HEREBY ORDERED effective October 1, 1999, Federated shall simultaneously redomesticate and convert from a Wisconsin stock insurer to a Kansas reciprocal authorized to exchange reciprocal or interinsurance contracts with each other or with individuals, partnerships and corporations of other states and countries providing indemnity among themselves from any loss which may be the subject of legal insurance, excepting life insurance; and in conjunction with this order, Federated shall be issued an amended certificate of authority, effective October 1, 1999, authorizing and empowering Federated to do business under the name of and be issued a certificate of authority as FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE and transact the following lines of business:

Fire; Windstorm & Hail; Extended coverage; Sprinkler Leakage;
Business Interruption; Inland Marine; Automobile Physical Damage;
Accident & Health; Automobile Liability; General Liability; Workers'
Compensation; Fidelity, surety & Forgery Bonds; Glass; Burglary,
Theft & Robbery

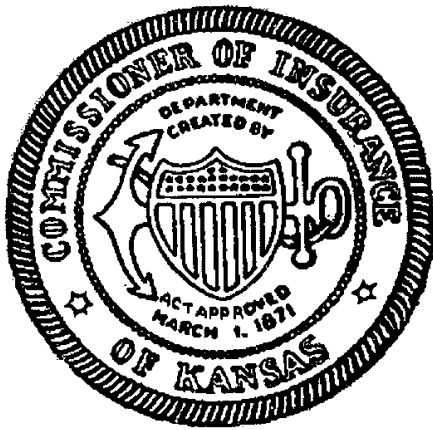
On a strictly non-assessable basis pursuant to K.S.A. 40-1605 until such certificate is suspended, revoked or terminated by the Commissioner of Insurance of Kansas.

NOTICE OF RIGHT TO HEARING OR APPEAL

This Order will become final and effective as of the date issued unless any party requests, in writing, review or hearing within fifteen (15) days of service hereof pursuant to K.S.A. 77-527 or K.S.A. 77-529. Such request must be addressed to the Commissioner. K.S.A. 77-612 provides for judicial review of this final administrative

action only after a party seeking judicial review has exhausted all available administrative remedies.

IT IS SO ORDERED THIS 1ST DAY OF OCTOBER, 1999, IN THE CITY OF TOPEKA, SHAWNEE COUNTY, KANSAS.



_____/s/ Kathleen Sebelius_____
KATHLEEN SEBELIUS
COMMISSIONER OF INSURANCE