Mr. Robert Duff Wallace, President/CEO
Colorado Farm Bureau Insurance Company
9177 E. Mineral Circle
Centennial, CO 80112

RE: Report of Examination as of December 31, 2020

Dear Mr. Wallace:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.

Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department will open the report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY

Christina J. Kelsey
General Counsel

JMH/CKJ/bs
Encls. Order w/exhibit
BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI

IN RE: REPORT OF EXAMINATION OF COLORADO
FARM BUREAU INSURANCE COMPANY

CAUSE NO. 22-7703

ORDER

THIS CAUSE came on for consideration before the Commissioner of Insurance of the State of Mississippi ("Commissioner"), or his designated appointee, in the Offices of the Commissioner, 1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011). The Commissioner, having fully considered and reviewed the Report of Examination together with any submissions or rebuttals and any relevant portions of the examiner's work papers, makes the following findings of fact and conclusions of law, tc-wit:

JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011).

II.

That Colorado Farm Bureau Insurance Company, is a Mississippi-domiciled Company licensed to write Accident & Health; Automobile Physical Damage/Liability; Boiler and Machinery; Casualty/Liability; Fire/Allied Lines; Home/Farm Owners; Industrial Fire; Inland Marine; Ocean Marine and Plate Glass coverages.
BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI

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JURISDICTION

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That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011).

II.

That Colorado Farm Bureau Insurance Company, is a Mississippi-domiciled Company licensed to write Accident & Health; Automobile Physical Damage/Liability; Boiler and Machinery; Casualty/Liability; Fire/Allied Lines; Home/Farm Owners; Industrial Fire; Inland Marine; Ocean Marine and Plate Glass coverages.
FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), called for an examination of Colorado Farm Bureau Insurance Company and appointed Dale Miller, Examiner-In-Charge, to conduct said examination.

IV.

That on or about June 1, 2022, the draft Report of Examination concerning Colorado Farm Bureau Insurance Company for the period of January 1, 2020 through December 31, 2020, was submitted to the Department by the Examiner-In-Charge, Dale Miller.

V.

That on or about June 1, 2022, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), the Department forwarded to the Company a copy of the draft report and allowed the Company a 15-day period to submit any rebuttal to the draft report. On or about June 14, 2022, the Company responded by email to the Department.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2011), must consider and review the report along with any submissions or rebuttals and all relevant portions of examiner work papers and enter an Order: (1) adopting the Report of Examination as final or with modifications or corrections; (2) rejecting the Report of Examination with directions to reopen; or (3) calling for an investigatory hearing.
IT IS, THEREFORE, ORDERED, after reviewing the Report of Examination, all relevant examiner work papers and the Company's rebuttal, that the Report of Examination of Colorado Farm Bureau Insurance Company attached hereto as Exhibit "A", should be and same is hereby adopted as final.

IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage pre-paid, return receipt requested.

IT IS FURTHER ORDERED that the Mississippi Department of Insurance shall continue to hold the content of this report as private and confidential for a period of ten (10) days from the date of this Order, pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), that within thirty (30) days of the issuance of the adopted report, Colorado Farm Bureau Insurance Company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

IT IS FURTHER ORDERED that Colorado Farm Bureau Insurance Company take the necessary actions and implement the necessary procedures to ensure that all recommendations contained in the Report of Examination are properly and promptly complied with.

SO ORDERED, this the 22nd day of June 2022.

[Signature]
MARK HAIRE
DEPUTY COMMISSIONER OF INSURANCE
CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Order and a copy of the final Report of Examination, as adopted by the Mississippi Department of Insurance, was sent by certified mail, postage pre-paid, return receipt requested, on this the ___ day of June 2022, to:

Mr. Robert Duff Wallace, President/CEO
Colorado Farm Bureau Insurance Company
9177 E. Mineral Circle
Centennial, CO 80112

__________________________
Christina J. Kelsey
General Counsel

Christina J. Kelsey
General Counsel
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS  39205-0079
(601) 359-3577
Miss. Bar No. 9853
Mississippi Insurance Department

Report of Examination

of

COLORADO FARM BUREAU INSURANCE COMPANY

as of

December 31, 2020
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Acknowledgment
EXAMINER’S AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN AN EXAMINATION

State of Mississippi,
County of Madison,

R. Dale Miller, being duly sworn, states as follows:

1. I have authority to represent the Mississippi Insurance Department in the examination of Colorado Farm Bureau Insurance Company as of December 31, 2020.

2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.

3. I have reviewed the examination work papers and examination report, and the examination of Colorado Farm Bureau Insurance Company was performed in a manner consistent with the standards and procedures required by the National Association of Insurance Commissioners and the Mississippi Insurance Department.

The affiant says nothing further.

R. Dale Miller, CPA, CFE, CFF
Examiner-in-Charge

Subscribed and sworn before me by R. Dale Miller on this 2nd day of

Notary Public

My commission expires October 10, 2024 [date].
June 15, 2022

Honorable Mike Chaney
Commissioner of Insurance
Mississippi Insurance Department
1001 Woolfolk Building
501 North West Street
Jackson, Mississippi 39201

Dear Commissioner Chaney:

Pursuant to your instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2020, of the affairs and financial condition of:

COLORADO FARM BUREAU INSURANCE COMPANY
1800 East County Line Road
Ridgeland, MS 39157

<table>
<thead>
<tr>
<th>License #</th>
<th>NAIC GROUP #</th>
<th>NAIC #</th>
<th>FEETS#</th>
</tr>
</thead>
<tbody>
<tr>
<td>1900003</td>
<td>0483</td>
<td>13641</td>
<td>13641-MS-2020-4</td>
</tr>
</tbody>
</table>

This examination was commenced in accordance with Miss. Code Ann. §83-5-201 et seq. and was performed in Ridgeland, Mississippi, at the statutory home office of the Company, and the office of Carr, Riggs & Ingram, LLC located in Ridgeland, Mississippi. The report of examination is herewith submitted.
SCOPE OF EXAMINATION

We have performed our multi-state examination of Colorado Farm Bureau Insurance Company (“Company” or “CFBIC”). The last examination covered the period of January 1, 2015 through December 31, 2019. This examination covers the period January 1, 2020 through December 31, 2020. This examination was coordinated with Mississippi as the lead state and Arkansas, Florida, and Louisiana as participating states.

We conducted our examination in accordance with the NAIC Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

This examination report includes significant findings of fact, as mentioned in the Miss. Code Ann. §83-5-201, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

There were no comments and/or recommendations in the previous examination report which covered the period from January 1, 2015 through December 31, 2019.

HISTORY OF THE COMPANY

The Company was organized as Colorado Farm Mutual Casualty Co. on June 15, 1950 under the laws of the State of Colorado and commenced business on October 26, 1950. Effective July 1, 1956, the Company was licensed as a multiple line insurance carrier with the name Colorado Farm Bureau Mutual Insurance Co.

Effective July 1, 2019, in accordance with the stock purchase agreement dated January 16, 2019,
the Company was demutualized and converted to a stock company, sold to Southern Farm Bureau Casualty Insurance Company (“SFBCIC”) thereby becoming a wholly-owned subsidiary of SFBCIC, and re-domesticated to the State of Mississippi. Upon conversion to a stock company, the Company was named Colorado Farm Bureau Insurance Company.

**CORPORATE RECORDS**

The Articles of Incorporation, Bylaws, along with any amendments thereto, and the recorded minutes of the Board of Directors (“Board”), Audit Committee and Investment Committee, were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of significant Company transactions and events.

**MANAGEMENT AND CONTROL**

**Stockholders**

At December 31, 2020, the Company had 100,000 shares authorized and 20,000 shares issued and outstanding of common capital stock with a par value of $100 per share. SFBCIC owned 100% of the shares issued and outstanding. In May 2020, SFBCIC made a capital contribution of $3,000,000 to the Company’s gross paid in and contributed surplus.

**Board of Directors**

The Articles of Incorporation and Bylaws vest the management and control of the Company’s business affairs with the Board. The members of the duly elected Board, along with their place of residence, year elected/appointed, and principal occupation, at December 31, 2020, were as follows:

<table>
<thead>
<tr>
<th>Board Member</th>
<th>Year Elected/Appointed</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ronald Roy Anderson</td>
<td>2019</td>
<td>Farmer and President of Louisiana Farm Bureau Federation</td>
</tr>
<tr>
<td>Chairman of the Board, Ethel, Louisiana</td>
<td></td>
<td></td>
</tr>
<tr>
<td>John Lawrence Hoblick, Sr.</td>
<td>2019</td>
<td>Farmer and President of Florida Farm Bureau Federation</td>
</tr>
<tr>
<td>Vice Chairman of the Board, DeLeon Springs, Florida</td>
<td></td>
<td></td>
</tr>
<tr>
<td>David Michael McCormick</td>
<td>2019</td>
<td>Farmer and President of Mississippi Farm Bureau Federation</td>
</tr>
<tr>
<td>Union Church, Mississippi</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Harry Legare Ott, Jr.</td>
<td>2019</td>
<td>Farmer and President of South Carolina Farm Bureau</td>
</tr>
<tr>
<td>Orangeburg, South Carolina</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Donald James Shawcroft</td>
<td>2019</td>
<td>Farmer and President of Colorado</td>
</tr>
</tbody>
</table>

Colorado Farm Bureau Insurance Company
MID Examination as of December 31, 2020
Committees

As of December 31, 2020, the Company’s Board appointed committees included an Audit Committee and Investment Committee.

Audit Committee:
The Audit Committee’s purpose is to assist the Board in monitoring the integrity of the financial statements, independent auditor’s qualifications and independence, performance of the independent audit, and the Company risk management function.

Investment Committee:
The Investment Committee is charged with the duty of supervising and transacting the investment activities of the Company.

As of December 31, 2020, the aforementioned committee members were as follows:

<table>
<thead>
<tr>
<th>Audit</th>
<th>Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Lawrence Hoblick, Sr., Chairman</td>
<td>Ronald Roy Anderson, Chairman</td>
</tr>
<tr>
<td>Ronald Roy Anderson</td>
<td>John Lawrence Hoblick, Sr.</td>
</tr>
<tr>
<td>David Michael McCormick</td>
<td>Robert Duff Wallace</td>
</tr>
<tr>
<td>Rich Edward Hillman, II</td>
<td>Max Turner Courtney</td>
</tr>
<tr>
<td>Donald James Shawcroft</td>
<td>Thomas Herndon Arthur</td>
</tr>
<tr>
<td>Harry Legare Ott, Jr.</td>
<td></td>
</tr>
</tbody>
</table>

Officers

The senior officers of the Company as of December 31, 2020, were:

<table>
<thead>
<tr>
<th>Name of Officer</th>
<th>Number of Years with SFBCIC Group</th>
<th>Principal Occupation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Robert Duff Wallace</td>
<td>36</td>
<td>President and Chief Executive Officer</td>
</tr>
<tr>
<td>Lydia Catherine Warren</td>
<td>35</td>
<td>Senior Vice President – Legal and Secretary</td>
</tr>
<tr>
<td>Max Turner Courtney</td>
<td>29</td>
<td>Senior Vice President – Chief Financial Officer</td>
</tr>
</tbody>
</table>
Conflict of Interest

The Company had formal procedures whereby disclosure was made to the Board of any material interest or affiliation on the part of any officer or director that was, or would likely be, a conflict with their official duties. These procedures were reviewed, and no conflicts or exceptions to the Company’s policies were noted.

HOLDING COMPANY STRUCTURE

During the time period covered by this examination, the Company reported as a member of an insurance company holding system as defined by Miss. Code Ann. §83-6-1. For each year of the examination period, Holding Company Registration Statements were filed with the MID in accordance with Miss. Code Ann. §83-6-5 and §83-6-9.

Organizational Chart

The organizational chart below displays the identities of the members of the holding company structure that included the Company, and is followed by a brief description of SFBCIC’s other subsidiaries and interests.
Southern Casualty Holding Company (“SCHC”) was reported as the ultimate controlling person in the Holding Company Registration Statement filed with the MID as of December 31, 2020. SCHC was formed in 2015 for the sole purpose of holding all of the voting stock of SFBCIC, the lead insurer in the group.

**Southern Farm Bureau Casualty Insurance Company** was incorporated on September 25, 1947, under the laws of the State of Mississippi and was the lead insurer in the group. SFBCIC was primarily a personal lines writer operating in six states through decentralized operations with an emphasis on automobile and other than automobile liability lines of business.

Below is a description of SFBCIC’s wholly owned subsidiaries at December 31, 2020:

**Colorado Farm Bureau Insurance Company** was demutualized and converted to a stock company effective July 1, 2019 thereby becoming a wholly owned subsidiary of SFBCIC. Its principal business was providing property and casualty insurance coverage in the State of Colorado. For more information, see the History of the Company section of this report.

**Arkansas Farm Bureau Casualty Insurance Company** (“AFBCIC”) was incorporated on February 6, 2004, under the laws of the State of Arkansas and its principal business purpose was providing casualty insurance in the State of Arkansas. At the report date, this company was inactive. This company was dissolved on May 31, 2021.

**Florida Farm Bureau Casualty Insurance Company** (“FFBCIC”) was incorporated in Florida on April 16, 1974, under the laws of the State of Florida. Its principal business, in association with its wholly owned subsidiary, Florida Farm Bureau General Insurance Company, was providing property and casualty insurance coverage (principally automobile, property and general liability) in the State of Florida. FFBCIC was also the parent of Florida Farm Bureau Agency, Inc. (“FFBAI”), a noninsurance brokerage operation that provided an outlet for placing business for customers in Florida which its parent did not wish to write. FFBAI was dissolved on November 30, 2021.

**Louisiana Farm Bureau Casualty Insurance Company** (“LFBCIC”) was incorporated on February 16, 1981, under the laws of the State of Louisiana, and its principal business was providing casualty insurance coverage (principally automobile) and processing claims in the State of Louisiana.

**Mississippi Farm Bureau Casualty Insurance Company** (“MFBCIC”) was incorporated on May 19, 1986, under the laws of the State of Mississippi, and its principal business was providing property and casualty insurance coverage (principally automobile and homeowner) in the State of Mississippi. Also, the Company was an authorized surplus lines writer in various other states.

**South Carolina Farm Bureau Insurance Company** (“SCFBIC”) was incorporated on February 11, 2011, under the laws of the State of South Carolina to provide casualty insurance, primarily private passenger automobile. Effective April 1, 2014, SFBCIC purchased 100% of the company’s
outstanding common stock from South Carolina Farm Bureau Mutual Insurance Company. SCFBIC began writing business during 2015.

As a result of the dissolution of SFBCIC’s former subsidiary, Southern Farm Bureau Brokerage Company, the parent directly owns the following:

- 100% of all the issued and outstanding voting securities of Rural Insurance Agency
- 33% of the membership interest of Highland Colony Land Company, LLC
- 49% of the membership interest of Grants Ferry Parkway, LLC
- 50% of the partnership interest of Venture Properties

**Affiliated and Related Party Transactions**

As of December 31, 2020, the Company was a party to certain agreements with its affiliates as listed below. The Company executed written agreements which governed these transactions as required by Statement of Statutory Accounting Principles No. 25.

**Licensing Agreement:** Effective July 1, 2019, the Company and SFBCIC entered into a licensing agreement with Colorado Farm Bureau allowing the Company and SFBCIC to use the Farm Bureau name in exchange for an annual royalty fee settled in monthly installments. The royalty fee was based on 1.07% and 0.95% of adjusted direct written premium received from policyholders residing in the State of Colorado for casualty lines of business and all other remaining lines of business, respectively. Per the terms of the agreement, beginning July 1, 2021, the royalty fee shall increase to 1.07% of adjusted direct written premium received from policyholders residing in the State of Colorado for all lines of business. Fees incurred under this agreement during 2020 totaled $758,728.

**Tax Allocation Agreement:** Effective July 1, 2019, the Company became a party to a tax allocation agreement with SFBCIC and other affiliates in the holding company group (collectively, “Parties”). Pursuant to the agreement, Parties are eligible to file a consolidated income tax return for federal income tax purposes.

The Company also had a multi-line reinsurance agreement in place with SFBCIC. This agreement is discussed further within the Reinsurance section of this report.

**FIDELITY BOND AND OTHER INSURANCE**

The Company was a named insured on a commercial insurance policy for fidelity and crime coverages with a limit of $5,000,000. This amount meets the NAIC suggested minimum fidelity coverage for a company of its size. The Company also was a named party on an insurance program that appeared to provide adequate coverage to protect it from hazards that it may encounter.
PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company had no employees, did not maintain any retirement plans, postemployment benefits, or other employee benefits, and had no plan-related liabilities as of December 31, 2020. The administrative functions were performed by employees of SFBCIC.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2020, the Company was licensed in the States of Mississippi and Colorado; however, the Company only wrote business in the State of Colorado during the examination period. The Company was authorized for the following lines of business in the State of Colorado:

- Accident and Health
- Crop
- General Casualty
- General Property
- Motor Vehicle (Casualty)
- Motor Vehicle (Property)
- Professional Malpractice

As of December 31, 2020, the Company was authorized for the following lines of business in the State of Mississippi:

- Accident and Health
- Automobile Physical Damage/Liability
- Boiler and Machinery
- Casualty/Liability
- Fire/Allied Lines
- Home/Farm Owners
- Industrial Fire
- Inland Marine
- Ocean Marine
- Plate Glass
- Inland Marine

GROWTH OF COMPANY

As mentioned above, this examination is for the period of January 1, 2020 through December 31, 2020. Therefore, the growth of the company amounts included a comparison of the current examination amounts to the prior examination amounts.
MORTALITY AND LOSS EXPERIENCE

The MID contracted with Merlinos & Associates, Inc. to review the actuarial analysis supporting the Company’s carried loss and loss adjustment expense reserves as of December 31, 2020. Based on the examination actuarial evaluation, the Company’s estimates for loss and loss adjustment expense reserves appeared to be reasonably stated in all material respects.

REINSURANCE

As of December 31, 2020, the Company ceded 100% of premiums written and all service charges, receivables, and other charges associated with policies issued in the State of Colorado in the name of SFBCIC and all subsidiary and affiliated companies. In exchange, SFBCIC reimbursed the Company for all losses, extra contractual obligations, excess policy limits liability, and loss adjustment expenses incurred under the ceded policies.
ACCOUNTS AND RECORDS

The 2020 trial balance of the Company’s accounts was traced to the balance sheet of the Company’s statutory annual statement filed with the MID, with no exceptions noted. The Company was audited annually by an independent CPA firm.

The primary data center was housed at an outside location with the backup storage center located at the parent company. The process of migrating policy, claims and billing services are now on distributed networks also housed at SFBCIC. The parent company was also responsible for physical security, computer operations including, backups and disaster recovery over the mainframe and distributed network servers, as well as the applications which resided on them.

STATUTORY DEPOSITS

The Company’s statutory deposits with the state of Mississippi complied with Miss. Code Ann. §83-19-31(2). The following chart displays the Company’s total statutory deposits held at December 31, 2020.

<table>
<thead>
<tr>
<th>Description</th>
<th>Par Value</th>
<th>Carrying Value</th>
<th>Fair Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>U.S. special revenue</td>
<td>$2,500,000</td>
<td>$2,527,991</td>
<td>$2,734,615</td>
</tr>
<tr>
<td>Total held in Mississippi</td>
<td>$2,500,000</td>
<td>$2,527,991</td>
<td>$2,734,615</td>
</tr>
</tbody>
</table>
Introduction

The following financial statements reflect the same amounts reported by the Company and consist of the Statement of Admitted Assets, Liabilities, Surplus and Other Funds - Statutory at December 31, 2020, the Statement of Income - Statutory for the year ended December 31, 2020, and a Reconciliation of Capital and Surplus - Statutory for the examination period ended December 31, 2020, and a Reconciliation of Examination Changes to Surplus – Statutory at December 31, 2020.
### Admitted Assets

<table>
<thead>
<tr>
<th>Asset</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bonds</td>
<td>$2,527,991</td>
</tr>
<tr>
<td>Common stocks</td>
<td>953,093</td>
</tr>
<tr>
<td>Cash, cash equivalents, and short term investments</td>
<td>3,612,627</td>
</tr>
<tr>
<td>Other invested assets</td>
<td>376,000</td>
</tr>
<tr>
<td>Investment income due and accrued</td>
<td>18,924</td>
</tr>
<tr>
<td><strong>Total admitted assets</strong></td>
<td><strong>$7,488,635</strong></td>
</tr>
</tbody>
</table>

### Liabilities, Surplus and Other Funds

<table>
<thead>
<tr>
<th>Liability</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current federal &amp; foreign income taxes</td>
<td>$17,562</td>
</tr>
<tr>
<td>Net deferred tax liability</td>
<td>2,492,204</td>
</tr>
<tr>
<td>Ceded reinsurance premiums payable</td>
<td>320,796</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>2,830,562</strong></td>
</tr>
<tr>
<td>Common capital stock</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Gross paid in &amp; contributed surplus</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Unassigned funds (surplus)</td>
<td>(341,927)</td>
</tr>
<tr>
<td><strong>Surplus as regards policyholders</strong></td>
<td><strong>4,658,073</strong></td>
</tr>
<tr>
<td><strong>Total liabilities and surplus as regards policyholders</strong></td>
<td><strong>$7,488,635</strong></td>
</tr>
</tbody>
</table>
## Statement of Income – Statutory
### December 31, 2020

### Underwriting Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premiums written</td>
<td>$73,890,593</td>
</tr>
<tr>
<td>Premiums ceded</td>
<td>(73,890,593)</td>
</tr>
<tr>
<td>Net premiums earned</td>
<td>-</td>
</tr>
<tr>
<td>Direct losses and less expenses incurred</td>
<td>41,380,832</td>
</tr>
<tr>
<td>Loss and loss expenses ceded</td>
<td>(41,380,832)</td>
</tr>
<tr>
<td>Total underwriting deductions</td>
<td>-</td>
</tr>
<tr>
<td>Net underwriting gain (loss)</td>
<td>-</td>
</tr>
</tbody>
</table>

### Investment Income

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net investment income earned</td>
<td>83,525</td>
</tr>
<tr>
<td>Net realized capital gains (losses) less capital gains tax</td>
<td>-</td>
</tr>
<tr>
<td>Net investment gain</td>
<td>83,525</td>
</tr>
<tr>
<td>Net income before dividends to policyholders and federal income taxes</td>
<td>83,525</td>
</tr>
<tr>
<td>Federal and foreign income taxes incurred</td>
<td>18,167</td>
</tr>
<tr>
<td>Net income</td>
<td>$65,358</td>
</tr>
</tbody>
</table>
Reconciliation of Capital and Surplus – Statutory
For the Examination Period Ended December 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus as regards policyholders, beginning of the year</td>
<td>$1,502,051</td>
<td>$32,890,008</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>65,358</td>
<td>16,082,479</td>
</tr>
<tr>
<td>Change in net unrealized capital gains (losses)</td>
<td>54,688</td>
<td>(3,765,217)</td>
</tr>
<tr>
<td>Change in net deferred income tax</td>
<td>35,976</td>
<td>(2,528,180)</td>
</tr>
<tr>
<td>Change in nonadmitted assets</td>
<td>-</td>
<td>(150,686)</td>
</tr>
<tr>
<td>Capital changes</td>
<td>-</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Surplus adjustments</td>
<td>3,000,000</td>
<td>(2,000,000)</td>
</tr>
<tr>
<td>Dividends to stockholders</td>
<td>-</td>
<td>(41,026,353)</td>
</tr>
<tr>
<td>Surplus as regards policyholders, end of the year</td>
<td>$4,658,073</td>
<td>$1,502,051</td>
</tr>
</tbody>
</table>
Reconciliation of Examination Adjustments to Surplus - Statutory
For the year ended December 31, 2020

There were no changes made to the assets, liabilities or surplus balances reported by the Company for the year ended December 31, 2020. The surplus as regards policyholders reported by the Company of $4,658,073 is accepted as reasonably stated for purposes of the balance sheet per the examination and in compliance with Miss. Code Ann. §83-19-31.
COMMITMENTS AND CONTINGENT LIABILITIES

During and subsequent to the examination period, the Company was not involved in litigation outside the normal course of business.

SUBSEQUENT EVENTS

Lydia Catherine Warren retired effective June 1, 2021. Johnny Victoria Sargent, Jr. was elected to replace Mrs. Warren as Senior Vice President – Legal & Secretary of the Company, effective June 1, 2021.

John Faulkner Bonner was elected as Senior Vice President – State Manager effective September 1, 2021.

On February 22, 2021, John Lawrence Hoblick was elected Chairman of the Board of the Company, replacing the retiring Ronald Roy Anderson. On this same date, David Michael McCormick was elected Vice Chairman of the Board of the Company replacing Mr. Hoblick who was elected Chairman.

On February 21, 2022, David Michael McCormick was elected Chairman of the Board of the Company, replacing the retiring John Lawrence Hoblick. On this same date, Richard Edward Hillman was elected Vice Chairman of the Board of the Company replacing Mr. McCormick who was elected Chairman.

COMMENTS AND RECOMMENDATIONS

There were no comments and/or recommendations deemed necessary for purposes of this examination report.
ACKNOWLEDGMENT

The examiners representing the Mississippi Insurance Department and participating in this examination were:

Supervising Examiner                     Joseph R. May, CPA, CFE, CFF, CIE
Examiner-in-Charge                       R. Dale Miller, CPA, CFE, CFF
Lead IT Specialist                      David Mills, CISA, CTGA, CGEIT, MCSE
Examination Actuary                     Robert Daniel, ACAS, MAAA
Senior Examiner                        Andrea J. Harbison, CPA
Examiner                         Sophia Tran, CPA
Examiner                                Britain Welzien

The courteous cooperation of the officers and employees responsible for assisting in the examination is hereby acknowledged and appreciated.

Respectfully submitted,

R. Dale Miller, CPA, CFE, CFF
Examiner-in-Charge

Mark Cooley, CFE
Mississippi Insurance Department Designee