

**PROCEEDINGS BEFORE JANE L. CLINE,  
INSURANCE COMMISSIONER OF THE STATE OF WEST VIRGINIA**

**IN RE: WEST VIRGINIA INSURANCE COMPANY**

**Administrative Proceeding No.: 11-AP-FINCON-02001**

**AGREED ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION  
AND DIRECTING ACTION**

COMES NOW Jane L. Cline, Insurance Commissioner of the State of West Virginia, and issues this Order which adopts the REPORT OF FINANCIAL EXAMINATION as of December 31, 2000, of WEST VIRGINIA INSURANCE COMPANY (hereinafter referred to as "Company") based upon the following findings, to wit:

**JURISDICTION**

1. Jane L. Cline is the Insurance Commissioner of the State of West Virginia (hereinafter the "Insurance Commissioner") and is charged with the duty of administering and enforcing the provisions of Chapter 33 of the West Virginia Code of 1931, as amended.

2. The Company was incorporated on July 21, 1923 and authorized by the Insurance Commissioner to transact business in the State of West Virginia as permitted and authorized under Chapter 33, Article 22 of the West Virginia Code.

## **FINDINGS OF FACT**

1. An examination of the financial condition and operational affairs of the Company for period beginning January 1, 2005 and ending December 31, 2009, was conducted in accordance with West Virginia Code §33-2-9(c) by the Insurance Commissioner.

2. On April 5, 2011, the examiner filed a REPORT OF FINANCIAL EXAMINATION with the Insurance Commissioner pursuant to W.Va. Code § 33-2-9(j)(2). A copy of the REPORT OF FINANCIAL EXAMINATION is attached hereto as Exhibit A and incorporated herein as if set forth in full.

3. On or about April 5, 2011, a true and accurate copy of the REPORT OF FINANCIAL EXAMINATION was forwarded to the Company by certified mail, return receipt requested. On April 7, 2011, the Company received a copy of the REPORT OF FINANCIAL EXAMINATION.

4. Pursuant to W.Va. Code § 33-2-9(j)(2), the Company was notified and afforded a period of thirty (30) days after receipt of the REPORT OF FINANCIAL EXAMINATION within which to make a submission, rebuttal, or objection concerning any matter contained in the REPORT OF FINANCIAL EXAMINATION.

5. By letter dated April 12, 2011, management of the Company indicated that they had reviewed the REPORT OF FINANCIAL EXAMINATION and concurred with the findings of the examination. A copy of the Company's

response letter of April 12, 2011, is attached hereto as Exhibit B. By the letter dated April 12, 2011 the Company acknowledges that all issues so disputed with OIC concerning this Report of Financial Examination were resolved.

### **CONCLUSIONS OF LAW**

W.Va. Code § 33-2-9(j)(3)(A) provides that following a review of the REPORT OF FINANCIAL EXAMINATION, the examination work papers, and any written submission, rebuttal, or objection the Insurance Commissioner shall enter an ORDER adopting the REPORT OF FINANCIAL EXAMINATION as filed or with modifications or corrections.

### **ORDER**

It is therefore AGREED by the Parties and ORDERED the following:

1. It is **ORDERED** that the REPORT OF FINANCIAL EXAMINATION of WEST VIRGINIA INSURANCE COMPANY, attached hereto as Exhibit A, is hereby ADOPTED and APPROVED by the Insurance Commissioner.

2. It is further **ORDERED** that a copy of this AGREED ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION AND DIRECTING ACTION and the adopted REPORT OF FINANCIAL EXAMINATION shall be mailed to WEST VIRGINIA INSURANCE COMPANY by certified mail, return receipt requested upon entry of this Order by the Insurance Commissioner.

3. It is **ORDERED** that WEST VIRGINIA INSURANCE COMPANY shall file with the Insurance Commissioner, within thirty (30) days of the issuance of this ORDER, affidavits executed by each of its directors stating under oath

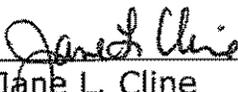
that they have received a copy of the adopted REPORT OF FINANCIAL EXAMINATION and a copy of this AGREED ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION and DIRECTING ACTION, in accordance with W.Va. Code § 33-2-9(j)(4).

4. It is **ORDERED** that WEST VIRGINIA INSURANCE COMPANY take whatever actions are required to comply with the recommendations set forth in the REPORT OF FINANCIAL EXAMINATION and shall demonstrate compliance to the satisfaction of the Insurance Commissioner.

5. That WEST VIRGINIA INSURANCE COMPANY, waives any right to any notice, administrative hearing or appeal there from for the actions taken by the Insurance Commissioner herein this Agreed Order Adopting Report of Financial Examination and Directing Action. WEST VIRGINIA INSURANCE COMPANY reserves herein its rights to notice, administrative hearing or appeal for any future enforcement actions taken by the Commissioner that might result from this Agreed Order, if any.

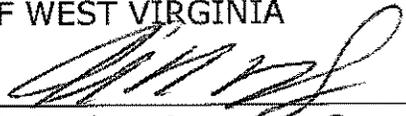
6. It is finally **ORDERED** that this administrative matter be hereby dismissed from the administrative docket of the Insurance Commissioner.

Entered this 9<sup>th</sup> day of May, 2011.

  
\_\_\_\_\_  
Jane L. Cline  
Insurance Commissioner

THE PARTIES DO SO AGREE:

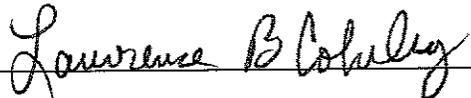
OFFICES OF THE INSURANCE COMMISSIONER  
STATE OF WEST VIRGINIA

By:   
Andrew R. Pauley, Associate Counsel  
Attorney Supervisor, APIR

Date 5/4/11

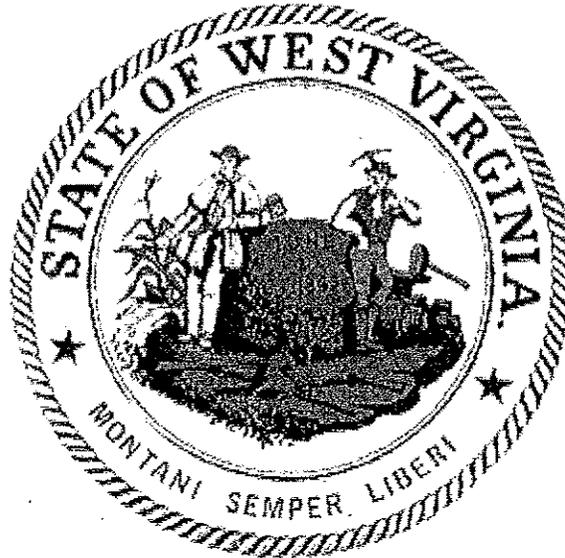
WEST VIRGINIA INSURANCE COMPANY

BY: Lawrence B. Cokeley  
[Print Name]

Signed: 

Its: Secretary / CEO

Dated: 05/02/2011



REPORT OF EXAMINATION

AS TO THE FINANCIAL CONDITION

OF

WEST VIRGINIA INSURANCE COMPANY

HARRISVILLE, WEST VIRGINIA

AS OF DECEMBER 31, 2009

NAIC COMPANY CODE 11003

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January 28, 2011

The Honorable Jane L. Cline  
Commissioner  
West Virginia Insurance Commission  
1124 Smith Street  
Charleston, West Virginia 25301

Pursuant to your instructions and in conformity with the provisions of the Insurance Laws and Rules of the State of West Virginia, an examination has been made of the books, records, and financial condition of

West Virginia Insurance Company

hereinafter referred to as the "Company". The examination was conducted at the Company's head office located at Route 16 North, Harrisville, West Virginia. The following Report of Examination is respectfully submitted.

### INTRODUCTION

The Company was last examined as of December 31, 2004 and covered the four-year period from 2001 to 2004. This examination commenced on July 13, 2010 and covered the five-year period of operations ending December 31, 2009.

### SCOPE OF EXAMINATION

The general procedures of the examination followed rules and standards as set forth in the National Association of Insurance Commissioners' (NAIC) Examiner's Handbook and West Virginia Laws, Regulations, and Directives of the West Virginia Insurance Commissioner.

The report focuses on problem areas and areas of concern. It is designed to set forth the facts with regard to any material adverse findings disclosed during the examination. If necessary, comments and recommendations have been made in those areas in need of correction or improvement. In such cases, these matters were discussed with responsible Company officials during the course of the examination.

### HISTORY

The Company was incorporated on July 21, 1923 and began business on September 1, 1923. The Company is authorized to transact business as a Farmers' Mutual Fire insurer under the provisions of Article 22 of the W. Va. Insurance Code.

### MANAGEMENT AND CONTROL

#### Directors

The Company is governed by a nine member Board of Directors. Directors serving at December 31, 2009 were as follows:

<b>Name and Address</b>	<b>Business Affiliation</b>	<b>Board Member Since</b>
George A. Cokeley Route 1, Box 407 St. Marys, West Virginia 26170	President West Virginia Insurance Company	January 1960

Joe L. Lambert 315 E. Main Street Harrisville, West Virginia 26362	Vice President and Treasurer West Virginia Insurance Company	July 1970
Warren R. Haught P.O. Box 2 Smithville, West Virginia 26178	Oil and Gas Producer	January 1977
Michael J. Krupa 3610 Keene Pike Nicholasville, Kentucky 40356	Pharmacist/Minister	January 1983
James E. Starr 614 Wigner Avenue Harrisville, West Virginia 26362	Owner Starr Woodworking Inc.	April 1983
Lawrence B. Cokeley RR 2 Box 86 Pennsboro, West Virginia 26415	Secretary/CEO West Virginia Insurance Company	January 1988
Mark A. Spiker 304 Masonic Avenue Pennsboro, West Virginia 26415	Dentist	January 1989
Edward R. Cokeley HC80 Box 10 Harrisville, West Virginia 26362	CPA/Owner Cokeley and Associates	October 1991
Raymond W. Jones 1 Meadowcrest Harrisville, West Virginia 26362	Retired President of West Union Bank	October 1993

**Officers**

The appointed officers of the Company as of December 31, 2009, were as follows:

<u>Name</u>	<u>Title</u>
George Amos Cokeley	President
Joe Lee Lambert	Treasurer
Larry Brice Cokeley	Secretary

### CONFLICT OF INTEREST PROCEDURES

The Company has a conflict of interest policy that requires officers and directors to report conflicts of interest to the Company. The board of directors and officers disclose any known conflicts on a questionnaire that is completed annually. The review of these statements disclosed that there were no conflicts of interest for the years that the Company completed questionnaires.

### CORPORATE RECORDS

#### Constitution

There were no amendments to the Company's Constitution during the period covered by this examination. The Constitution was determined to be in conformity with the laws of the State of West Virginia.

#### Bylaws

There were no amendments to the Company's Bylaws during the period covered by this examination. The Bylaws were determined to be in conformity with the laws of the State of West Virginia.

#### Board Minutes

The minutes of the Board of Directors were recorded in sufficient detail to determine the actions taken by the Board. A review of the minutes for the period under examination revealed no acts inconsistent with the Company's Constitution or Bylaws. The Board approved all investments made by the Company for the period examined as required by the provisions of W. Va. Code §33-8-4. A quorum was achieved at all meetings held during the period under examination. Overall, the minutes supported the transactions of the Company and the actions taken by its officers.

### GROWTH OF COMPANY

The growth of the Company since the last financial examination is reflected in the following schedule. The stated amounts were derived from Company's filed annual statements, except in 2009 where a report of examination has been filed with the Offices of the West Virginia Insurance Commissioner.

<u>Year</u>	<u>Net Admitted Assets</u>	<u>Policyholder Surplus</u>	<u>Premium Revenue</u>	<u>Net Income</u>
2005	\$27,424,127	\$18,777,704	\$11,429,499	\$2,937,293
2006	31,322,866	22,192,823	11,417,647	3,470,543
2007	34,058,492	25,401,501	11,514,465	3,179,778
2008	36,507,165	27,655,247	11,401,918	2,262,032
2009	38,991,950	30,381,283	11,163,751	2,711,613

The decline in the Company's premium revenue in 2009 is primarily attributable to a decline in the number of policies in force for Homeowners. The 2009 increase in net income and surplus is due to the combined effects of a steady growth in the Company's assets and a low expense ratio as indicated in the Loss Experience section of this report. Overall, the Company has produced steady growth in its assets and surplus for the period covered by this examination.

#### LOSS EXPERIENCE

The following exhibit reflects the underwriting results of the Company since 2005. The amounts were compiled from the Company's filed annual statements and examination results.

<i>Year</i>	<i>A Premiums Earned</i>	<i>B Losses Incurred</i>	<i>C Expenses Incurred</i>	<i>(B+C)/A Combined Ratio</i>
2005	\$11,349,932	\$4,742,466	\$3,179,564	69.80%
2006	11,333,331	4,300,396	3,096,962	65.27%
2007	11,571,395	4,936,657	3,281,403	71.02%
2008	11,525,577	6,440,903	3,154,845	83.26%
2009	11,283,784	5,259,136	3,195,575	74.93%

A combined loss incurred and expense incurred to premium earned ratio less than 100% typically indicates an underwriting profit. As indicated from the ratio column, the Company has produced underwriting profits in all of the years covered by this examination. The combined ratio is a result of many factors, one being that the Company writes only standard fire and homeowners policies on actual cash value basis. Another factor, in 2005, the Company started the inspection of properties it has insured. The inspections have proven to be very beneficial in improving the quality of property insured by the Company. In addition, due to the economy and unemployment in the recent years, less insurance is being sold.

### FIDELITY BOND AND OTHER INSURANCE

The examination of insurance coverages involved a review of the adequacy of limits and retentions, and the solvency of the insurers providing the coverages.

#### Fidelity Coverage

The Company is insured for up to \$1,000,000 per occurrence against losses from acts of dishonesty and fraud by its employees. This fidelity coverage was found to be well above the minimum coverage recommended by the NAIC based on the size of the Company's assets and income at December 31, 2009.

#### Other Insurance Coverages

**Director and Officers Liability and Company Coverage.** (a) will pay on behalf of the individual insured all loss which they shall be legally obligated to pay, (b) will pay on behalf of the company all loss which the company is required to pay as indemnification to the individual insured resulting from any claim first made during the policy period or any extended reporting period included in or endorsed to the policy for a wrongful act.

**Employment Practices Liability Coverage;** The insurer; (a) will pay on behalf of the insured all loss which the insured is legally obligated to pay resulting from any claim first made during the policy period or any extended reporting period included in or endorsed to the policy, for a wrongful act,

The following coverage will pay 100% of loss in excess of the applicable deductible, for which the insured is legally obligated to pay resulting from any claim first made during the policy period, or any extended reporting period included in or endorsed to the policy, for a wrongful act.

- Trust Department Errors and Omissions Coverage For Financial Institutions:
- Internet and Electronic Banking Coverage for financial Institutions:
- Bankers Professional Liability Coverage for Financial Institutions:

In addition, the Company's Business Package Policy provided coverages for business property including personal property, business liability, employer's liability, employee benefit liability, and data processing equipment. The Company's Commercial Insurance policy provided insurance coverages for commercial automobiles and umbrella liability.

The Company obtains workers' compensation insurance for its employees through the insurer Brickstreet Mutual Insurance Company.

## EMPLOYEE WELFARE AND PENSION PLANS

### Pension Plan

The Company has a defined contribution money purchase plan covering substantially all of its employees. Contributions on behalf of vested employees are based on a percentage of salary. For 2009, the Company reported pension plan expenses of \$137,310.

### Profit Sharing Plan

The Company also provides a profit sharing plan under which eligible employees receive up to a maximum of 12.5% of their wages. The amount contributed by the Company is at the discretion of the board of directors. During 2009, the Company paid an aggregate of \$125,771 to participants of the profit sharing plan.

## TERRITORY AND PLAN OF OPERATION

The Company is authorized to transact business as a Farmers' Mutual Fire insurer under the provisions of Article 22 of the W. Va. Insurance Code. The Company only writes business in the State of West Virginia. It does not hold a certificate of authority in any other state. The Company writes Homeowners Multiple Peril, Fire, and Allied Lines (extended coverage) policies. The dwelling portion of policies is written on a cash value basis rather than a replacement cost basis.

The Company markets all of its business through independent agents. As of December 31, 2009, there were 17 commission paid agents licensed to sell the Company's products.

The Company's certificate of authority, granted by the West Virginia Insurance Commissioner, authorizes it to transact the business of insurance as defined in the W. Va. Code Chapter 33, Article 22 - Farmers Mutual Fire. Article 22, section 8 (a) provides that Farm Mutuals may issue policies of insurance on property. In addition, section 8(b) permits Farm Mutual's to write certain types of liability policies subject to the Commissioner's approval. On January 7, 2005, the Commissioner granted the Company an extension of its license pursuant to W.Va. Code §33-22-8(c). The Company only writes liability coverage as it relates to its multiple peril policies.

## REINSURANCE

The Company obtains reinsurance coverages through Mutual Reinsurance Bureau (MRB), a reinsurance intermediary. As of December 31, 2009, the Company's reinsurance program consisted of four ceded reinsurance agreements and one assumed reinsurance agreement.

### Assumed Business

The Company assumes non-proportional property business as a participant to a Regional Reciprocal Catastrophe Pool managed by MRB. The Company's maximum obligation under the

Regional Reciprocal Catastrophe Pool is \$300,000 which is 1% of the total pool liability of \$30,000,000. There were no incurred pool losses for 2009.

**Property Per Risk Excess of Loss Reinsurance Agreement**

The Company's property business is reinsured through two layers of excess of loss coverage. The Company is reinsured for a loss or losses under any of its policies, contracts, and binders of insurance in force at the effective date or issued or renewed on or after that date, and written and classified by the Company as Fire, Allied Lines, and Homeowners Multiple Peril Policies. The agreement provided the following limits and retentions:

<u>Coverage Layer</u>	<u>Limit</u>	<u>Retention or Underlying Limit</u>
Section One	\$125,000 per risk per occurrence \$375,000 per occurrence \$375,000 terrorism aggregate	\$75,000 per risk
Section Two	\$400,000 per risk per occurrence \$800,000 per occurrence \$800,000 terrorism aggregate	\$200,000 per risk

**Casualty Excess of Loss Reinsurance Agreement**

The Company is reinsured for a loss or losses under any of its policies written and classified as Casualty including Homeowners Multiple Peril (Casualty Perils only). The agreement covers losses of \$525,000 for each occurrence in excess of \$75,000. The agreement also provides for an aggregate annual limit of \$1,575,000 for losses arising from any one or multiple acts of terrorism.

**Catastrophe Excess of Loss Reinsurance Agreement**

The Company is reinsured for a loss or losses under any of its policies, contracts, and binders of insurance in force at the effective date or issued or renewed on or after that date, and written and classified by the Company as Fire, Allied Lines, and Homeowners Multiple Peril. This agreement provides coverage under two layers as follows:

<u>Coverage Layer</u>	<u>Limit</u>	<u>Retention or Underlying Limit</u>
Section One	95% of \$400,000 per occurrence 95% of \$800,000 term of agreement	\$600,000 per occurrence

Section Two	95% of \$3,000,000 per occurrence 95% of \$6,000,000 term of agreement	\$1,000,000 per occurrence
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**Catastrophe Excess of Loss Reinsurance Agreement**

The Company will retain and be liable for the first \$4,000,000 of ultimate net loss as respects any one loss occurrence. The reinsurer will then be liable for the amount by which such ultimate net loss exceeds the Company's retention, but will not exceed \$4,000,000 of ultimate net loss as respects any one loss occurrence during the term of the agreement.

It was noted that all four of the Company's ceded contracts contained the required terms for reinsurance agreements per SSAP 62, paragraph 8.

**Reinsurance Intermediary**

The Company's reinsurance intermediary, Mutual Reinsurance Bureau (MRB), is an unincorporated association of mutual insurance companies. The Company's reinsurance contracts, as written, are made by and between "Various Assuming Member Companies" of MRB. The Company's ceded reinsurance contracts refer to these participating member companies collectively as "MRB".

From a review of the Company's ceded reinsurance agreements it was noted that an officer of MRB (the association) signs the agreements on behalf of the participating member companies that are listed on the *Schedule of Reinsurers*. The agreements did not contain a signed interest & liabilities agreement from either of the participating MRB member companies – Employers Mutual Casualty Company (Employers), Farm Bureau Mutual Insurance Company of Michigan, Kentucky Farm Bureau Mutual Insurance Company, and Motorist Mutual Insurance Company (Motorist). Without a signed interest & liabilities agreement or similar provision, it was not possible to substantiate the reinsurers' participation in these agreements.

All four of the Company's ceded reinsurance agreements with MRB had excluded the intermediary clause that was noted in the prior examination with the following language:

"Mutual Reinsurance Bureau, 1780 South Bell Road, Cherry Valley, Illinois 61016, is hereby recognized as the intermediary negotiating this agreement for all business hereunder."

Pursuant to W. Va. Code §33-38-2(g): "Reinsurance intermediary" means a reinsurance intermediary-broker or a reinsurance intermediary-manager. In addition to being an unlicensed intermediary in accordance to W. Va. Code §33-38-3, due to the absence of evidence supporting the various assuming member companies' participation in the ceded reinsurance agreements, it was concluded that MRB, pursuant to W. Va. Code §33-38-2(k) failed to substantially comply with the provisions of §33-38-1 et seq.

As a result, it is recommended the Company follow the accounting treatment prescribed by the NAIC that pertains to unauthorized reinsurers for all future transactions related to the MRB contracts. This recommended accounting treatment should be continued until the reinsurance agreements involving MRB are executed by authorized reinsurers.

It should be noted that the Company did not take any reinsurance credits against its liabilities for losses and loss adjustment expenses as of December 31, 2009. Therefore, there was no impact on the year end 2009 financial statements as a result of transactions with MRB.

The Company's maximum retained liability is \$75,000 per insured. This retention complies with the provisions of W. Va. Code §33-22-12.

#### ACCOUNTS AND RECORDS

The Company maintains its books and records at its home office in Harrisville, West Virginia. In general, the Company's accounting and corporate records were maintained in a manner in which the financial condition was readily verifiable.

#### FINANCIAL STATEMENTS

The statements on the following pages present the financial condition and operations of the Company for the period under examination. The amounts shown on the balance sheet are those determined by this examination.

**ASSETS**  
**DECEMBER 31, 2009**

Assets	Per Company	Adjustments	Per Examination
Bonds	\$ 33,254,526		\$ 33,254,526
Real Estate	282,240		282,240
Cash and Short-term Investments	3,110,271		3,110,271
Investment Income Due and Accrued	255,508		255,508
Agents' Balances and Uncollected Premiums	30,677		30,677
Deferred Premiums, Agents Balances & Installments			0
Booked But Deferred and Not Yet Due	1,445,913		1,445,913
Amounts Recoverable from Reinsurers	53,608		53,608
Other Amounts Receivable - Reinsurance	12,809		12,809
Current Federal and Foreign Income Tax	57,749		57,749
Net Deferred Tax Asset	483,464		483,464
Aggregate Write-ins Other Than Invested Assets	5,185		5,185
<b>Total Assets</b>	<u>\$ 38,991,950</u>	<u>\$ -</u>	<u>\$ 38,991,950</u>

**LIABILITIES, SURPLUS AND OTHER FUNDS  
DECEMBER 31, 2009**

Other Expenses Due or Accrued	36,119	36,119
Unearned Premiums	6,375,518	6,375,518
Advance Premiums	106,739	106,739
Total Liabilities	\$ 8,610,667	\$ 8,610,667
Unassigned Funds (Surplus)	30,381,283	30,381,283
Surplus as Regards Policyholders	<u>30,381,283</u>	<u>30,381,283</u>
Total Liabilities, Surplus and Other Funds	<u>\$ 38,991,950</u>	<u>\$ 38,991,950</u>

**STATEMENT OF INCOME**  
**DECEMBER 31, 2009**

Other Underwriting Expenses Incurred	2,123,795
Total Underwriting Deductions	<u>8,454,711</u>
Net Underwriting Gain (Loss)	2,829,073

INVESTMENT INCOME

Net Investment Income Earned	1,114,775
Net Realized Capital Gains	<u>6,424</u>
Net Investment Gains	1,121,199

OTHER INCOME

Finance and Service Charges	146,895
Aggregate Writeins for Other Income	<u>6,234</u>
Total Other Income	153,129

Net Income Before Federal Income Tax	4,103,401
Federal Income Tax	<u>1,391,788</u>
Net Income	<u>\$ 2,711,613</u>

CAPITAL AND SURPLUS ACCOUNT

Capital and Surplus, December 31, 2008	<u>\$ 27,655,247</u>
Net Income	2,711,613
Change in Net Deferred Income Taxes	(45,515)
Change Non-admitted Assets	59,938
Change In Surplus As Regards to Policyholders	<u>2,726,036</u>
Capital and Surplus as of December 31, 2009	<u>\$ 30,381,283</u>

## NOTES TO FINANCIAL STATEMENTS

There are no recommended adjustments to surplus based on the results of this examination.

### COMPLIANCE WITH RECOMMENDATIONS IN PRIOR REPORT OF EXAMINATION

The Company has complied or come into compliance with the recommendations made in the prior examination.

### SUMMARY OF EXAMINATION FINDINGS

The following is a summary of the comments and recommendations made in this report of examination. It was deemed necessary that this recommendation be brought to the attention of the officers and directors.

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- 10 It is recommended the Company follow the accounting treatment prescribed by the NAIC that pertains to unauthorized reinsurers for all future transactions related to the MRB contracts.

### CONCLUSION

The customary examination practices and procedures, as promulgated by the National Association of Insurance Commissioners, have been followed in the verification and valuation of assets and the determination and/or estimation of liabilities reflected in the financial statements of this report, with due regard for the Insurance Laws of the State of West Virginia.

No adjustments were made to the financial statements as a result of this examination. During the five year period covered by this examination, the capital and surplus of the Company increased from \$15,782,031 as presented in the December 31, 2004 report of examination to \$30,381,283 as shown in this report of examination.

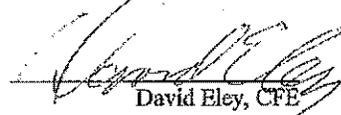
The comparative assets and liabilities since the previous examination are shown below:

	<u>2009</u>	<u>2004</u>	<u>Change</u>
Assets	\$38,991,950	\$24,380,348	\$14,611,602
Liabilities	8,610,667	8,598,317	12,350
Capital & Surplus	<u>\$30,381,283</u>	<u>\$15,782,031</u>	<u>\$14,599,252</u>

**ACKNOWLEDGEMENT AND SIGNATURE**

In addition to the undersigned, Diana Hypes, Programmer Analyst I, for the State of West Virginia, Jeff Jones, CFE, CPA and Dave Clayton, CFE for Clayton Consulting Company, LLC, participated in the examination.

Respectfully Submitted,



David Eley, CFE

Examiner-in-Charge

Insurance Company Examiner, Senior for  
The West Virginia Offices of the Insurance Commissioner