PROCEEDINGS BEFORE MICHAEL D. RIELY
ACTING INSURANCE COMMISSIONER
OF THE STATE OF WEST VIRGINIA

IN RE: FARMERS MUTUAL INSURANCE COMPANY

Administrative Proceeding No.: 12-AP-FINCON-02000

AGREED ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION AND DIRECTING ACTION

COMES NOW Michael D. Riley, Acting Insurance Commissioner of the State of West Virginia, and issues this Order which adopts the REPORT OF FINANCIAL EXAMINATION as of December 31, 2009, of FARMERS MUTUAL INSURANCE COMPANY (hereinafter referred to as "Company") based upon the following findings, to wit:

JURISDICTION

1. Michael D. Riley is the Acting 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 25, 1905 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 December 14, 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 December 20, 2011, a true and accurate copy of the REPORT OF FINANCIAL EXAMINATION was forwarded to the Company by certified mail, return receipt requested. On December 22, 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 January 18, 2012, 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 January 18, 2012, is attached hereto as Exhibit B. By the letter dated January 18, 2012, the Company concurs with the findings.

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 FARMERS MUTUAL 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 FARMERS MUTUAL INSURANCE COMPANY by certified mail, return receipt requested upon entry of this Order by the Insurance Commissioner.

3. It is **ORDERED** that FARMERS MUTUAL 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 FARMERS MUTUAL INSURANCE COMPANY take whatever actions are required to comply with the recommendations set forth in the REPORT OF FINANCIAL EXAMINATION, if any, and shall demonstrate compliance to the satisfaction of the Insurance Commissioner, if necessary.

5. That FARMERS MUTUAL 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. FARMERS MUTUAL 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 2nd day of February, 2012.

Michael D Riley
Acting 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

2/1/12
Date

FARMERS MUTUAL INSURANCE COMPANY

BY: David L. Corsini II
[Print Name]

Signed: _____

Its: CEO/Pres.

Dated: 1-30-12

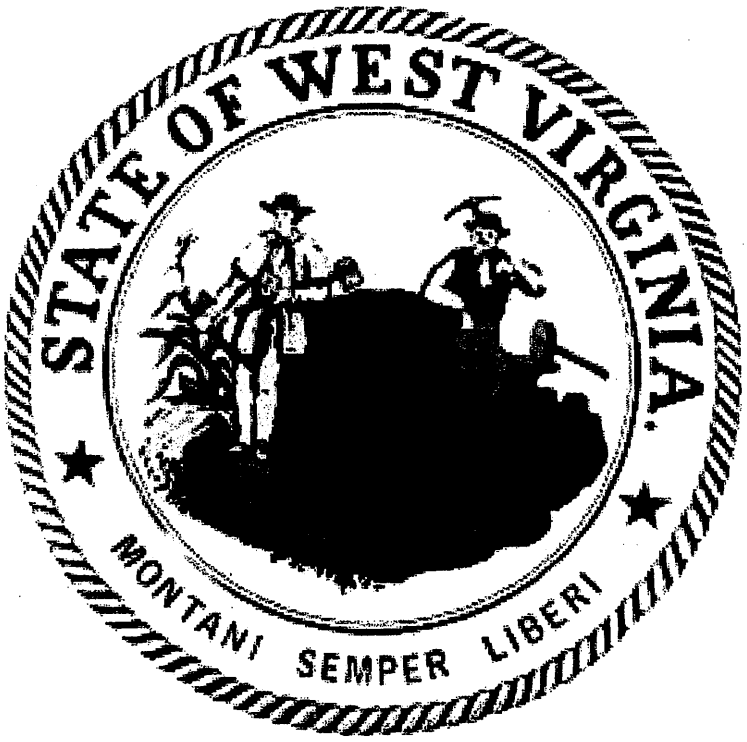
REPORT OF FINANCIAL EXAMINATION

OF

FARMERS MUTUAL
INSURANCE COMPANY
NAIC # 40070

OF WHITE HALL, WEST VIRGINIA

AS OF DECEMBER 31, 2009



REPORT OF EXAMINATION

AS TO THE FINANCIAL CONDITION

OF

FARMERS MUTUAL
INSURANCE COMPANY

OF

WHITE HALL, WEST VIRGINIA

AS OF DECEMBER 31, 2009

NAIC COMPANY CODE 40070

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December 9, 2011

The Honorable Michael D. Riley
Acting Commissioner
West Virginia Offices of the Insurance Commissioner
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

Farmers Mutual Insurance Company

hereinafter referred to as the "Company". The examination was conducted at the Company's home office located at 40 Moran Circle, White Hall, West Virginia. The following Report of Examination is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our single-state examination of the Company. The last exam was completed as of December 31, 2004 and covered the three-year period from 2002 to 2004. This examination covers the five-year period from January 1, 2005 through December 31, 2009.

We have conducted our examination in accordance with the NAIC's Financial Condition Examiners Handbook and West Virginia Laws, Regulations, and Directives of the West Virginia Offices of the Insurance Commissioner. The general procedures of the examination was to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company and evaluating system controls and procedures to mitigate those risks. The examination also included an assessment of the principles used and estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions. All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

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.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings for the period of this examination. The Company has complied or come into compliance with the recommendations made in the prior examination.

SUBSEQUENT EVENTS

The Assets; page 2, and Liabilities; page 3 of the Annual Statement as of December 31, 2010 were compared to the financial statements included in the Audited Financial Report as of December 31, 2010. In addition, the financial analyst's year-end review and conclusion revealed that the auditor issued an unqualified opinion on the Company's financial statements for 2010 and 2009. The auditor did not identify any material deviations, or deficiencies in the internal controls that would be considered material.

Based on the review of the quarterly statements, there was no change in the reporting of financial statements, and the same basis was used as the statements under examination.

HISTORY

The Company was incorporated under the laws of the state of West Virginia on July 25, 1905 as the Farmers Mutual Fire Association of West Virginia. Effective January 1, 1991, the current name was officially adopted.

On January 1, 1992, Grange Mutual Fire Insurance Company, Philippi, West Virginia, was merged into the Company. Effective July 1, 1994, Farmers Union Association and Fire Insurance Company, Bruceton Mills, West Virginia was merged with the Company. The Company operates under the provisions of Chapter 33, Article 22 of the West Virginia Insurance Code as a farmer's mutual fire insurance company.

CORPORATE RECORDS

Minutes of Meetings

The Board of Directors (including the Executive/Audit and Investment Committee) and Policyholder meeting minutes were reviewed for the period under examination. The Board of Directors appears active in its oversight as noted in the review of the minutes and the interview with the Chairman of the Board. A quorum was achieved at all the annual meetings and other regular board meetings in accordance with the Company's By-laws. Overall, the minutes supported the transactions of the Company and the actions taken by it officers.

MANAGEMENT AND CONTROL

Directors

The Boards of Directors are responsible for the governance of the Company. The Directors are elected by the Policyholders at the Annual Meeting to serve a three-year term. The Directors are elected to oversee management and to assure that the direction of the company is consistent with its goals and objectives. Regularly scheduled meetings of the Board are held four times a year, at which the Board receives and discuss reports from Committees of the Board, reviews and discusses reports by management on the performance of the Company, and its business plans. As of December 31, 2009, the Directors were as follows:

Name	Title
Paul E. May 103 Holly Street Fairmont, WV 26554	Chairman
John G. Conaway 1811 Pleasant Valley Road Fairmont, WV 26554	Vice Chairman
Mary Beth Aliveto 1 Meadowlark Lane Fairmont, WV 26554	Secretary
Conn D. Johnson 1 Woodland Pointe Ripley, WV 25271	Director
David L. Corsini, II 102 Kenwood Place Clarksburg, WV 26301	President/CEO

David E. May 504 Pittsburgh Avenue Fairmont, WV 26554	Director
Jerold John Rice Jr. 85 Crown Drive Ripley, WV 25271	Director

In addition, the board has established an Executive/Audit and Investment Committees to assist in discharging its responsibilities. Members as of December 31, 2009 were as follows:

Executive/Audit Committee

- Paul E. May
- John G. Conaway
- Conn Johnson
- Mary Beth Aliveto
- David Corsini (Ex-Officio)

Investment Committee

- Paul E. May
- John G. Conaway
- Conn Johnson
- Mary Beth Aliveto
- David Corsini
- Ronald L. Jones

The Investment Committee meets quarterly and monitors investments purchased, sold and what the Company holds. A statement of investment objectives and guidelines are provided to the designated investment manager to establish and communicate the long term goals and investment guidelines of the Company. On occasions, the investment manager attends the meetings.

Officers of the Company are elected by the Board of Directors. As of December 31, 2009, the Officers were as follows:

Officers

Name	Title
David Lee Corsini II	President/CEO
Mary Beth Aliveto	Secretary/Treasurer
Ronald Lee Jones	Executive Vice President

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from fraudulent or dishonest acts by its employees through a financial institution bond issued by Fidelity and Deposit Company of Maryland. The fidelity coverage of $500,000 is adequate to meet the prescribed minimum coverage suggested by the NAIC.

The Company had additional types of coverage in-force at December 31, 2009 including but not limited to Directors and Officer Liability, Employment Practices Liability, Property and Business Personal Property, Commercial Umbrella, Business Auto, and Workers Compensation and Employers' Liability.

A review of all the Company's insurance policies showed that adequate coverage is in force covering the hazards to which the Company is exposed, including coverage for the office building and its contents.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The employees of the Company are covered under a 401(k) defined contribution plan sponsored by the Company. Eligible employees may make voluntary contributions to the plan. The Company currently provides a 50% match of employee contributions.

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 West Virginia Insurance Code. The Company only writes business in the State of West Virginia, and it does not hold a certificate of authority in any other state. The Company primarily writes fire and homeowners multiple peril. The Company also writes allied lines, farmowners multiple peril, commercial multi-peril, other liability, mobile homeowners and a small amount of mine subsidence business.

Management's business plan emphasizes underwriting profitability and a conservative investment portfolio. As a result of management's corrective actions, the Company has experienced improved profitability and leverage measures. The improvement was enhanced by the Company's long-standing local market presence and the solid relationships built within its agency force of approximately 64 independent agents as of December 31, 2009.

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 the Company's filed annual statements, except in 2009 where a report of examination has been filed with the West Virginia Offices of the Insurance Commissioner.

Year	Net Admitted Assets	Policyholder Surplus	Premium Revenue	Net Income
2005	$8,013,289	$3,499,216	$4,640,053	$731,285
2006	7,579,134	3,978,113	4,754,153	384,805
2007	8,993,390	4,880,978	4,675,745	865,823
2008	9,037,074	5,386,698	4,655,535	342,330
2009	9,949,544	5,974,845	4,696,636	450,866

At December 31, 2009, the Company reported admitted assets of $9.9 million, liabilities of $3.9 million and surplus of $5.9 million. The amounts shown on the balance sheet determined from the prior examination of 2004 when compared to the current report of examination of 2009, reveals that total admitted assets increased by $2.0 million or 28.8%. The results of the increase were due to the Company's combined increase of its cash and invested assets, which are 85.3% of the admitted assets.

For the period under examination, premium revenue remained relatively unchanged. On the average for the five year period, premium revenue was $4.7 million. Premiums earned increased .9% from 2008. Premium to surplus was 78.60% and 86.80% in 2009 and 2008 respectively.

For the five years under examination, the Company reported net income. Net income was $450,866 and $342,330 for the period of 2009 and 2008 respectively. One of the contributing factors for net income was due to profitable underwriting results.

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.

	A	B	C	*(B+C)/A*
Year	*Premiums Earned*	*Losses Incurred*	*Expenses Incurred*	*Combined Ratio*
2005	$4,640,053	$1,161,280	$394,345	33.53%
2006	4,754,153	1,937,659	462,940	50.49%
2007	4,675,745	719,172	393,896	23.80%
2008	4,655,535	1,866,139	486,242	50.53%
2009	4,696,636	1,504,987	489,317	42.46%

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 had made many changes from the prior years. The loss ratio at December 31, 2007 was exceptionally favorable. In 2007 the loss adjustment expense decreased by $69,044 or 14.9% from 2006. This decrease was due to many of the old litigated claim files being settled in 2006. As of December 31, 2007 there were only 3 open litigation files. Management believes that the Company can continue to operate at a high level of underwriting profitability if they continue to evaluate and review the processes and procedures.

REINSURANCE

The Company maintains a property catastrophe excess of loss reinsurance agreement with three layers. The Reinsurer will indemnify the Company for any loss or losses occurring during the term of the Agreement under all policies, classified by the Company as: Fire, Allied Lines, Commercial Inland Marine and Property Sections of Homeowner's Multiple Peril, Mobile Homeowner's Multiple Peril, Farmowner's Multiple Peril and Commercial Multiple Peril. The Company may submit in writing to the Reinsurer for special acceptance for business not covered by the agreement. If said business is accepted in writing by the Reinsurer, it will be subject to the terms of this Agreement, except as such terms are modified by such acceptance. The reinsurers' obligation under this agreement are several and not joint and are limited solely to the extent of their individual participations. The reinsurers are not responsible for the participation of any co-subscribing reinsurer who for any reason does not satisfy all or part of its obligations. The Agreement contains the following layers:

First Property Catastrophe Excess of Loss

Retention and Limit: 100% of $800,000 ultimate net loss, each and every loss occurrence in excess of $200,000 ultimate net loss, each and every loss occurrence.

Reinsured with: Shelter Mutual Insurance Company (domestic companies; 50%) and R+V Versicherung AG (non-domestic companies; 50%).

Second Property Catastrophe Excess of Loss

Retention & Limit: 100% of $1,000,000 ultimate net loss, each and every loss occurrence in excess of $1,000,000 ultimate net loss, each and every loss occurrence.

Reinsured with: Shelter Mutual Insurance Company (5%), and Underwriting Members of Lloyd's (95%).

Third Property Catastrophe Excess of Loss

Retention & Limit: 100% of $900,000 ultimate net loss, each and every loss occurrence in excess of $2,000,000 ultimate net loss, each and every loss occurrence.

Reinsured with: Shelter Mutual Insurance Company (5%) and Underwriting Members of Lloyd's (95%).

In addition, the Company maintains a two-layer Property and Casualty Excess of Loss agreement as described below.

Two Layer Property and Casualty Excess of Loss

Business Covered:

A. Fire, Allied Lines, Commercial Inland Marine, and Property sections of Homeowner's Multiple Peril, Mobile Homeowner's Multiple Peril, Farmowner's Multiple Peril and Commercial Multiple Peril.

B. Casualty sections of Homeowner's Multiple Peril, Mobile Homeowner's Multiple Peril, Farmowner's Multiple Peril and Commercial Multiple Peril.

Retention & Limit:

First Layer

A. Property; $150,000 ultimate net loss, each and every risk, each and every loss excess $100,000 ultimate net loss, each and every risk, each and every loss, subject to a maximum limit of liability to the Reinsurer of $450,000.

B. Casualty; $150,000 ultimate net loss, each and every loss occurrence excess $100,000 ultimate net loss, each and every loss occurrence.

Reinsured with: Farmers Mutual Hail Insurance Company of Iowa; 20%; and SCOR Reinsurance Company; 80%.

Second Layer

A. Property; $500,000 ultimate net loss, each and every risk, each and every loss excess $250,000 ultimate net loss, each and every risk, each and every loss, subject to a maximum limit of liability to the Reinsurer of $1,500,000 each and every loss occurrence.

B. Casualty; $500,000 ultimate net loss, each and every loss occurrence excess $250,000 ultimate net loss, each and every loss occurrence.

Reinsured with: Farmers Mutual Hail Insurance Company of Iowa; 20%, and SCOR Reinsurance Company; 80%.

Intermediary

Axiom Re, Inc., a Florida corporation is recognized as the Intermediary negotiating the business. All communications (including but not limited to notices, statements, premiums, return premiums, commissions, taxes, losses, loss expenses, salvages, and loss settlements) are transmitted to the Company or the Reinsurer through the Intermediary. Payments by the

Company to the Intermediary will be deemed payment to the reinsurer. Payments by the Reinsurer to the Intermediary will be deemed payment to the Company only to the extent that such payments are actually received by the Company.

ACCOUNTS AND RECORDS

The Company maintains its books and records at its home office at 40 Moran Circle, White Hall, 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	$ 7,348,986		$ 7,348,986
Common stocks	1,626		1,626
Real Estate	384,000		384,000
Cash, cash equvalents and short-term investments	757,252		757,252
Investment Income Due and Accrued	97,352		97,352
Agents' Balances and Uncollected Premiums	0		0
Deferred Premiums, Agents Balances & Installments			0
Booked But Deferred and Not Yet Due	1,021,081		1,021,081
Amounts Recoverable from Reinsurers	0		0
Other Amounts Receivable - Reinsurance	0		0
Current Federal and Foreign Income Tax and interest thereon	52,258		52,258
Net Deferred Tax Asset	264,586		264,586
Electronic data processing equipment and software	22,403		22,403
Aggregate Write-ins Other Than Invested Assets	0		0
Total Assets	$ 9,949,544	$ -	$ 9,949,544

LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2009

Liabilities	Per Company	Adjustments	Per Examination
Lossess	$ 285,573		$ 285,573
Loss Adjustment Expenses	121,013		121,013
Commissions payable, contingent commissions and other similar charges	584,532		584,532
Other Expenses (excluding taxes, licenses and and fees)	10,825		10,825
Taxes, licenses and fees (excluding federal and foreign income taxes)	9,771		9,771
Unearned Premiums	2,765,043		2,765,043
Advance Premiums	118,919		118,919
Ceded reinsurance premiums payable (net of ceding commissions)	59,114		59,114
Amounts withheld or retained by company for account of others	19,909		19,909
Total Liabilities	$ 3,974,699		3,974,699
Aggregate write-ins for special surplus fund	20,964		20,964
Unassigned Funds (Surplus)	5,953,881		5,953,881
Surplus as Regards Policyholders	5,974,845		5,974,845
Total Liabilities, Surplus and Other Funds	$ 9,949,544		$ 9,949,544

STATEMENT OF INCOME
DECEMBER 31, 2009

UNDERWRITING INCOME

Premiums Earned	$4,696,636
Losses Incurred	1,504,987
Losses adjsutment expenses incurred	489,317
Other Underwriting Expenses Incurred	2,336,905
Total Underwriting Deductions	4,331,209
Net Underwriting Gain (Loss)	365,427

INVESTMENT INCOME

Net Investment Income Earned	177,123
Net Realized Capital Gains	(13,633)
Net Investment Gains	163,490

OTHER INCOME

Finance and Service Charges	29,105
Aggregate Writeins for Other Income	14,482
Total Other Income	43,587
Net Income Before Federal Income Tax	572,504
Federal Income Tax	121,638
Net Income	$ 450,866

CAPITAL AND SURPLUS ACCOUNT

Capital and Surplus, December 31, 2008	$ 5,386,698
Net Income	450,866
Change in net unrealized capital gains or (losses) less capital gains tax	32,497
Change in Net Deferred Income Tax	(356,564)
Change in Non-admitted Assets	590,188
Cumulative effect of changes in accounting principles	(128,834)
Aggregate write-ins for gains and losses in surplus	(6)
Change In Surplus As Regards to Policyholders	588,147
Surplus as regards policyholders, December 31, 2009	$ 5,974,845

COMMENTS ON FINANCIAL STATEMENTS

There are no comments on the financial statements based on the results of this examination. 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 $2,871,743 as presented in the December 31, 2004 report of examination to $5,974,845 as shown in this report of examination.

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

	2009	2004	Change
Assets	$9,949,544	$ 7,013,351	$2,936,193
Liabilities	3,974,699	4,141,608	(166,909)
Capital & Surplus	$5,974,845	$ 2,871,743	$3,103,102

SUMMARY OF RECOMMENDATIONS

There are no recommendations made in this report of examination.

ACKNOWLEDGEMENT AND SIGNATURE

The examination team consisted of the staff of the West Virginia Offices of the Insurance Commissioner; Randy Price; CFE, Walt Anderson; CPA, Examiner, Diana Hypes; Programmer Analyst I, and Leah Cooper; CPA, CFE, Director of Financial Conditions. In addition, Linda Tolley-Rafle; CPA, CFF of Smith-Little, participated as an Examiner on this examination.

Respectfully Submitted,

David Eley, CFE
Insurance Company Examiner, Senior
West Virginia Offices of the Insurance Commissioner

EXAMINERS AFFIDAVIT AS TO STANDARDS AND PROCEDURES USED IN AN EXAMINATION

State of West Virginia

County of Kanawha

David E. Eley, being duly sworn, states as follows:

1. I have authority to represent the West Virginia Offices of the Insurance Commissioner in the examination of Farmers Mutual Insurance Company.

2. The West Virginia Offices of the Insurance Commissioner 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 Farmers Mutual Insurance Company was performed in a manner consistent with the standards and procedures required by the West Virginia Offices of the Insurance Commissioner.

The affiant says nothing further.

David E. Eley

David E. Eley, CFE

Subscribed and sworn before me by David E. Eley on this 14 day of December 2011.

(SEAL)

OFFICIAL SEAL
NOTARY PUBLIC
STATE OF WEST VIRGINIA
DEAN E. HASTINGS
P.O. BOX 124
CABIN CREEK, WV 25035-0124
My Commission Expires June 26, 2016

Dean E. Hastings

Notary Public

My commission expires June 26, 2016.