

BEFORE ALLAN L. MCVEY, INSURANCE COMMISSIONER
OF THE STATE OF WEST VIRGINIA

In the Matter of:

FARMERS & MECHANICS MUTUAL INSURANCE COMPANY OF WEST VIRGINIA

Administrative Proceeding No. 23-IC-02064

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER ADOPTING
REPORT OF MARKET CONDUCT EXAMINATION

NOW COMES, Allan L. McVey, Insurance Commissioner of the State of West Virginia (hereinafter, “Commissioner”), who, after consideration of the *Report of Market Conduct Examination* (hereinafter, the “*Examination Report*”) of Farmers & Mechanics Mutual Insurance Company of West Virginia (hereinafter, “Farmers & Mechanics”) for the examination period ending December 31, 2022, made the following findings of fact and conclusions of law and order.

FINDINGS OF FACT

1. The market conduct examination was a comprehensive examination focusing on standards contained in the *Market Regulation Handbook*. The examination was conducted in accordance with *W. Va. Code* §33-2-9(c) by examiners duly appointed by the Commissioner.
2. On or about November 3, 2023, the examiner filed with the Commissioner, pursuant to *W. Va. Code* §33-2-9, the *Examination Report*.
3. A true copy of the *Examination Report* was provided to Farmers & Mechanics and Farmers & Mechanics was notified, pursuant to *W. Va. Code* §33-2-9(j)(2), that it had ten (10) days after receipt of the *Examination Report* to file a submission or rebuttal with the Commissioner.

4. As set forth in the *Examination Report*, the examination focused on the methods used by Farmers & Mechanics to manage its operations for each of the areas examined, including whether and how Farmers & Mechanics complies with West Virginia's statutory and regulatory law.

5. The exam did not discover any instances where Farmers & Mechanics was non-compliant with West Virginia law.

6. The Commissioner reviewed the *Examination Report* and considered Farmers & Mechanics submissions prior to issuing these findings of fact, conclusions of law and order.

CONCLUSIONS OF LAW

1. The Commissioner has jurisdiction over the subject matter and the parties to this proceeding.

2. This proceeding is conducted pursuant to and in accordance with *W. Va. Code* §33-2-9.

3. The Commissioner is charged with the responsibility of verifying Farmers & Mechanics' continued compliance with West Virginia law.


4. As detailed in the *Examination Report*, with respect to the twenty-two (22) standards reviewed, Farmers & Mechanics was compliant with twenty-one (21) and predominantly compliant with one (1).

ORDER

Pursuant to *W.Va. Code* §33-2-9(j)(3)(A), following the review of the *Examination Report*, the examination work papers, and Farmers & Mechanics' response thereto, it is **ORDERED** as follows:

1. The referenced and attached *Examination Report* is hereby **ADOPTED** and **APPROVED** and by this reference, incorporated herein and made a part hereof; and
2. Farmers & Mechanics shall continue to monitor its compliance with applicable West Virginia law.

Entered this 18th day of December, 2023.


Allan L. McVey
CPCU, ARM, AAI, AAM, AIS
Insurance Commissioner

Report of Market Conduct Examination

As of December 31, 2022



Farmers & Mechanics Mutual Insurance Company of West Virginia

25 Administrative Drive
Martinsburg, WV 25404

NAIC COMPANY CODE 36315
Examination Number 23-IC-02064

Table of Contents

COMPLIANCE WITH PREVIOUS EXAMINATION RECOMMENDATIONS.....3
PURPOSE AND SCOPE OF THE EXAMINATION3
EXECUTIVE SUMMARY.....4
HISTORY AND PROFILE4
STANDARD & REVIEW ELEMENTS5
COMPLIANCE TABLE11
OBSERVATIONS.....12
RECOMMENDATIONS14
EXAMINER’S SIGNATURE AND ACKNOWLEDGEMENT15
EXAMINER’S AFFIDAVIT.....16

November 3, 2023

The Honorable Allan L. McVey, CPCU, ARM, AAI, AAM, AIS
West Virginia Insurance Commissioner
900 Pennsylvania Avenue
Charleston, West Virginia 25302

Dear Commissioner McVey:

Pursuant to your instructions and in accordance with *W.Va. Code §33-2-9*, an examination has been made as of December 31, 2022 of the business affairs of:

Farmers & Mechanics Mutual Insurance Company of West Virginia
25 Administrative Drive
Martinsburg, WV 25404

Hereinafter referred to as the "Company." The following report of the findings of this examination is herewith respectfully submitted.

COMPLIANCE WITH PREVIOUS EXAMINATION RECOMMENDATIONS

The West Virginia Office of the Insurance Commissioner (“WVOIC”) previously conducted a comprehensive market conduct examination of the Company as of June 30, 2018. The previous examination found the Company in compliance with all standards reviewed.

PURPOSE AND SCOPE OF THE EXAMINATION

Market Conduct Examiners with the WVOIC reviewed certain business practices of Farmers & Mechanics Mutual Insurance Company of West Virginia. W. Va. Code §33-2-9 empowers the Commissioner to examine any entity engaged in the business of insurance. The findings in this report, including all work products developed in producing it, are the sole property of the WVOIC.

The purpose of this market conduct examination was to determine the Company’s compliance with West Virginia laws and regulations and is part of a combined examination being performed in conjunction with our Financial Conditions Division. Separate reports will be issued accordingly. This examination is not intended to duplicate a review of the Company’s Operations and Management but rather establish an understanding of the examinee and, except for the standards specifically mentioned in this report, will rely on the results obtained by our Financial Conditions Division (Exam #36315-WV-2022-6). The conclusions and findings of this market conduct examination are public record.

With the exception of Claims (Standard G), the examination did not include a review of the Company’s Commercial Line of Business. Although the company writes both commercial and personal insurance products, priority was given to the personal lines of business.

The examiners may not have discovered every unacceptable or non-compliant activity in which the Company is engaged. The failure to identify, comment on, or criticize specific Company practices does not constitute an acceptance of the practices by the West Virginia Offices of the Insurance Commissioner or its’ designee.

The basic business areas that were reviewed and tested under this examination were:

- Operations and Management
- Complaint Handling
- Producer Licensing
- Policyholder Service
- Underwriting and Rating
- Claims

“W.Va. Code R.” as used herein refers to the West Virginia Code of State Rules. “W.Va. Code” as used herein refers to the West Virginia Code Annotated.

EXECUTIVE SUMMARY

The examination fieldwork began May 1, 2023, and concluded on August 11, 2023. The entirety of the examination was performed remotely, with the Company providing examiners access to its Diamond and ImageRight systems which houses its company records, files, notes, and documentation. A total of twenty-two (22) standards were reviewed during this examination. Of these twenty-two (22) standards, the Company was compliant in twenty-two (21) and predominantly compliant in one (1) standard (G9).

- Standard G9: One (1) denied claim did not provide specific language in the notice which should have detailed the claimant's option of contacting the Commissioner and the Commissioners' contact information which is required per W.Va. Code R. §114-14-6.17.

HISTORY AND PROFILE

Farmers & Mechanics Mutual Insurance Company of West Virginia (FMM) was incorporated in December 1877 and commenced business in March 1878. The Company operates under the provisions of Chapter 33, Article 22 of the West Virginia Code as a farmers' mutual insurance company and is currently located in Berkeley County at 25 Administrative Drive in Martinsburg, West Virginia.

The Company writes only in the state of West Virginia. Lines of business written include Homeowners, Mobile Homeowners, Farm Owners, Farm Fire, Dwelling Fire, Business Owners, Commercial Multi-Peril, and Commercial Fire.

According to the NAIC 2022 Market Analysis - Market Share Report, the Company had a market share of 2.893% and \$15,217,030 in written premium for the homeowners line of business in West Virginia.

METHODOLOGY

The examination was conducted in accordance with the standards and procedures established by the NAIC and West Virginia's applicable statutes and regulations. This is a report by test of company compliance with selected Standards contained in the *NAIC's 2022 Market Regulation Handbook* ("Handbook") and Standards approved by the WVOIC which are based on applicable West Virginia statutes and administrative rules, as referenced herein. Testing is based on guidelines contained in the Handbook. All tests applied are included in this report.

Tests designed to measure the level of compliance with West Virginia's statutes, rules and regulations were applied to the files. Each area of the examination has specific elements that were tested and are listed below.

The examiners used the NAIC standards of 7% error ratio on claims tests (93% compliance rate) and 10% error ratio on all other tests (90% compliance rate) to determine whether or not an apparent pattern or practice of being compliant or non-compliant existed for any given test. Except as otherwise noted, tests were conducted via random sample taken from a given population where applicable. In the results tables

a “pass” response indicated compliance and a “fail” response indicates a failure to comply. The results of each test applied to a sample are reported separately. Sample sizes for each of the categories were determined, based on the total population, utilizing the Acceptance Samples Table (AST) found in the NAIC *Market Regulation Handbook*. If after the review of 25 (twenty-five) files in a sample population, no issues were identified, the review of that sample was ended.

STANDARD & REVIEW ELEMENTS

A. Operations and Management

The operations and management portion of the examination is designed to provide a view of the Company and how it operates. As mentioned previously, this review is not intended to duplicate a review of the Company’s Operations and Management being conducted by our Financial Conditions Division but rather establish an understanding of the examinee.

Standard A7: Records are adequate, accessible, consistent and orderly and comply with state record retention requirements. (2022 NAIC Market Regulation Handbook Chapter 20, § A Standard 7)

- Are the records adequate and accessible? [W. Va. Code §33-2-9 and W. Va. Code R. §114-15-4]

Standard A9: The regulated entity cooperates on a timely basis with examiners performing the examinations. (2022 NAIC Market Regulation Handbook Chapter 20, § A Standard 9)

- Did the Company provide records and cooperate with examiners on a timely basis? [W. Va. Code §33-2-9 and W. Va. Code R. § 114-15-4.9(a)]
- Did the Company timely respond to any requests for information per W. Va. Code R. § 114-15-4.9(a)?

B. Complaint Handling

The NAIC definition of a complaint is “any written communication that expresses dissatisfaction with a specific person or entity subject to regulation under the state’s insurance laws. An oral communication, which is subsequently converted to a written form, would meet the definition of a complaint for this purpose.” The complaint handling portion of the exam is designed to allow the examiner to assess the regulated entity’s procedures for processing consumer or other related complaints.

Standard B1: All complaints are recorded in the required format on the regulated entity’s complaint register. (2022 NAIC Market Regulation Handbook Chapter 20, § B Standard 1)

- Is the Company recording all complaints, directly from the consumer as well as the Commissioner’s office, in a regulated complaint register? [W. Va. Code § 33-11-4(10) and W. Va. Code R. §§ 114-15-4.6, 7 and 8]
- Does the Company retain the complaint records for the lesser of: the current calendar year plus five (5) calendar years; or the closing date of the period of review for the most recent examination. [W. Va. Code R. § 114-15-4.2b]

Standard B2: The regulated entity has adequate complaint handling procedures in place and communicates such procedures to policyholders. (2022 NAIC Market Regulation Handbook Chapter 20, § B Standard 2)

- Does the Company have adequate complaint handling procedures in place per W. Va. Code §33-11-4(10)?

Standard B4: The time frame within which the regulated entity responds to complaints is in accordance with applicable statutes, rules and regulations. (2022 NAIC Market Regulation Handbook Chapter 20, § B Standard 4)

- Is the Company responding to complaints within fifteen (15) Working days as required by W. Va. Code R. 114-14-5.2?

D. Producer Licensing

The producer licensing portion of the examination is designed to test the Company's compliance with state producer licensing laws and rules.

Standard D1: Regulated entity records of licensed and appointed (if applicable) producers and in jurisdictions where applicable, licensed company or contracted independent adjusters agree with department of insurance records. (2022 NAIC Market Regulation Handbook Chapter 20, § D Standard 1)

- Are the Company's producer licensing/appointment records maintained per W.Va. Code R. §114-15-4.5?
- Do the Company's producer appointment records agree with the WVOIC records?

Standard D2: The producers are properly licensed and appointed and have appropriate continuing education (if required by state law) in the jurisdiction where the application was taken. (2022 NAIC Market Regulation Handbook Chapter 20, § D Standard 2)

- Are the producers properly appointed for business solicited in West Virginia? [W. Va. Code §33-12-3(d) and W. Va. Code §33-12-18]
- Does the Company appoint the producer within fifteen (15) days of the date the producer submits their first application to the Company? [W. Va. Code §33-12-18(b)]
- Are all applications signed by properly licensed and appointed agents? [W. Va. Code §33-12-3]

Standard D3: Termination of producers complies with applicable standards, rules and regulations regarding notification to the producer and notification to the state, if applicable. (2022 NAIC Market Regulation Handbook Chapter 20, § D Standard 3)

- Does the Company notify the Commissioner's Office (on a form prescribed by the WVOIC) within thirty (30) days of terminating the producer's authority? [W. Va. Code §33-12-25 et seq.]
- Is the producer notified simultaneously? [W. Va. Code §33-12-25(d)]
- Does the Company notify the Commissioner's Office if the termination is for cause? [W.Va. Code §33-12-25(a)]

Standard D4: The Company's policy of producer appointments and terminations does not result in unfair discrimination against policyholders. (2022 NAIC Market Regulation Handbook Chapter 20, § D Standard 4)

- Does the appointment or termination of producers result in unfair discrimination against policyholders?
- Does the termination leave any territories understaffed?

E. Policyholder Service

The policyholder service portion of the examination is designed to test if the Company is compliant with statutes regarding notice/billing, delays/no response, premium refund, and coverage questions.

Standard E2: Policy issuance and insured requested cancellations are timely. (2022 NAIC Market Regulation Handbook Chapter 20, § E Standard 2)

- Was the policy issued timely?
- Were insured requested cancellations processed timely and without excessive paperwork required?

Standard E7: Unearned premiums are correctly calculated and returned to the appropriate party in a timely manner and in accordance with applicable statutes, rules and regulations. (2022 NAIC Market Regulation Handbook Chapter 20, § E Standard 7)

- Are unearned premiums calculated correctly?

F. Underwriting and Rating

The underwriting and rating portion of the examination is designed to provide a view of how the Company treats the public and whether that treatment is in compliance with applicable statutes, rules and regulations.

Standard F1: The rates charged for the policy coverage are in accordance with filed rates (if applicable) or the regulated entity's rating plan. (2022 NAIC Market Regulation Handbook Chapter 20, § F Standard 1)

- Was the premium calculated correctly? [W. Va. Code §33-11-4(7)(c)]
- Were the Company's own underwriting guidelines followed for proper rating?
Note: Farmers Mutual Fire Insurance Companies are not required to file rates with the Commissioner's Office; however, rates should not be unfairly discriminatory. Deviations from established rating plans could indicate a company is engaged in unfair competitive practices.

Standard F4: The regulated entity's underwriting practices are not unfairly discriminatory. The regulated entity adheres to applicable statutes, rules and regulations, and regulated entity guidelines in the selection of risks. (2022 NAIC Market Regulation Handbook Chapter 20, § F Standard 4)

- Are the Company's underwriting guidelines unfairly discriminatory in nature? Or do they conform to applicable statutes, rules and regulations? [W. Va. Code §33-11-4(7)(c)]
- Is the Company following its underwriting guidelines to ensure compliance regarding unfair discrimination?
- Any inconsistent underwriting practices?

Standard F5: All forms, including policies, contracts, riders, amendments, endorsement forms and certificates are filed with the insurance department, if applicable. (2022 NAIC Market Regulation Handbook Chapter 20, § F Standard 5)

- Have all the forms and endorsements been filed with the Commissioner? [W. Va. Code §33-6-8 and W. Va. Code §33-22-7(a)]

Standard F6 - Policies, contracts, riders, amendments and endorsements are issued or renewed accurately, timely and completely. (2022 NAIC Market Regulation Handbook Chapter 20, § F Standard 6) *Policy issuance reviewed under Standard E2.*

- Are renewals and endorsements issued in the appropriate time frame, following the Company's procedures?
Note: Farmers Mutual Fire Insurance Companies are not subject to W.Va. Code §33-17A-4 (c); however, they are subject to W.Va. Code §33-11-4. Consistently following company procedures is the fundamental technique used to avoid unfair trade practices.

Standard F8: Cancellation/non-renewal, discontinuance and declination notices comply with policy and contract provisions, state laws and company guidelines. (2022 NAIC Market Regulation Handbook Chapter 20, § F Standard 8)

- Were company-initiated cancellations and non-renewals within applicable statutes and policy provisions? [W.Va. Code §33-22-15]
- Was written cancellation notice given to the policyholder? [W.Va. Code §33-22-14]

G. Claims

This portion of the examination is designed to provide a view of how the Company treats claimants and whether that treatment is compliant with applicable statutes and rules.

Standard G1: Initial contact by the regulated entity with the claimant is within the required time frame. (2022 NAIC Market Regulation Handbook Chapter 20, § G Standard 1)

- Was the claimant contacted within 15 working days (or mandated emergency order timeframe) from the date of the loss notice required by W.Va. Code § 33-11-4(9)(b) and W. Va. Code R. § 114-14-5.1?

Standard G2: Timely investigations are conducted. (2022 NAIC Market Regulation Handbook Chapter 20, § G Standard 2)

- Did the investigation commence within fifteen (15) working days of any claim filed as required by W. Va. Code § 33-11-4(9)(c) and W. Va. Code R. § 114-14-6.2.a?
- Did the investigation continue more than 30 calendar days? If so, was a notice of necessary delay sent within 15 working days after the 30 calendar days AND if the investigation continued, were subsequent notices of necessary delay sent with 45 calendar days as required by W. Va. Code R. § 114-14-6.7?

Standard G3: Claims are resolved in a timely manner. (2022 NAIC Market Regulation Handbook Chapter 20, § G Standard 3)

- Did the Company affirm or deny coverage of claims within a reasonable time after proof of loss statements have been completed as required by W. Va. Code § 33-11-4(9)(e)?
- Did the Company deny the claim or make an offer within ten (10) working days of completing its investigation as required by W. Va. Code R. § 114-14-6.3?
- Did the Company pay out amount agreed upon within (15) working days as required by W. Va. Code R. §114-14-6.11?

Standard G5: Claim files are adequately documented. (2022 NAIC Market Regulation Handbook Chapter 20, § G Standard 5)

- Do the files contain all notes and work papers pertaining to the claim in such detail that pertinent events and the dates of such events can be reconstructed? [W. Va. Code §33-11-4(9) et. seq, W. Va. Code R. §§ 114-14-3 & 114-15-4.4]

Standard G6: Claims are properly handled according with policy provisions and applicable statutes, rules and regulations. (2022 NAIC Market Regulation Handbook Chapter 20, § G Standard 6)

- Is the Company following the standards for prompt investigations as stated in W. Va. Code R. §114-14-6.1?
- Did the Company attempt in good faith to effectuate prompt, fair and equitable settlements of claims in which liability has become reasonably clear as required by W. Va. Code § 33-11-4(9)(f) and W. Va. Code R. §§ 114-14-6.4 & 6.10?
- Was coverage checked for proper application of deductible or appropriate exclusionary language as required by W. Va. Code § 33-11-4(9)(a)?
- When applicable is the claimant who is neither an attorney or represented by an attorney given written notice of that statute of limitation as required by W. Va. Code R. § 114-14-6.12?
- Does the Company ensure where liability and damages are reasonably clear, that no person recommends that third-party claimants make claim under their own policies solely to avoid paying claims under an insurer's insurance policy or insurance contract as required by W. Va. Code § 33-11-4(9)(m) and W. Va. Code R. § 114-14-6.13?

Standard G9: Denied and closed without payment claims are handled in accordance with policy provisions and state law. (2022 NAIC Market Regulation Handbook Chapter 20, § G Standard 9)

- Was a prompt, reasonable and objective investigation conducted prior to refusal of payment? [W. Va. Code §33-11-4(9)(d)]

- Is the denial based upon specific policy provisions or exclusions?
- Is the claimant provided with a reasonable basis for the denial when required by statute or regulation? [W. Va. Code §33-11-4(9)(n) and W. Va. Code R. §114-14-6.5]
- Is the claimant given the option of contacting the Commissioner's Office and provided with its mailing address, telephone number, and website address? [W. Va. Code R. §114-14-6.17]
- Is the claimant who is neither an attorney or represented by an attorney given written notice of the statute of limitation? [W. Va. Code R. §114-14-6.12]

COMPLIANCE TABLE

<u>Review Section</u>	<u># Pass</u>	<u># Fail</u>	<u>Minimum Standard Compliance %</u>	<u>Compliance Result %</u>	<u>Examination Result</u>		
					Compliant	Predominantly Compliant	Non-Compliant
A7	N/A	N/A	N/A	N/A	X		
A9	N/A	N/A	N/A	N/A	X		
B1	26	0	90	100	X		
B2	N/A	N/A	N/A	N/A	X		
B4	26	0	90	100	X		
D1	694	0	N/A	100	X		
D2	25	0	25	100	X		
D3	322	0	90	100	X		
D4	322	0	90	100	X		
E2	25	0	90	100	X		
E7	25	0	90	100	X		
F1	25	0	90	100	X		
F4	25	0	90	100	X		
F5	25	0	90	100	X		
F6	25	0	90	100	X		
F8	25	0	90	100	X		
G1	50	0	93	100	X		
G2	50	0	93	100	X		
G3	50	0	93	100	X		
G5	50	0	93	100	X		
G6	50	0	93	100	X		
G9	25	1	93	97.5		X	

OBSERVATIONS

A7 – All records reviewed were adequate, accessible, consistent, orderly, and comply with state record retention.

A9 – Company representatives were cooperative and responded to examiner's requests timely and accurately. Most requests were answered within 24 hours and any technical issues occurring during the review were addressed quickly.

B1- The Company maintains an electronic log of complaints in accordance with the requirements of the Insurance Commissioner. The Company received twenty-six (26) complaints from the WVOIC during the examination period. The Company complaint register reconciled with the Insurance Commissioner's register. The Company reported they had no internal written consumer complaints during the exam period.

B2- The Company has adequate complaint handling procedures in place. When complaints are received, they are logged with the required information then scanned into their Image Right system and forwarded to the person responsible for responding to the complaint.

B4- The Company had twenty-six (26) complaints during the examination period. Each was properly documented, and the Company responded to the WVOIC in a timely manner. No exceptions were noted.

D1- The Company maintains producer licensing/appointment records in accordance with the requirements of the Insurance Commissioner. The Company's producer appointment list was reviewed and reconciled with WVOIC records.

D2 – The examiner confirmed producers were properly appointed by the Company when applications for new business policies were submitted.

D3 – The Company did not terminate any producers for cause within the examination review period.

D4 – Review of the Company's producer files found no evidence that company terminations resulted in unfair discrimination.

E2 – Policies reviewed were issued and canceled timely. Most new business policies were issued within a week of submission. The majority of insured-requested cancellations were processed the same day the cancellation notice was received.

E7 – The Company processes cancellations on a pro-rata basis. Unearned premiums were calculated correctly and returned timely to the appropriate party. No exceptions were noted.

F1 – Farmers mutual fire insurance companies are not required to file rates with the Commissioner's Office. Company rates however, should not be unfairly discriminatory. A representative sample of personal lines of business were reviewed to include all lines written by the Company. Policy file samples were reviewed and the premiums issued were verified with the Company's internal rating system to

determine if the Company was following their underwriting guidelines. The Company consistently followed its underwriting guidelines. No exceptions were noted.

F4 – Examiner found no evidence of unfairly discriminatory underwriting practices during new business policy review.

F5 – Policy forms and endorsements reviewed were filed with and approved by the WVOIC when required.

F6 –The Company issued all policies, riders and endorsements accurately, completely and on a timely basis on all policies in the sample selected. Examiners found no evidence of unfair discrimination.

F8 –W. Va. Code § 33-22-15(c) requires farmers’ mutual fire insurance companies to give each policyholder five (5) days’ notice of cancellation. Review of cancelled policies beyond 60 days of the inception date found the Company gave a minimum of thirty (30) days written notice. A sampled population of non-renewal policy files were reviewed for compliance. The Company gave a minimum of thirty (30) days written notice to the insured. Reasons for cancellation and nonrenewal were valid and in accordance with underwriting guidelines, policy provisions and state law. There were no discriminatory practices noted.

G1 – All claim files reviewed indicated the claimant was contacted within fifteen (15) working days (or mandated emergency order timeframe) from the date of the loss notice.

G2 – The Company was found to be compliant with timely investigations. Most investigations began the same day the company was notified of the loss and notices of claim delay letters were sent as required.

G3 – The Company affirmed or denied coverage of claims within a reasonable time after proof of loss statements had been completed, denied the claims or made a written offer within ten (10) working days of completed investigation, and made timely payments on amounts agreed upon.

G5 –All claim files were adequately documented and consisted of notes and work papers pertaining to the claim in such detail that pertinent events and dates can be reconstructed.

G6 - The Company complied with policy provisions, applicable statutes, rules, and regulations under this standard. Investigations were prompt and thorough, settlements offered were fair and within policy limits and policy provisions, and third-party claimants were not advised to file claims under their policy to avoid payment under the insurer’s policy.

G9 – One (1) denied claim notice failed to include the Commissioner’s address, phone and web site information as required for all claim denial notices.


RECOMMENDATIONS

G9 – The Company should ensure all denied claim notices include the required information for the claimant’s option of contacting the Commissioner’s office and the Commissioner’s pertinent contact information as required by West Virginia statute.

EXAMINER'S SIGNATURE AND ACKNOWLEDGEMENT

The examiner would like to acknowledge the cooperation and assistance extended by the Company during the examination.

In addition to the undersigned, Desiree Mauller CIE, CWCP, MCM, also participated in this examination.



Letha Tate, AIE, ALMI, AIRC, MCM
Examiner-in-Charge

EXAMINER'S AFFIDAVIT

State of West Virginia

County of Kanawha

**EXAMINER'S AFFIDAVIT AS TO STANDARDS AND PROCEDURES
USED IN AN EXAMINATION**

I, Letha Tate, being duly sworn, states as follows:

1. I have the authority to represent West Virginia in the examination of Farmers & Mechanics Mutual Insurance Company of West Virginia.
2. I have reviewed the examination work papers and examination report, and the examination of Farmers & Mechanics Mutual Insurance Company of West Virginia was performed in a manner consistent with the standards and procedures required by West Virginia.

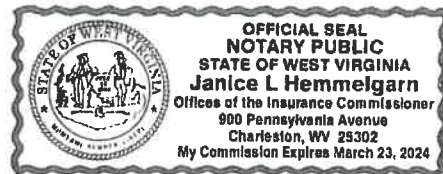
The affiant says nothing further.

Letha Tate
Letha Tate, AIE, ALMI, AIRC, MCM

Examiner-in-Charge

Subscribed and sworn before me by Letha Tate on this 3 day of November, 2023.

Janice L Hemmelgarn
Notary Public



My commission expires: March 23, 2024 (date).