

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

*In the Matter of:*

**PATRONS MUTUAL FIRE INSURANCE COMPANY (NAIC #11056)**

ADMINISTRATIVE PROCEEDING NO. 24-IC-158704

ORDER ADOPTING REPORT OF FINANCIAL EXAMINATION

NOW COMES, Allan L. McVey, Insurance Commissioner of the State of West Virginia (hereinafter, "Commissioner"), who, after consideration of the Report of Financial Examination (hereinafter, the "Examination Report") of Patrons Mutual Fire Insurance Company (hereinafter referred to as "Company"), as of December 31, 2022, made the following findings of fact, conclusions of law and order.

FINDINGS OF FACT

1. The Company was organized pursuant to provisions of Article 22, Chapter 33 of the *West Virginia Code*.
2. The Company was incorporated on December 13, 1901, in the state of West Virginia as a farmers' mutual fire insurance company. The Company is currently organized and operates pursuant to the provisions of Chapter 33, Article 22 of the *West Virginia Code*, and insures dwellings, farm property, churches, and livestock for the perils of fire and lightning. The Company writes only in the State of West Virginia.
3. An examination of the financial condition and operational affairs of the Company for period beginning January 1, 2018, and ending December 31, 2022, was conducted in accordance with *West Virginia Code* §33-2-9(c) by the Insurance Commissioner.

4. On November 10, 2023, the examiner filed a Report of Financial Examination with the Insurance Commissioner pursuant to *West Virginia 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.

5. On or about November 10, 2023, a true and accurate copy of the Report of Financial Examination was sent to James Perdue, President. A copy of the Letter dated November 10, 2023, 2023, is attached hereto as Exhibit B.

6. Pursuant to *West Virginia Code* §33-2-9(j)(2), the Company, by letter dated November 10, 2023, Exhibit B, was notified and afforded a period of ten (10) days, after receipt of the Report of Financial Examination, to make a submission, rebuttal, or objection concerning any matter contained in the Report.

7. By letter dated December 13, 2023, James Perdue acknowledged that he had reviewed and accepted the Report of Financial Examination and did not materially dispute the findings of the examination. A copy of the Company's letter of December 13, 2023, is attached hereto as Exhibit C.

#### CONCLUSIONS OF LAW

1. The Insurance Commissioner 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 organized pursuant to the provisions of Article 22, Chapter 33 of the *West Virginia Code*, and during the exam period it converted to a domestic stock company.

3. *West Virginia Code* § 33-2-9(j)(2) provides that no later than sixty (60) days following completion of the examination, the examiner in charge shall file with the Insurance Commissioner a verified, written Report of Financial Examination under oath, and, upon receipt

of the verified report, the Insurance Commissioner shall transmit the Report of Financial Examination to the Company with a notice that shall afford the Company a reasonable opportunity, of not more than thirty (30) days, to make a written submission or rebuttal.

4. *West Virginia Code* § 33-2-9(j)(3) provides that within thirty (30) days of the end of the period allowed for the receipt of written submissions or rebuttals the Insurance Commissioner shall fully consider and review the Report of Financial Examination, together with any written submissions or rebuttals, and shall enter an ORDER adopting the Report of Financial Examination as filed, or with modifications or corrections, enter an ORDER rejecting the Report of Financial Examination with directions to the examiners to reopen the examination or call for an investigatory hearing.

#### ORDER

It is therefore **ORDERED** as follows:

1. The Report of Financial Examination of the Company, attached hereto as Exhibit A, is hereby **ADOPTED** and **APPROVED** by the Insurance Commissioner.
2. A copy of this *Order Adopting Report of Financial Examination* and the Report of Financial Examination shall be mailed to the Company via certified mail, return receipt requested, upon entry by the Insurance Commissioner.
3. The 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 Report of Financial Examination and a copy of this *Order Adopting Report of Financial Examination* in accordance with *West Virginia Code* § 33-2-9(j)(4).
4. The Company shall 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. Inasmuch as orders entered by the Insurance Commissioner are subject to judicial review as set forth in *West Virginia Code* §§ 33-2-14 and 51-11-4(b)(4), any person aggrieved by any this order may, within 30 days after the order has been mailed or delivered to the persons entitled to receive the same, file an appeal in and with the Intermediate Court of Appeals of West Virginia.

Entered this 3<sup>rd</sup> day of January 2024.



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

REPORT OF EXAMINATION  
OF  
PATRONS MUTUAL FIRE INSURANCE COMPANY  
POINT PLEASANT, WEST VIRGINIA

NAIC #11056

AS OF DECEMBER 31, 2022



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**SALUTATION**

November 10, 2023  
Charleston, West Virginia

The Honorable Allan L. McVey  
West Virginia Insurance Commissioner  
900 Pennsylvania Ave.  
Charleston, West Virginia 25302

Pursuant to the authority vested in the West Virginia Offices of the Insurance Commissioner (“WVOIC”), as well as rules, regulations and procedures promulgated by the National Association of Insurance Commissioners (“NAIC”), an examination has been made of the administrative affairs, books, records, and financial condition of:

**Patrons Mutual Fire Insurance Company**

3301 Jackson Avenue  
Point Pleasant, West Virginia 25550

hereinafter referred to as the “Company” or “Patrons Mutual”. The following Report of Examination is respectfully submitted.

## SCOPE OF EXAMINATION

The Company was last examined as of December 31, 2017. The current examination commenced on August 28, 2023 and is a single-state, full scope, five-year examination pursuant to W.Va. Code §33-2-9(a), as amended, covering the period from January 1, 2018 through December 31, 2022, including any material transactions or events occurring subsequent to the examination date and noted during the course of the examination.

The purpose of this examination is to assess the financial condition of the Company and set forth findings of fact (together with citations of pertinent laws, regulations and rules) with regard to any material adverse findings disclosed by the examination.

The general procedures of the examination followed rules and standards as set forth in the NAIC Financial Condition Examiners Handbook (“Handbook”) and West Virginia Laws, Regulations, and Directives of the WVOIC. The examination was conducted to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risk within the Company and evaluating system controls and procedures used to mitigate those risks. In addition, the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with Statements of Statutory Accounting Principles (“SSAP”) and annual statement instructions were assessed.

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.



The report is presented on an exception basis. 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**

As a result of the current examination period and review of the subsequent events, there were no significant findings noted.

### **HISTORY**

The Company originally incorporated in West Virginia as an assessable farmers' mutual fire insurance company on December 13, 1901. The Company is currently organized and operates pursuant to the provisions of Chapter 33, Article 22 of the West Virginia Code of 1931, as amended, and insures dwellings, farm property, churches, and livestock for the perils of fire and lightning. The Company's home office is currently located in Point Pleasant, West Virginia.

#### **Capitalization**

Organized as a farmers' mutual fire the Company does not issue capital stock. As such, the Company is not subject to minimum capital and/or surplus requirements applicable to other insurers as set forth in West Virginia Code § 33-3-5b. The Company issues perpetual assessable policies to its members. The members are subject to assessment adequate in amount to cover any deficiency in surplus required to meet the Company's insurance liabilities.

#### **Dividends to Policyholders**

The Company did not pay any dividends to policyholders over the examination period.

#### **Surplus Note**

The Company did not have any surplus notes during the examination period.

Mergers and Acquisitions

There were no mergers or acquisitions by the Company during the examination period.

**MANAGEMENT AND CONTROL**

**BOARD OF DIRECTORS**

The corporate powers of the Company are vested in the Board of Directors consisting of six members in compliance with Section Article VIII of the Company’s Constitution and in compliance with W. Va. Code §33-22-5. The individuals serving as members of the Board of Directors on December 31, 2022 were as follows:

<u>Name</u>	<u>Title</u>
James Perdue	President, Patrons Mutual Fire Insurance Company
Mary Perdue	Secretary and Treasurer, Patrons Mutual Fire Insurance Company
Dennis Brumfield	Vice President, Patrons Mutual Fire Insurance Company
Daniel Foglesong	Director and Policyholder, Patrons Mutual Fire Insurance Company
Earl Foglesong	Director and Policyholder, Patrons Mutual Fire Insurance Company
Carol Martin	Director and Policyholder, Patrons Mutual Fire Insurance Company

**OFFICERS**

The annual meeting of the Board must be held no later than 225 days following the fiscal year-end. At this meeting, the Board is required to elect a Chairman, President, Treasurer and Secretary who, when designated so, may be the same person.

Officers elected at the April 26,2022 Board of Directors Meeting and serving as of December 31, 2022, were as follows:

<u>Name</u>	<u>Title</u>
James Perdue	President
Mary Perdue	Secretary and Treasurer
Dennis Brumfield	Vice President

**COMMITTEES**

The Bylaws require no formal committees. However, the Company does informally operate utilizing an Investment Committee and an Executive Committee.

## **ORGANIZATIONAL CHART**

Historically, the Company is not part of a Holding Company system. As a farmers' mutual fire insurer transacting business under Article 22, the Company is owned by its policyholder/members, 23 in number as of December 31, 2023, which is down from the 31 at the end of the last examination. Therefore, an organizational chart is not required.

## **AGREEMENTS**

As of December 31, 2022, the Company had the following agreements in force:

### **Lease Agreement**

The Company's office space requirements are minimal. It leases space in Director and Vice-President Dennis Brumfield's CPA offices for holding annual members meetings, Board of Directors and Executive Committee meetings, telephone services for policyholder relations and equipment services such as copiers, faxes, etc. There is no formal lease agreement. The annual lease cost is minimal at \$900.00 per year and has been established by the Board of Directors.

## **TERRITORY AND PLAN OF OPERATION**

At December 31, 2023, the Company writes fire and lightning coverage primarily in the farming industry in West Virginia. The Company solely operates in the State of West Virginia. The President is the only appointed producing agent. One hundred percent (100%) of all business written is produced directly by Mr. Perdue. The Company did not write any new policies and has only produced renewal business during the examination period. The Company offers fire and lightning coverage with a maximum limit of \$15,000. The Company had 23 policies in force as of December 31, 2022

## **REINSURANCE**

### **Assumed**

As of December 31, 2022, the Company had no assumed reinsurance.

### **Ceded**

At December 31, 2022, the Company was not party to any ceded reinsurance agreements. The Company retains the full amount of risk on all policies.

### **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the WVOIC and present the financial condition of the Company for the period ending December 31, 2022. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

**STATEMENT OF ASSETS  
DECEMBER 31, 2022**

<u>Assets</u>	<u>Per Annual Statement</u>	<u>Examination Adjustments</u>	<u>Per Examination</u>
Certificates of Deposit	\$ 586,094	\$ -	\$ 586,094
Cash and Short-term investments (1)	58,521		58,521
Subtotals, Cash and Invested Assets	\$ 644,615	\$ -	\$ 644,615
Investment income due and accrued	56		56
Uncollected premiums and agents' balances in the course of collection (premiums and considerations)	-		-
Prepaid Taxes	-		-
Totals	<u>\$ 644,671</u>	<u>\$ -</u>	<u>\$ 644,671</u>

**STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS  
DECEMBER 31, 2022**

Liabilities	Per Annual Statement	Examination Adjustments	Per Examination
Other expenses	\$ 493		\$ 493
Total Liabilities	\$ 493	\$ -	\$ 493
<u>Surplus as Regards Policyholders</u>			
Unassigned Surplus	\$ 644,178		\$ 644,178
Total Surplus as Regards Policyholders	\$ 644,178	\$ -	\$ 644,178
 Total Liabilities, Surplus and Other Funds	 \$ 644,671	 \$ -	 \$ 644,671

**STATEMENT OF REVENUE AND EXPENSES****DECEMBER 31, 2022**

	<u>Per Annual Statement</u>	<u>Examination Adjustments</u>	<u>Per Examination</u>
<b>Underwriting Income</b>			
Premiums Earned	<u>\$ 7,378</u>	<u>\$ -</u>	<u>\$ 7,378</u>
Losses Incurred	<u>\$ -</u>		<u>\$ -</u>
Loss Expenses Incurred	<u>-</u>		<u>-</u>
Other Underwriting Expenses Incurred	<u>15,714</u>		<u>15,714</u>
Total Underwriting Deductions	<u>\$ 15,714</u>	<u>\$ -</u>	<u>\$ 15,714</u>
Net Underwriting Gain	<u>\$ (8,336)</u>	<u>\$ -</u>	<u>\$ (8,336)</u>
<b>Investment Income</b>			
Net Investment Income Earned	<u>\$ 5,944</u>		<u>\$ 5,944</u>
Net Realized Capital Gains			<u>\$ -</u>
Net Investment Income	<u>\$ 5,944</u>	<u>\$ -</u>	<u>\$ 5,944</u>
<b>Other Income</b>			
Total Other Income	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Net Income Before Dividends to Policyholders and Federal Income Taxes	<u>\$ (2,392)</u>	<u>\$ -</u>	<u>\$ (2,392)</u>
Federal Income Taxes Incurred	<u>-</u>		<u>-</u>
Net Income	<u>\$ (2,392)</u>	<u>\$ -</u>	<u>\$ (2,392)</u>



### **SUMMARY OF EXAMINATION CHANGES**

There were no adjustments made to the Company's financial statements as a result of this examination.

### **SUBSEQUENT EVENTS**

We completed the standard subsequent events procedures as part of the financial examination, and there were no material subsequent events identified.

### **SUMMARY OF EXAMINATION RECOMMENDATIONS**


As a result of the traditional scope financial examination, there were no findings or recommendations made.


**ACKNOWLEDGEMENT AND SIGNATURE**

This is to certify that the undersigned is a duly qualified Examiner appointed by the West Virginia Offices of the Insurance Commissioner. In addition to the undersigned, David Palmer, CFE of Lewis & Ellis, Inc., and Bill O'Connell, CFE consulting supervising examiner of Noble Consulting, Inc. participated in the examination.

The examination was performed in accordance with those procedures authorized by the NAIC Financial Condition Examiner's Handbook and other procedures appropriate for this examination. The attached report of examination is a true and complete report of the financial condition of Patrons Mutual Fire Insurance Company as of December 31, 2022, as determined by this examination.

Respectfully Submitted,

  
\_\_\_\_\_  
Ryne Davison  
Examiner-in-Charge  
Lewis & Ellis, Inc.  
Representing the WV Offices of the Insurance Commissioner

  
\_\_\_\_\_  
Mary Jo Lewis, CPA, APIR  
Director/Chief Financial Examiner  
Financial Conditions Division  
WV Offices of the Insurance Commissioner



STATE OF WEST VIRGINIA  
*Offices of the Insurance Commissioner*

Allan L. McVey  
Insurance Commissioner

November 10, 2023

Mr. James Perdue, President  
Patrons Mutual Fire Insurance Company  
PO Box 284  
Point Pleasant, West Virginia 25550

RE: Report of Financial Examination as of December 31, 2022  
Patrons Mutual Fire Insurance Company ("Patrons Mutual")  
NAIC #11056

Dear Mr. Perdue:

Please find enclosed a copy of the Report of Examination of Patrons Mutual. This examination was performed in accordance with the provisions of Chapter 33, Article 2, Section 9 of the West Virginia Code, as amended. The Report of Examination reflects the financial affairs and condition of Patrons Mutual, as of December 31, 2022.

You are hereby notified that you have ten (10) working days from receipt of this letter to make written submission or rebuttals with respect to any matter contained in the Report of Examination. If no exception is taken, please respond accordingly by the end of the ten (10) day comment period.

Sincerely,

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

ALM/mjl

Enclosure: Copy of Report of Financial Examination



Patrons Mutual Fire Insurance Company  
P O Box 284, 3301 Jackson Avenue  
Point Pleasant, WV 25550

December 13, 2023

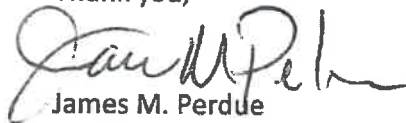
Mary Jo Lewis, CPA, APIR  
West Virginia Offices of the Insurance Commissioner  
Financial Conditions Division  
900 Pennsylvania Ave., 7<sup>th</sup> Floor Room 734  
Charleston, WV 25302

Ms. Lewis,

Patrons Mutual Fire Insurance Company reviewed the preliminary exam report.

Patrons Mutual Fire Insurance Company accepts the report as presented.

Thank you,



James M. Perdue  
President

Patrons Mutual Fire Insurance Company

