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

In the Matter of:

FARMERS AND MECHANICS MUTUAL INSURANCE COMPANY OF WEST VIRGINIA (NAIC #36315) and FARMERS AND MECHANICS FIRE & CASUALTY INSURANCE COMPANY (NAIC # 12611)

ADMINISTRATIVE PROCEEDING NO. 24-IC-173193

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 Farmers and Mechanics Mutual Insurance Company of West Virginia and Farmers and Mechanics Fire & Casualty Insurance Company (hereinafter referred to as the "Companies" or "FMMIC" and "FMFC"), as of December 31, 2022, made the following findings of fact, conclusions of law and order.

FINDINGS OF FACT

1. Farmers and Mechanics Mutual Insurance Company of West Virginia was organized pursuant to provisions of Article 22, Chapter 33, Section 8 of the *West Virginia Code* in order to furnish its members effective mutual insurance coverage.

2. FMMIC was incorporated on December 18, 1877, in the state of West Virginia as a farmers' mutual fire insurance company under the name "Farmers and Mechanics Mutual Fire Insurance Company of West Virginia. The word "fire" was deleted from its name in 1990. FMMIC commenced business on March 23, 1878. The Company writes only in the State of West Virginia.

3. Farmers and Mechanics Fire & Casualty Insurance Company is a stock property and casualty insurance company domiciled in and incorporated on May 2, 2006, under the laws of West

Virginia. FMFC is a wholly owned subsidiary of FMMIC. FMFC commenced business on July 24, 2006.

4. An examination of the financial condition and operational affairs of the Companies 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.

5. On April 18, 2024, 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.

6. On or about May 2, 2024, a true and accurate copy of the Report of Financial Examination was sent to Foster Sirbaugh, Jr., President. A copy of the letter dated May 2, 2024, is attached hereto as Exhibit B.

7. Pursuant to *West Virginia Code* §33-2-9(j)(2), the Company, by letter dated May 2, 2024, 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.

8. By letter dated May 6, 2024, Foster Sirbaugh, Jr. 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 May 6, 2024, 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 Companies were organized pursuant to the provisions of Article 22, Chapter

33 of the *West Virginia Code*.

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 Companies via certified mail, return receipt requested, upon entry by the Insurance Commissioner.

3. The Companies 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 Companies 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 9th day of May 2024.

Allan L. McVey

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

REPORT OF EXAMINATION

OF

FARMERS AND MECHANICS MUTUAL INSURANCE COMPANY OF WEST VIRGINIA

AND

FARMERS AND MECHANICS FIRE & CASUALTY INSURANCE COMPANY

MARTINSBURG, WV

NAIC COMPANY CODES: 36315 & 12611
NAIC GROUP CODE: 4339

AS OF DECEMBER 31, 2022

EXHIBIT
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West Virginia Offices of the Insurance Commissioner

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SALUTATION

April 18, 2024
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:

FARMERS AND MECHANICS MUTUAL INSURANCE COMPANY OF WEST VIRGINIA

and

FARMERS AND MECHANICS FIRE & CASUALTY INSURANCE COMPANY

25 Administrative Drive
Martinsburg, West Virginia 25404

hereinafter referred to as the "Companies" or "FMMIC" and "FMFC". The following Report of Examination is respectfully submitted.

SCOPE OF EXAMINATION

The examiners have performed a single-state, full-scope financial examination of the Companies. The last examination covered the 5-year period from January 1, 2013, through December 31, 2017. This examination commenced on August 23, 2023, pursuant to W.Va. Code §33-2-9, as amended, and covers the 5-year period from January 1, 2018, through December 31, 2022.

The purpose of this examination is to assess the financial condition of the Companies 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 Companies by obtaining information about the Companies including corporate governance, identifying and assessing inherent risk within the Companies 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 Companies 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 Companies' 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 Companies 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

FMMIC was incorporated on December 18, 1877, in the State of West Virginia under the name "Farmers and Mechanics Mutual Fire Insurance Company of West Virginia". The word "Fire" was deleted from its name in 1990. FMMIC commenced business on March 23, 1878. The purpose of the company is to furnish its members effective mutual insurance coverage authorized by Chapter 33, Article 22, Section 8 of the West Virginia Code. The Company writes only in the State of West Virginia.

FMFC is a stock property and casualty insurance company domiciled in and incorporated on May 2, 2006, under the laws of West Virginia. The company is a wholly owned subsidiary of FMMIC. FMFC commenced business on July 24, 2006. To initially capitalize FMFC on August 1, 2006, FMMIC purchased 125,000 shares of FMFC's common stock with an initial $2,500,000 investment. FMMIC purchased an additional 25,000 shares on June 11, 2010, totaling $500,000 and another 50,000 shares on December 14, 2013, totaling $1,000,000. FMMIC owns 100 percent of FMFC's issued and outstanding common stocks.

CORPORATE RECORD

Each policyholder of FMMIC is a member. Each member is entitled to one vote. The annual policyholders' membership meeting is held at the principal office of FMMIC in Berkeley County, West Virginia, on the second Friday in March to elect a Board of Directors and to transact any other lawful business that may come before it.

The minutes of the meetings of the policyholders, Board of Directors and committees reflected the elections of directors and officers, approvals of investment transactions and approvals of pertinent matters requiring corporate review.

FMFC minutes of the Board of Directors and committees reflected the election of directors and officers, approvals of investment transactions and approvals of other pertinent matters requiring corporate review. The annual stockholders' meeting is held at the principal office of FMFC in Berkeley County, West Virginia, on the second Friday in March to elect a Board of Directors to transact any other lawful business that may come before it.

There were no changes to the Charter or Bylaws for either company during the exam period.

MANAGEMENT AND CONTROL

FMMIC AND FMFC BOARD OF DIRECTORS

The corporate powers of each company are vested in the Board of Directors consisting of not less than 6 nor more than 15 members in compliance with Article 1 of the Bylaws and in compliance with W.Va. Code W. Va. Code § 33-22-5, FMMIC, and §33-5-3, FMFC. The individuals serving as members of the Board of Directors for both companies on December 31, 2022, were as follows:

Name	Title
James P. Whitacre	Board Member/Treasurer
Bernard L. Snyder	Board Member
James W. Dailey II	Chairman of the Board
Kenneth L. Banks	Board Member
Martin B. Frye	Board Member
Foster L. Sirbaugh, Jr.	Board Member/President
Vicki Jean S. Fulk	Board Member
Edwin D. McCormick	Board Member
Anthony J. Petrucci	Board Member
Tina C. Roach	Board Member

Charles W. Hensell III	Board Member
Henry M. Kayes, Jr.	Board Member

FMMIC AND FMFC OFFICERS

The annual meeting of the Board for both companies must be held on the second Friday in March following the fiscal year-end. At this meeting, the Board is required to elect a Chairman, Vice Chairman, President, Treasurer and Secretary. This is a combined meeting for both companies.

Officers elected at the March 11, 2022 Board of Directors Meetings and serving as of December 31, 2022 for both companies, were as follows:

Name	Title
Foster L. Sirbaugh, Jr.	President
James P. Whitacre	Treasurer
Martin B. Frye	Secretary
Daniel R. Otto	Senior VP, CFO
Danny S. Roberts	VP Sales and Marketing
Eric D. Barger	VP Underwriting
Harley E. Tingler	VP Claims
Kimberly A. Borden	VP of IT

COMMITTEES

The Bylaws of both companies allow for committees as may be necessary to properly conduct the business of the companies to be appointed. The Companies informally operate utilizing Executive, Audit, Finance, Strategic Planning, Marketing, Personnel, Nomination, and Proxy Committees.

As of December 31, 2022, members serving on the Committees which represents both of the Companies' Boards were as follows:

EXECUTIVE COMMITTEE

James W. Dailey, II, Chairman
E. Dennis McCormick
Martin B. Frye, Secretary
B. Lee Snyder

AUDIT COMMITTEE

Anthony J. Petrucci, Chairman
James W. Dailey, II, Board Chairman/Ex-officio
James P. Whitacre
E. Dennis McCormick

Dr. Kenneth L. Banks
James P. Whitacre
Henry M. Kayes, Jr.
Tina C. Roach
Foster L. Sirbaugh, Jr. President/CEO
Martin B. Frye
Charles W. Hensell, III
Tina C. Roach
Foster L. Sirbaugh, Jr., President/CEO

FINANCE COMMITTEE

Dr. Kenneth L. Banks, Chairman
James W. Dailey, II, Board Chairman/Ex-officio
Vicki Shockey Fulk
B. Lee Snyder
Anthony J. Petrucci
Martin B. Frye
Henry M. Kayes, Jr.
Charles W. Hensell, III
Foster L. Sirbaugh, Jr., President/CEO

MARKETING COMMITTEE

Vicki Shockey Fulk, Chairperson
James W. Dailey, II, Board Chairman/Ex-officio
Martin B. Frye
Dr. Kenneth L. Banks
Anthony J. Petrucci
B. Lee Snyder
Henry M. Kayes, Jr.
Tina C. Roach
Foster L. Sirbaugh, Jr., President/CEO

NOMINATION COMMITTEE

Charles W. Hensell, III, Chairman
James W. Dailey, II, Board Chairman/Ex-officio
Foster L. Sirbaugh, Jr., President/CEO
Anthony J. Petrucci
B. Lee Snyder

STRATEGIC PLANNING COMMITTEE

James P. Whitacre, Chairman
James W. Dailey, II, Board Chairman/Ex-officio
Dr. Kenneth L. Banks
E. Dennis McCormick
Vicki Shockey Fulk
Henry M. Kayes, Jr.
Charles W. Hensell, III
Foster L. Sirbaugh, Jr., President/CEO

PERSONNEL COMMITTEE

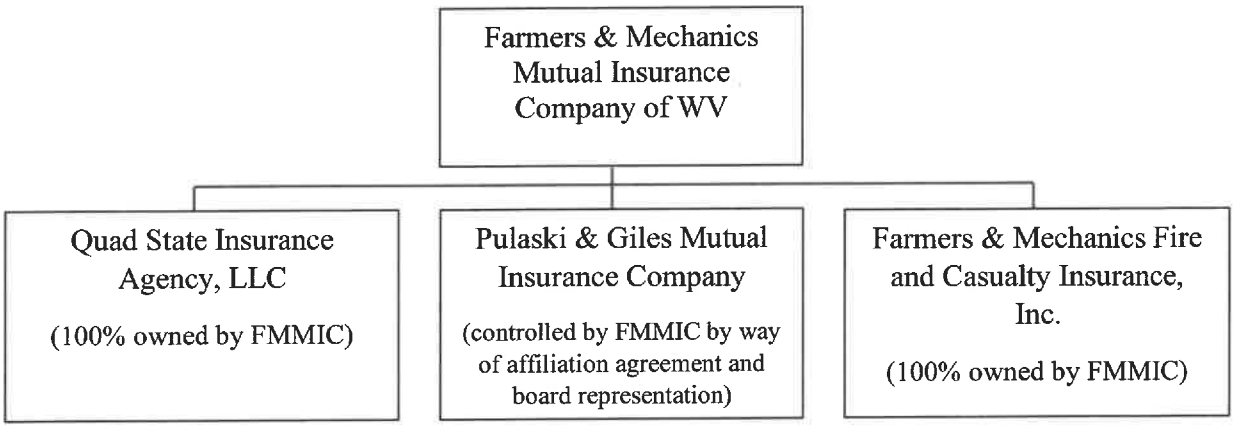
B. Lee Snyder, Chairman
James W. Dailey, II, Board Chairman/Ex-officio
Vicki Shockey Fulk
Anthony J. Petrucci
James P. Whitacre
E. Dennis McCormick
Charles W. Hensell, III
Tina C. Roach
Foster L. Sirbaugh, Jr., President/CEO

PROXY COMMITTEE

Tina C. Roach, Chairperson
James W. Dailey, II, Board Chairman/Ex-officio
Dr. Kenneth L. Banks
Vicki Shockey Fulk
Foster L. Sirbaugh, Jr., President/CEO

ORGANIZATIONAL CHART

The Companies are members of an insurance holding company system. The following is an organizational chart as of December 31, 2022:



AGREEMENTS

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

Expense Sharing Agreement

FMMIC and FMFC established an Expense Sharing Agreement on August 1, 2006. FMMIC provides certain management, underwriting support, accounting, and information system services to FMFC.

Affiliation Agreement

FMMIC and Pulaski and Giles Mutual Insurance Company ("PGM") established an Affiliation Agreement on September 29, 2016. FMMIC provides certain management, administrative, and policyholder services, including underwriting, claims adjustment, marketing, accounting and information system services to PGM.

Tax Sharing Agreement

Effective February 10, 2023, FMMIC and FMFC entered into a consolidated tax agreement. Pursuant to the agreement, FMMIC and FMFC will file a consolidated federal income tax return.

TERRITORY AND PLAN OF OPERATION

FMMIC writes primarily homeowners (including mobile homes), fire, commercial and farm-owners' policies exclusively in the State of West Virginia. FMMIC is also an Accredited Reinsurer in the State of Virginia, however, is not currently assuming any business in Virginia.

FMFC writes private passenger automobile insurance, umbrella, and other liability policies exclusively in the State of West Virginia.

Products for both companies are offered through independent insurance agencies, none of which represent a significant portion of the company's business.

REINSURANCE

Assumed

As of December 31, 2022, FMMIC participated in the Regional Reciprocal Catastrophe Pool (RRCP), assuming a small portion of the top layer of participating companies' property catastrophe reinsurance.

Ceded

The companies' reinsurance program is designed to protect its capital and surplus. The following coverages were in effect at December 31, 2022:

Multiple Line Excess of Loss

Effective January 1, 2022, both companies entered into a Multiple Line Excess of Loss treaty that covers $750,000 in excess of $250,000, providing coverage for property and casualty. In addition to this coverage, FMFC has coverage for $920,000 in excess of $80,000 for auto physical damage and auto liability policies.

Property Per Risk Excess of Loss

Effective January 1, 2022, both companies entered into a Property Per Risk Excess of Loss treaty that covers $500,000 in excess of $1 million ultimate net loss for each risk under policies classified by the companies as property.

Casualty Clash Excess of Loss

Effective January 1, 2022, both companies entered into a Casualty Clash Excess of Loss treaty that covers $1 million in excess of $1 million ultimate net loss for each loss occurrence under policies classified by the companies as casualty.

Catastrophe Excess

Effective January 1, 2022, the companies purchased catastrophe coverage with three layers. The first layer covers $4 million in excess of $2 million for first loss occurrence and $4.5 million in excess of $1.5 million for subsequent loss occurrences, not to exceed $8.5 million in any contract year.

The second layer covers $6 million in excess of $6 million per occurrence.

The third layer covers $6 million in excess of $12 million per occurrence. This layer is part of The Mutual Reinsurance Bureau's (MRB) regional reciprocal catastrophe pool (RRCP).

Umbrella

Effective January 1, 2022, both companies entered into an Umbrella Facultative treaty which provides coverage for personal, farm and commercial policies. The treaty provides coverage for 95 percent of the first $1 million and 100 percent of the second through fifth million.

In addition to the above, the Group purchases facultative coverage for any property with exposure greater than the excess treaty limits of $1.5 million.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Companies with the WVOIC and present the financial condition of each 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

FARMERS AND MECHANICS MUTUAL INSURANCE COMPANY OF WEST VIRGINIA

	Per Annual Statement	Statutory Examination Adjustments	Per Statutory Examination
Bonds	$ 48,624,385	$ -	$ 48,624,385
Common Stock	32,935,017		32,935,017
Properties occupied by the company	1,163,157		1,163,157
Cash and short term investments	8,465,322		8,465,322
Cash and invested assets	$ 91,187,881	$ -	$ 91,187,881
Investment income due and accrued	440,011		440,011
Uncollected premiums and agents' balances in the course of collection (premiums and considerations)	418,606		418,606
Deferred premiums; agents' balances and installments booked but deferred and not yet due	5,518,172		5,518,172
Amounts recoverable from reinsurers	27,408		27,408
Net deferred tax asset	328,395		328,395
Electronic data processing equipment	23,184		23,184
Receivables from parent; subsidiaries and affiliates	115,134		115,134
Aggregate write-ins for other than invested assets	1,648,200		1,648,200
Total Assets	$ 99,706,991	$ -	$ 99,706,991

FARMERS AND MECHANICS FIRE & CASUALTY INSURANCE COMPANY

	Per Annual Statement	Statutory Examination Adjustments	Per Statutory Examination
Bonds	$ 12,306,332	$ -	$ 12,306,332
Cash and short term investments	1,259,431		1,259,431
Cash and invested assets	$ 13,565,763	$ -	$ 13,565,763
Investment income due and accrued	97,211		97,211
Uncollected premiums and agents' balances in the course of collection	96,924		96,924
Deferred premiums; agents' balances and installments booked but deferred and not yet due	5,294,801		5,294,801
Amounts recoverable from reinsurers	13,591		13,591
Current federal and foreign income tax recoverable and interest thereon	387,404		387,404
Net deferred tax asset	315,050		315,050
Total Assets	$ 19,770,744	$ -	$ 19,770,744

STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS

DECEMBER 31, 2022

FARMERS AND MECHANICS MUTUAL INSURANCE COMPANY OF WEST VIRGINIA

	Per Annual Statement	Statutory Examination Adjustments	Per Statutory Examination
Losses	$ 2,838,343	$ -	$ 2,838,343
Loss adjustment expenses	769,254		769,254
Commissions payable; contingent commissions and other similar charges	2,030,786		2,030,786
Other expenses	334,580		334,580
Current federal and foreign income taxes	48,776		48,776
Unearned premiums	16,777,458		16,777,458
Advance premium	580,302		580,302
Ceded reinsurance premiums payable	125,882		125,882
Amounts withheld or retained by company	3,631		3,631
Total Liabilities	$ 23,509,012	$ -	$ 23,509,012
Unassigned funds	76,197,979		76,197,979
Total Capital and Surplus	$ 76,197,979	$ -	$ 76,197,979
Total Liabilities, Capital and Surplus	$ 99,706,991	$ -	$ 99,706,991

FARMERS AND MECHANICS FIRE & CASUALTY INSURANCE COMPANY

	Per Annual Statement	Statutory Examination Adjustments	Per Statutory Examination
Losses	$ 3,151,037	$ -	$ 3,151,037
Loss adjustment expenses	422,414		422,414
Commissions payable; contingent commissions and other similar charges	966,376		966,376
Other expenses	25,077		25,077
Taxes; licenses and fees	147,370		147,370
Unearned premiums	6,773,097		6,773,097
Advance premium	75,808		75,808
Ceded reinsurance premiums payable	65,044		65,044
Payable to parent; subsidiaries and affiliates	107,452		107,452
Total Liabilities	$ 11,733,675	$ -	$ 11,733,675
Common capital stock	1,600,000		1,600,000
Gross paid in and contributed surplus	2,400,000		2,400,000
Unassigned funds	4,037,068		4,037,068
Total Capital and Surplus	$ 8,037,068	$ -	$ 8,037,068
Total Liabilities, Capital and Surplus	$ 19,770,743	$ -	$ 19,770,743

STATEMENT OF REVENUE AND EXPENSES
DECEMBER 31, 2022

FARMERS AND MECHANICS MUTUAL INSURANCE COMPANY OF WEST VIRGINIA

	Per Annual Statement	Statutory Examination Adjustments	Per Statutory Examination
Premiums earned	$ 27,761,138	$ -	$ 27,761,138
Losses incurred	11,297,384		11,297,384
Loss adjustment expenses incurred	1,384,473		1,384,473
Other underwriting expenses incurred	9,618,632		9,618,632
Net underwriting gain (loss)	$ 5,460,649	$ -	$ 5,460,649
Net investment income earned	1,645,371		1,645,371
Net realized capital gains (losses)	224,114		224,114
Net investment gain (loss)	$ 1,869,485	$ -	$ 1,869,485
Net gain (loss) from agents' or premium balances charged off	(9,248)		(9,248)
Finance and service charges not included in premiums	72,295		72,295
Aggregate write-ins for miscellaneous income	31,840		31,840
Total other income	$ 94,887	$ -	$ 94,887
Net income; after dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	7,425,021		7,425,021
Federal and foreign income taxes incurred	1,478,107		1,478,107
Net income	$ 5,946,914	$ -	$ 5,946,914

FARMERS AND MECHANICS FIRE & CASUALTY INSURANCE COMPANY

	Per Annual Statement	Statutory Examination Adjustments	Per Statutory Examination
Premiums earned	$ 11,850,552	$ -	$ 11,850,552
Losses incurred	8,094,843		8,094,843
Loss adjustment expenses incurred	1,067,279		1,067,279
Other underwriting expenses incurred	3,751,828		3,751,828
Net underwriting gain (loss)	$ (1,063,398)	$ -	$ (1,063,398)
Net investment income earned	293,489		293,489
Net realized capital gains (losses)	(87,294)		(87,294)
Net investment gain (loss)	$ 206,195	$ -	$ 206,195
Net gain (loss) from agents' or premium balances charged off	(11,709)		(11,709)
Finance and service charges not included in premiums	27,859		27,859
Total other income	$ 16,150	$ -	$ 16,150
Net income; after dividends to policyholders; after capital gains tax and before all other federal and foreign income taxes	(841,053)		(841,053)
Federal and foreign income taxes incurred	(147,075)		(147,075)
Net income	$ (693,978)	$ -	$ (693,978)

RECONCILIATION OF SURPLUS
DECEMBER 31, 2022

FARMERS AND MECHANICS MUTUAL INSURANCE COMPANY OF WEST VIRGINIA

	2022	2021	2020	2019	2018
Capital and surplus prior reporting year	$ 75,498,454	$ 65,526,070	$ 58,004,740	$ 52,787,970	$ 51,161,701
Net income or (loss)	5,946,914	7,267,168	5,089,902	3,870,873	1,044,968
Change in net unrealized capital gains or (losses)	(5,299,658)	2,657,219	2,139,736	1,212,219	250,278
Change in net deferred income tax	45,356	95,793	297,324	127,546	351,631
Change in nonadmitted assets	6,913	(47,796)	(5,632)	6,132	(20,608)
Change in surplus as regards policyholders for the year	699,525	9,972,384	7,521,330	5,216,770	1,626,269
Capital and surplus end of reporting year	$ 76,197,979	$ 75,498,454	$ 65,526,070	$ 58,004,740	$ 52,787,970

FARMERS AND MECHANICS FIRE & CASUALTY INSURANCE COMPANY

	2022	2021	2020	2019	2018
Capital and surplus prior reporting year	$ 8,792,304	$ 8,576,545	$ 7,264,954	$ 6,831,409	$ 5,333,444
Net income or (loss)	(693,978)	203,781	1,281,192	331,137	1,495,574
Change in net unrealized capital gains or (losses)	(74,412)	(3,560)	18,471	22,629	(14,171)
Change in net deferred income tax	27,242	15,538	11,928	66,119	30,222
Change in nonadmitted assets	(14,088)			13,660	(13,660)
Change in surplus as regards policyholders for the year	(755,236)	215,759	1,311,591	433,545	1,497,965
Capital and surplus end of reporting year	$ 8,037,068	$ 8,792,304	$ 8,576,545	$ 7,264,954	$ 6,831,409

SUMMARY OF EXAMINATION CHANGES

There are no proposed adjustments to either company's financial statements as a result of this examination.

SUBSEQUENT EVENTS

There were no items to disclose as a result of the completion of the standard subsequent events procedures as part of the financial examination.

SUMMARY OF EXAMINATION RECOMMENDATIONS

As a result of the traditional scope financial examination, there are no recommendations being made.

ACKNOWLEDGEMENT AND SIGNATURE

This is to certify that the undersigned is a duly qualified Examiner appointed by the WVOIC. In addition to the undersigned, Rachelle Gowins, consulting supervising examiner and April Spevak, assisting examiner of Examination Resources, LLC 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 financial condition of Farmers and Mechanics Mutual Insurance Company of West Virginia and Farmers and Mechanics Fire and Casualty Insurance Company as of December 31, 2022, as determined by this examination.

Respectfully Submitted,

Joanne Campanelli

Joanne Campanelli, CFE, MCM, ARC
Examiner-in-Charge
Examination Resources, LLC
Representing the WV Offices of the Insurance Commissioner

Mary Jo Lewis

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

FARMERS &
MECHANICS
INSURANCE COMPANIES

P.O. BOX 1917
MARTINSBURG, WV 25402-1917

PHONE 800-444-1917 | FAX 800-333-4319
FMIWV.COM

May 6, 2024

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

RE: Report of financial examination for Farmers & Mechanics Mutual Insurance Company of WV and Farmers & Mechanics Fire & Casualty Insurance Company, as of December 31, 2022.

Dear Mary Jo,

The company acknowledges and accepts the ROE for Farmers & Mechanics Mutual Insurance Company of WV and Farmers & Mechanics Fire & Casualty Insurance Company, as of December 31, 2022.

We will await the final order.

Regards,

Foster L. Sirbaugh, Jr.
President / CEO

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STATE OF WEST VIRGINIA
Offices *of the* Insurance Commissioner

Allan L. McVey
Insurance Commissioner

May 2, 2024

Mr. Foster Sirbaugh, Jr., President
Farmers and Mechanics Mutual Insurance Company of West Virginia
Farmers and Mechanics Fire and Casualty Insurance Company
25 Administrative Drive
Martinsburg, WV 25404

RE: Report of Financial Examination as of December 31, 2022
Farmers & Mechanics Mutual Fire Insurance Company of WV – NAIC #36315
Farmers & Mechanics Fire & Casualty Insurance Company – NAIC #12611

Dear Mr. Sirbaugh:

Please find enclosed a copy of the consolidated Report of Examination of Farmers & Mechanics Mutual Fire Insurance Company of WV and Farmers & Mechanics Fire & Casualty Insurance Company. 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 both companies, 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

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

ALM/jot

Enclosure: Copy of Report of Examination

Financial Conditions Division
PO Box 50540
Charleston, WV 25305-0540

"We are an Equal Opportunity Employer"

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Facsimile (304) 558-1365
www.wvinsurance.gov

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