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

In the Matter of:

FARMERS HOME FIRE INSURANCE COMPANY OF WEST VIRGINIA (NAIC #15342)

ADMINISTRATIVE PROCEEDING NO. 25-IC-179538

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 Home Fire Insurance Company (hereinafter referred to as the "Company" or "FHFIC", as of December 31, 2023, made the following findings of fact, conclusions of law and order.

FINDINGS OF FACT

1. Farmers Home Fire Insurance Company is licensed pursuant to provisions of Article 22, Chapter 33 of the *West Virginia Code* as a primarily fire, property coverage carrier. The Company incorporation as a domestic, non-stock, mutual insurance company on June 20, 1896.

2. An examination of the financial condition and operational affairs of the Company for the period beginning January 1, 2019, and ending December 31, 2023, was conducted in accordance with *West Virginia Code* §33-2-9(c) by the Insurance Commissioner.

3. On February 12, 2025, 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.

4. On or about February 25, 2025, a true and accurate copy of the Report of Financial Examination was sent to John B. Arbuckle, Jr., Secretary-Treasurer/Chairman. A copy of the letter dated February 25, 2025, is attached hereto as Exhibit B.

5. Pursuant to *West Virginia Code* §33-2-9(j)(2), the Company, by letter dated February 25, 2025, 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.

6. By letter dated March 3, 2025, John B. Arbuckle, Jr., Secretary/Treasurer and Chairman of the Board 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 March 3, 2025, 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 Farmers Home Fire Insurance Company is licensed pursuant to provisions of Article 22, Chapter 33 of the *West Virginia Code* as a farmers' mutual fire insurance 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 the 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 4th day of March 2025.

Allan L. McVey

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

REPORT OF EXAMINATION

OF

FARMERS HOME FIRE INSURANCE COMPANY OF WEST VIRGINIA

LEWISBURG, WEST VIRGINIA

NAIC #15342

AS OF DECEMBER 31, 2023

EXHIBIT

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SALUTATION

February 12, 2025
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") as adopted pursuant to W.Va. Code § 33-2-9(i)(1), an examination has been made of the administrative affairs, books, records, and financial condition of:

Farmers Home Fire Insurance Company of West Virginia

800 Jefferson Street South
Lewisburg, WV 24901

hereinafter referred to as the "Company" or "FHFIC". The following Report of Examination is respectfully submitted.

SCOPE OF EXAMINATION

The Company was last examined as of December 31, 2018. The current examination commenced on October 15, 2024, 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, 2019, through December 31, 2023, 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, examiners did not identify any significant findings.

HISTORY

The Company was incorporated on June 20, 1896, under the laws of the state of West Virginia, and commenced business on June 26, 1896. The Company is authorized to transact business as a farmers' mutual fire insurance company under the provisions of Article 22 of Chapter 33 of the West Virginia Code. The Company's purpose shall be to safeguard its members, so far as possible, against property losses and to distribute the same on the mutual insurance plan permitted by the Statutes of West Virginia, as set forth in the Company's Bylaws.

Dividends to Policyholders

The Company did not pay any dividends to policyholders 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 nine (9) members in compliance with Article IV of the Company's Bylaws and in compliance with W. Va. Code §33-22-5(a). The individuals serving as members of the Board of Directors on December 31, 2023, were as follows:

Name	Title
John Brownlee Arbuckle, Jr.	Secretary/Treasurer and Chairman of the Board
Julian F. Arbuckle	Assistant Secretary/Treasurer
Joel S. Callison	Farmer

Donald McNeel	Farmer
Vincent Deeds	Retired Law Enforcement, Minister, State Senator
James Wilbur Larew	President and Retired Farmer
Roy P. Loudermilk	Retired Machine Operator and Farmer
Kenneth A. Holiday Jr.	Farmer
Carolyn S. Napier	Retired Health Professional

OFFICERS

The annual meeting of the Board shall be held immediately following the annual meeting of members to elect from the number, for terms of one (1) year, a President, Vice President, Treasurer, and Secretary as designated by the Board. Except for the office of the President, multiple officer positions may be held by the same person.

Officers elected at the August 8, 2023, Board of Directors Meeting and serving as of December 31, 2023, were as follows:

Name	Title
James Wilbur Larew	President
John Brownlee Arbuckle, Jr.	Secretary/Treasurer and Chairman of the Board
Julian F. Arbuckle	Assistant Secretary/Treasurer
Vincent Deeds	Vice President

COMMITTEES

The Officers of the Company shall consist of an Executive Committee with such powers as the Board of Directors may delegate to it and shall meet at the call of the Secretary, as stated in the Company's Bylaws. There was no Committee activity during the period under examination.

AGREEMENTS

As of December 31, 2023, the Company had the following agreements in force:

Lease Agreement

Effective April 1, 2015, the Company entered into a lease agreement with Arbuckle Insurance Agency ("Arbuckle"), leasing the use and occupancy of the Company's building, joint with the Company, of its shared building. Arbuckle pays the Company an agreed upon fee monthly, which is due on the first of each calendar month. The agreement allows for consecutive one-year terms, which is reviewed and extended each year by the Board of Directors.

Shared Services Agreement

Effective April 1, 2015, the Company entered into an agreement with Arbuckle to share expenses for shared services. Under the terms of the agreement, the Company provides sufficient staffing to Arbuckle for the benefit of running the agency's day-to-day business. In return, Arbuckle pays an agreed upon fee to the Company for fair share cost reimbursement of shared employee salaries and medical insurance. The agreement allows for automatic renewal of one-year terms, unless cancelled.

TERRITORY AND PLAN OF OPERATION

At December 31, 2023, the Company writes primarily fire, property coverage only, with a maximum retained liability of $35,000 on mostly low-value dwellings, older mobile homes, and farming and construction outbuildings. The Company also writes a small amount of inland marine property coverage on farm equipment and livestock. The Company writes business solely in the state of West Virginia, primarily in Greenbrier County, as well as the counties of Monroe, Pocahontas, and Summers. The Company does not write liability coverage.

REINSURANCE

Assumed

As of December 31, 2023, the Company had no assumed reinsurance.

Ceded

At December 31, 2023, the Company was party to the following ceded reinsurance agreement:

The Company's reinsurance program is comprised of a single aggregate excess of loss agreement, reinsuring the Company's extended coverage contracts. The agreement states that the Reinsurer shall be liable in the aggregate in relation to losses occurring during the term of the Contract for one hundred percent (100%) of the Ultimate Net Loss over and above an initial Net Loss of ninety percent (90%) of Gross Net Written Premium Income, subject to a limit of liability to the Reinsurer of one hundred percent (100%) of $300,000.

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, 2023. 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, 2023

	Per Company
Bonds	$ 3,973,386
Preferred stocks	103,710
Common stocks	11,834
Properties occupied by the company	93,296
Cash	84,079
Subtotals, cash and invested assets	$ 4,266,305
Investment income due and accrued	50,501
Current federal and foreign income tax recoverable	13,500
Net deferred tax asset	28,754
Total assets	**$ 4,359,060**

STATEMENT OF LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2023

	Per Company
Losses	$ 400
Commissions payable	115
Taxes, licenses and fees	5,013
Unearned premiums	6,384
Advance premium	4,841
Totals liabilities	**$ 16,753**
Unassigned funds (surplus)	4,342,307
Surplus as regards policyholders	**$ 4,342,307**
Total liabilities, capital and surplus	**$ 4,359,060**

STATEMENT OF INCOME
DECEMBER 31, 2023

	Per Company
Underwriting Income	
Premiums earned	$ 281,464
Deductions	
Losses incurred	94,079
Loss adjustment expenses	26,396
Other underwriting expenses incurred	410,244
Total underwriting deductions	530,719
Net underwriting loss	(249,255)
Investment Income	
Net investment income earned	170,357
Net investment gain	170,357
Other Income	
Reinstatement Fees, Vacancy Permits, VSI	98
Total other income	98
Net income, after capital gains tax and before federal taxes	(78,800)
Federal and foreign income taxes incurred	-
Net income (loss)	**$ (78,800)**

RECONCILIATION OF SURPLUS
DECEMBER 31, 2023

Surplus as of Prior Examination – 12/31/2018	$4,497,721
Net Income	(21,486)
Change in net unrealized capital gains	110,132
Change in net deferred income tax	(81,330)
Change in nonadmitted assets	104,727
Change in surplus as regards policyholders	112,043
Surplus at December 31, 2019	$4,609,764
Net Income	(3,950)
Change in net unrealized capital gains	114,366
Change in net deferred income tax	(40,388)
Change in nonadmitted assets	8,128
Change in surplus as regards to policyholders	78,156
Surplus at December 31, 2020	$4,687,920
Net Income	(7,330)
Change in net unrealized capital gains	62,651
Change in net deferred income tax	(20,259)
Change in nonadmitted assets	4,254
Change in surplus as regards to policyholders	39,316
Surplus at December 31, 2021	$4,727,236
Net Income	(154,969)
Change in net unrealized capital gains	(292,842)
Change in net deferred income tax	234,292
Change in nonadmitted assets	(171,944)
Change in surplus as regards to policyholders	(385,463)
Surplus at December 31, 2022	$4,341,773
Net Income	(78,800)
Change in net unrealized capital gains	79,667
Change in net deferred income tax	(134,360)
Change in nonadmitted assets	134,027
Change in surplus as regards to policyholders	534
Surplus at December 31, 2023	$4,342,307

SUMMARY OF EXAMINATION CHANGES

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

SUBSEQUENT EVENTS

No events were identified during the completion of the standard subsequent events procedures as a result of the financial examination.

SUMMARY OF EXAMINATION RECOMMENDATIONS

As a result of the traditional scope financial examination, Examiners did not have examination recommendations.

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, William A. O'Connell, CPA, CFE, CFE (Fraud), consulting supervising examiner of Noble Consulting Services, 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 the Company as of December 31, 2023, as determined by this examination.

Respectfully Submitted,

Matthew Jones

Matthew Jones, CFE, MCM
Examiner-in-Charge
Noble Consulting Services, Inc.
Representing the WV Offices of the Insurance Commissioner

Mary Jo Lewis

Mary Jo Lewis, CPA
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

February 25, 2024

Mr. John B. Arbuckle, Jr., Secretary-Treasurer/Chairman
Mr. Julian F. Arbuckle, Assistant Secretary-Treasurer
Farmers Home Fire Insurance Company of WV
800 Jefferson Street South
Lewisburg, WV 24901

RE: Report of Financial Examination as of December 31, 2023
Farmers Home Fire Insurance Company of WV: NAIC: #15342

Dear John and Julian Arbuckle:

Please find enclosed a copy of the Report of Examination of Farmers Home Fire Insurance Company of WV. 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 Farmers Home Fire Insurance Company of WV, as of December 31, 2023.

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 Examination

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FARMERS HOME FIRE INSURANCE CO.

OF WEST VIRGINIA

ESTABLISHED 1896

800 JEFFERSON STREET SOUTH
PO DRAWER 589
LEWISBURG, WEST VIRGINIA 24901
304-645-1975 800-273-9962

JOHN B. ARBUCKLE, JR.
SECRETARY/TREASURER

JULIAN F. ARBUCKLE
ASST. SECRETARY/TREASURER

March 3, 2025

The Honorable Allan L. McVey

West Virginia Insurance Commissioner

900 Pennsylvania Ave.

Charleston, West Virginia 25302

Dear Allen:

This is to acknowledge receipt of the Report of Examination of Farmers Home Fire Insurance Company for the five years ending December 31, 2023.

I take no exception to anything in the report. I do want to thank Matthew Jones for conducting the examination very efficiently and professionally. I also want to acknowledge Mary Lewis and Bill O'Connell from the OIC for their assistance. The team was easy to work with and made my part more enjoyable throughout the process.

I look forward to the official copy of the examination. It will be presented to the Board April 29th at our next board meeting. Hope all is well.

Sincerely,

Julian F. Arbuckle

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