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

In the Matter of:

SAFE INSURANCE COMPANY (NAIC #14281)

ADMINISTRATIVE PROCEEDING NO. 26-IC-189182

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 W. Va. Insurance Company (hereinafter referred to as "Company"), as of December 31, 2024, made the following findings of fact, conclusions of law and order.

FINDINGS OF FACT

1. The Company was incorporated on February 21, 1911, under the laws of the State of West Virginia, and commenced business on July 16, 1937. 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.

2. On January 6, 1979, the company established a working relationship with Inland Mutual Insurance Company (hereinafter "Inland") located in Huntington, West Virginia. Pursuant to the Affiliation Agreement, Inland provided Safe with management services which were performed at Inland's home office in Huntington, West Virginia. As a result, Safe moved its home office to Huntington, West Virginia and became co-located with Inland. In 1990, the Affiliation Agreement was replaced with an Expense Sharing Agreement.

3. A single-state examination of the financial condition and operational affairs of the Company for period beginning January 1, 2020 and ending December 31, 2024, was conducted in accordance with W. Va. Code §32-2-9(c) by the Insurance Commissioner.

4. On May 4, 2026, 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 June 9, 2026, a true and accurate copy of the Report of Financial Examination was mailed to and received by L. Frank Norton, Jr., President. A copy of the letter dated June 9, 2026, is attached hereto as Exhibit B.

6. Pursuant to *West Virginia Code* §33-2-9(j)(2), the Company, by letter dated June 1, 2026, 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 June 10, 2026, L. Frank Norton, Jr., acknowledged that he had reviewed the Report of Financial Examination and did not materially dispute the findings of the examination. A copy of the Company's letter of June 10, 2026, 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 is organized pursuant to provisions of Article 5, 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 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 Commissioner are subject to judicial review in the Intermediate Court of Appeals as set forth in W.Va. Code §51-11-4(b)(4), any person aggrieved by this Order may, within 30 days after the entry of the judgment being appealed, file an appeal as set forth in W.Va. Code §33-2-14 and W.Va. R.A.P., Rule 5(b).

Entered this 15th day of June, 2026.

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

REPORT OF EXAMINATION

OF

SAFE INSURANCE COMPANY

HUNTINGTON, WV

NAIC #15415

AS OF DECEMBER 31, 2024

EXHIBIT

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SALUTATION

June 2, 2026
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:

Safe Insurance Company

1017 Sixth Avenue
Huntington, WV 25701

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

SCOPE OF EXAMINATION

The Company was last examined as of December 31, 2019. The current examination commenced on September 18, 2025, and is a multi-state, full-scope, five-year examination pursuant to W. Va. Code §33-2-9, as amended, covering the period from January 1, 2020, through December 31, 2024, 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

There were no significant findings as a result of this examination.

HISTORY

The Company was incorporated on February 21, 1911, in Harrisville, WV. The Company operates as a Farmers Mutual Fire Insurance Company under Chapter 33, Article 22 of the West Virginia State Code. On January 6, 1979, the Company established a working relationship with Inland Mutual Insurance Company (hereinafter "Inland") located in Huntington, WV. Pursuant to the "Affiliation Agreement," Inland provided Safe with management services which were performed at Inland's home office in Huntington, WV. As a result, Safe moved its home office to Huntington, WV and became co-located with Inland. In 1990, the Affiliation Agreement was replaced with an Expense Sharing Agreement.

Capitalization

The Company is a non-stock farmers mutual insurance company organized under the farm mutual statutes of the West Virginia Insurance Code, and as such has no capital stock outstanding.

Dividends to Policyholders

There were no dividends to policyholders declared or paid during the examination period.

Mergers and Acquisitions

There were no mergers or acquisitions during the examination period.

Name Change

The Company's name did not change during the examination period.

Significant Changes in Key Trends

The Company did not experience any significant changes 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 not less than six (6) nor more than fifteen (15) members in compliance with Article II, Section 1 of the Company's Bylaws and in compliance with W. Va. Code §33-5-3. The individuals serving as members of the Board of Directors on December 31, 2024, were as follows:

Name	Principal Occupation
William Bartlett	Director, Broadcast Television Advertising, WOWK Affiliate of CBS
James E. Cummings	Mass Mutual, Insurance Agent and Advisor
David M. Justice	Owner, Justice Glass and Service Glass
L. Frank Norton, Jr.	President, Safe Insurance Company Vice President, Inland Mutual Insurance Company
J. Carter Norton	Vice President, Safe Insurance Company President, Inland Mutual Insurance Company
Benjamin T. Owings, Sr.	Retired Insurance Broker
David A. Stump	Treasurer, Safe Insurance Company

OFFICERS

According to the bylaws, the annual meeting of the Board shall be held on the fourth Saturday in April each year. At this meeting, the Board is required to elect a President, Vice President, Treasurer and Secretary.

Officers elected at the April 27, 2024, Board of Directors Meeting and serving as of December 31, 2024, were as follows:

Name	Title
L. Frank Norton, Jr.	President

J. Carter Norton	Vice President
Michael A. Berlin	Corporate Secretary
David A. Stump	Treasurer
Casey D. Harbour	Assistant Corporate Secretary
Sean P. Adkins	Assistant Treasurer

COMMITTEES

The Bylaws require a Proxy Committee to be appointed by the Board of Directors. The Proxy Committee also serves as the Company's Audit Committee ("Proxy & Audit Committee"). The Board of Directors also appointed an Executive Committee and Investment Committee as permitted within its Bylaws.

As of December 31, 2024, members serving on the Committees of the Safe Board were as follows:

Proxy & Audit Committee

- David M. Justice
- William Bartlett
- Benjamin T. Owings, Sr.
- James E. Cummings

Executive Committee

- David M. Justice
- L. Frank Norton, Jr.
- J. Carter Norton
- Benjamin T. Owings, Sr.

Investment Committee

- L. Frank Norton, Jr.
- David A. Stump
- William Bartlett
- James E. Cummings

AGREEMENTS

The Company shares common operational management with Inland and maintains several working relationships with them. All shared employees are employed by Inland. The Company also has transactions with Associated Insurance Services, Inc. ("AIS"), a related party to both Inland and Safe. The following summarizes the related party agreements.

As of December 31, 2024, the Company had the following agreements in force:

General Agency Agreement

Effective November 1, 2014, the Company entered into a General Agency Agreement with AIS whereby AIS will act as a general agent for the Company and receive and accept proposals for insurance in the territory of West Virginia for classes of risk authorized by the Company. Commissions are to be paid to AIS according to the terms of the schedule in the Agreement.

Expense Sharing Agreement

Effective September 1, 2007, the Company entered into an Expense Sharing Agreement with Inland whereby the companies agree to share certain administrative expenses as outlined in the Agreement. Expenses are shared on a company equal percentage basis whenever sales, or policyholder members in force, or assets being invested, or regular reporting are essentially equivalent. In the event of irregular or unexpected costs, sharing expenses on a sales relationship only basis is to be modified by reasonable judgement and mutual agreement of the companies.

Effective April 26, 2013, the Agreement was amended to exclude potential bonuses to either officers or non-officer staff from consideration as a regular or common expense under the Agreement. In the event the Board of Directors approve such bonuses, the percentage of participation by either company shall be based on a host of considerations in order to allocate such expenses as fairly and equitably as possible.

Total expenses reimbursed under this agreement to Inland by Safe was $1,213,430 in 2024.

Rental Agreement

Effective January 1, 2019, the Company entered into a Rental Agreement with Inland whereby Safe leases interior office space on the building's first floor. Safe paid Inland $21,600 in rent during 2024.

TERRITORY AND PLAN OF OPERATION

At December 31, 2024, the Company primarily writes homeowners multiple peril, fire, and other liability occurrence coverage primarily in the property and casualty industry in West Virginia. The Company is not licensed in any other state. The Company began writing fire coverage in 1911 and has been writing homeowners multiple peril coverage for more than 35 years.

REINSURANCE

Assumed

Effective January 1, 2013, Safe and Inland entered into a reciprocal Combined Excess of Loss Catastrophe Reinsurance contract that specified each company would pay 2.25% of net premiums as defined by the reinsurance agreement. In return, each company agreed to pay losses on a per risk basis in excess of $300,000, with a maximum of $200,000 to be paid per loss occurrence and $400,000 in any one calendar year. Effective January 1, 2019, the premium rate for the reciprocal, combined Excess of Loss / Catastrophe was reduced to 1.00% of net premiums for both companies.

Ceded

Effective January 1, 2024, Inland and Safe entered into a multi-line property per risk excess of loss reinsurance agreement with Swiss Reinsurance America Corporation for a two-year term. Property per risk retention is $35,000 each occurrence. Liability excess of loss retention is $35,000 each occurrence. This contract is not brokered but rather negotiated on a direct basis.

Effective January 1, 2023, Inland and Safe entered a first excess property catastrophe reinsurance treaty with Shelter Mutual Insurance Company. The Companies' retention is $500,000 net loss arising out of an occurrence. The reinsurance limit is 100% of $1,500,000 excess over $500,000.

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, 2024. 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, 2024

	Per Company
Bonds	$ 7,228,896
Preferred stocks	960,348
Common stocks	2,727,417
Cash	1,556,775
Cash equivalents	1,242,365
Subtotals, cash and invested assets	$ 13,715,801
Investment income due and accrued	59,451
Uncollected premiums and agents' balances	29,346
Deferred premiums, agents' balances and installments booked but deferred and not yet due	288,653
Amounts recoverable from reinsurers	36,306
Other amounts receivable under reinsurance contracts	1,066
Current federal and foreign income tax recoverable	23,004
Net deferred tax asset	50,100
Health care and other amounts receivable	136,570
Total assets	**$ 14,340,297**

STATEMENT OF LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2024

	Per Company
Losses	$ 322,786
Loss adjustment expenses	145,265
Commissions payable	114,165
Other expenses	154,139
Unearned premiums	1,033,253
Advance premium	29,346
Ceded reinsurance premiums payable	45,647
Totals liabilities[1]	**$ 1,844,602**
Unassigned funds (surplus)	12,495,696
Surplus as regards policyholders	**$ 12,495,696**
Total liabilities and surplus	**$ 14,340,297**

[1] Balance contains immaterial rounding differences

STATEMENT OF INCOME
DECEMBER 31, 2024

	Per Company
Underwriting Income	
Premiums earned	$ 2,289,786
Deductions	
Losses incurred	666,777
Loss adjustment expenses incurred	531,298
Other underwriting expenses incurred	1,099,377
Total underwriting deductions[2]	2,297,451
Net underwriting loss	(7,665)
Investment Income	
Net investment income earned	319,601
Net realized capital gains	60,890
Net investment gain [2]	380,492
Other Income	
Net loss from agents' or premium balances charged off	(2,657)
Finance and service charges not included in premiums	30,716
Bankruptcy distribution	23
Total other income	28,082
Federal and foreign income taxes incurred	66,104
Net income	**$ 334,805**

[2] Balance contains immaterial rounding differences

RECONCILIATION OF SURPLUS
DECEMBER 31, 2024

Surplus as of Prior Examination – 12/31/2019	$10,806,488
Net Income	531,664
Change in net unrealized capital gains	(77,178)
Change in net deferred income tax	13,187
Change in nonadmitted assets	(1,374)
Change in surplus as regards policyholders	466,299
Surplus at December 31, 2020	$11,272,787
Net Income	426,695
Change in net unrealized capital gains	221,820
Change in net deferred income tax	(46,917)
Change in nonadmitted assets	9,949
Change in surplus as regards to policyholders	611,547
Surplus at December 31, 2021	$11,884,334
Net Income	385,325
Change in net unrealized capital gains	(771,442)
Change in net deferred income tax	159,744
Change in nonadmitted assets	(20,674)
Change in surplus as regards to policyholders	(247,047)
Surplus at December 31, 2022	$11,637,287
Net Income	340,190
Change in net unrealized capital gains	123,559
Change in net deferred income tax	(28,061)
Change in nonadmitted assets	30,008
Change in surplus as regards to policyholders	465,695
Surplus at December 31, 2023	$12,102,982
Net Income	334,805
Change in net unrealized capital gains	77,262
Change in net deferred income tax	(19,354)
Change in surplus as regards to policyholders	392,713
Surplus at December 31, 2024	$12,495,696

SUMMARY OF EXAMINATION CHANGES

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

SUBSEQUENT EVENTS

The following item was noted during the completion of the standard subsequent events procedures as part of the financial examination:

1. Effective January 1, 2025, Michael A. Berlin was no longer the Secretary of the Company.
2. Effective January 1, 2025, Casey D. Harbour was appointed Secretary of the Company.
3. Effective April 24, 2026, Chris Anderson was elected as Vice President of the Company.
4. Effective April 24, 2026, Benjamin T. Owings, Sr retired from the Board of Directors.

SUMMARY OF EXAMINATION RECOMMENDATIONS

There were no findings or recommendations as a result of the examination.

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, Matthew Milford, CFE, consulting supervising examiner of Noble Consulting Services, Inc., Stefan Obereichholz-Bangert, AES, CISA, CISM, CDPSE, consulting information technology examiner of Noble Consulting Services, Inc., and Mary Frances Miller, FCAS, MAAA, consulting examining actuary of Select Actuarial Services 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 Safe Insurance Company as of December 31, 2024, 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

Justin Parr, CFE, CFE-A, ARM, MCM, PIR
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

June 9, 2026

L. Frank Norton, Jr., President
Safe Insurance Company
1017 Sixth Avenue
Huntington, WV 25701

RE: Report of Financial Examination as of December 31, 2024
Safe Insurance Company NAIC #15415

Dear Mr. Norton:

Please find enclosed a copy of the Report of Examination of Safe 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 Safe Insurance Company, as of December 31, 2024.

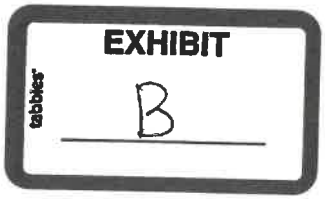
You are hereby notified that you have ten (10) working days from receipt of this letter to make written submission or rebuttals with respect to any matter contained in the Report of Examination. If no exception is taken, please respond accordingly by the end of the ten (10) day comment period.

Sincerely,

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

ALM/jep

Enclosure: Copy of Report of Examination



SAFE
INSURANCE COMPANY

June 10, 2026

Commissioner Allan McVey
State of West Virginia
Offices of the Insurance Commissioner
PO Box 50540
Charleston, WV 25305-0540

Re: Report of Financial Examination, as of December 31, 2024
Safe Insurance Company, NAIC # 15415

Dear Commissioner McVey:

We are in receipt of the Report of Financial Examination of Safe Insurance Company.

We are pleased to report there are no exceptions taken with the report.

We would like to express our appreciation to the contracted examiner Matthew Jones of Noble Consulting Services, as well as Justin Parr of the WV Offices of the Commissioner for their professionalism, cooperation and courtesy throughout the examination process.

Should you have any questions or if we can be of further assistance, please do not hesitate to contact me.

Sincerely,

Frank Norton Jr.
President
Safe Insurance Company
1-800-642-3541 x15

EXHIBIT
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