



**STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE**

**REPORT ON EXAMINATION
OF THE
CITIZENS MUTUAL INSURANCE COMPANY OF
LINCOLN COUNTY, TN
FAYETTEVILLE, TENNESSEE**

**AS OF
DECEMBER 31, 2021**

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Fayetteville, Tennessee
December 5, 2022

Honorable Carter Lawrence
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

In accordance with your instructions and pursuant to Tennessee Code Annotated (“Tenn. Code Ann.”) § 56-22-115, a full-scope financial examination and market conduct review, as of December 31, 2021, has been made of the condition and affairs of:

CITIZENS MUTUAL INSURANCE COMPANY OF LINCOLN COUNTY, TN
NAIC # 15978
118 College Street West
Fayetteville, Tennessee 37334

hereinafter referred to as the “Company” and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Tennessee Department of Commerce and Insurance (TDCI or “Department”). The examination was conducted by duly authorized representatives of the Department.

SCOPE OF EXAMINATION

The last examination of the Company was made as of December 31, 2016. This examination covers the period from January 1, 2017, through December 31, 2021, and includes any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

The examination was conducted in accordance with rules and procedures as prescribed by the statutes of the State of Tennessee, and in accordance with practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook* (“Handbook”), as deemed appropriate. The examination sought to evaluate the overall financial statement presentation and

management's compliance with statutory accounting principles and the *Annual Statement Instructions for Tennessee County Mutual Insurers* ("Instructions") using substantive procedures where applicable. The examination also included an assessment of prospective risks faced by the Company, based on information obtained during the course of the examination.

The examination reviewed the Company's business policies and practices, management and corporate matters, and reviewed and evaluated assets, liabilities, income, and disbursements. In addition, our examination included tests to provide reasonable assurance that the Company was in compliance with applicable laws, rules, and regulations. In planning and conducting our examination, we considered the concepts of materiality and risk, and our examination efforts were directed accordingly.

A separate market conduct review was performed concurrently with the financial examination. See the "Market Conduct Activities" section of this report.

COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

The examination included a review to determine the current status of the comments and recommendations noted in the previous report on examination, as of December 31, 2016. A summary of the Commissioner's directives and the corrective actions taken by the Company are discussed below:

Comments

1. It was noted that the Company has several verbal agreements in place with its service providers. As a "best practice," it was suggested that the Company consider formalizing these verbal agreements by reducing them to writing.

Corrective Action

The Company complied with this comment by generating contracts for the agents and the accountant.

Recommendations

1. It was found that the Company facilitates the sale of liability insurance coverage on behalf of Farmers Mutual of Tennessee ("Farmers") as a service to policyholders who wish to obtain such coverage on properties insured by the Company. The Company has been listed as the producer on Farmers' liability policies. This is a violation of Tenn. Code Ann. § 56-6-106(b) which states, "A business entity may obtain an insurance producer's license; however, only an individual licensed producer or limited lines producer shall sell, solicit or negotiate a contract of insurance in this state." It

was recommended that the Company discontinue the practice of acting as an insurance producer.

Corrective Action

The Company complied with this recommendation. The Company is no longer listed as a producer on Farmers' liability policies. The agreement was amended to state that the Company, through their licensed property and casualty agents, will market the Company's products as well as Farmers' products. The Company will assume no risk from the Farmers' program.

2. It was found that the Company accepts premium payments for its policies and Farmers' liability policies, often in one check. The Company remitted Farmers' liability policy premiums minus a commission, to Farmers after receiving a quarterly statement from Farmers. It was recommended that the Company discontinue the practice of accepting premium payments for Farmers' liability policies in the same check as payment of its premiums. If the Company wishes to accept Farmers' liability policy premiums, it was recommended to enter a written agreement with Farmers detailing the terms of how funds are to be held, and for Farmers' funds to be deposited into a separate account and settled monthly. If a single payment method is allowed for customer convenience, it was recommended for the payment to be made to the licensed insurance producer, who then remits the appropriate premiums to the respective insurers.

Corrective Action

The Company has complied with this recommendation by amending the agreement to allow for the acceptance of Farmers' payments. The Company also accounts for Farmers' payments in a separate general ledger account.

3. The Company receives a commission on every Farmers' liability policy sold. This is a violation of Tenn. Code Ann. § 56-6-113(b), which states "A person shall not accept a commission, service fee, brokerage or other valuable consideration for selling, soliciting or negotiating a contract of insurance in this state if that person is required to be licensed under this part and is not so licensed". It was recommended that the Company discontinue the practice of accepting commissions on Farmers' liability policies.

Corrective Action

The Company has complied with this recommendation. Commission is paid to the agents.

COMPANY HISTORY

The Company was incorporated on July 21, 1932, under the provisions of the Tennessee Business Corporation Act. The Company is a non-profit mutual benefit corporation organized as a county mutual fire insurance company ("County Mutual"), pursuant to Tenn. Code Ann. Title 56, Chapter 22 for the purpose of insuring loss or damage to property due to fire, lightning, hail, tornado, and extended coverage to residents of Lincoln, Giles, Marshall, Bedford, Moore, and Franklin counties in the State of Tennessee.

As of December 31, 2021, the Company was licensed to transact business limited to Lincoln, Giles, Marshall, Bedford, Moore, and Franklin counties in the State of Tennessee, pursuant to Tenn. Code Ann. § 56-22-106(a).

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

Management of the Company is vested in a Board of Directors ("Board"), elected at the annual members' meeting. In accordance with the Bylaws, the Board shall not be less than six (6) members. One-third (1/3) of the directors are elected at each annual members' meeting, for a term of three (3) years.

The following persons were duly elected and serving as directors on the Company's Board, as of December 31, 2021:

<u>Director</u>	<u>Address</u>
H. Donald Holman	Fayetteville, Tennessee
Betty Holman	Fayetteville, Tennessee
David Bagley	Fayetteville, Tennessee
Norman Spears	Fayetteville, Tennessee
Battle Bagley	Fayetteville, Tennessee
Farris Beasley	Fayetteville, Tennessee

Officers

The Bylaws of the Company instruct the Board to appoint the officers of the Company immediately following the annual meeting of the members. At that meeting, the Board shall elect a President, Vice President, and Secretary/Treasurer. Each officer shall serve a term of one (1) year.

The following individuals were duly elected by the Board and were serving as officers of the Company, as of December 31, 2021:

<u>Name</u>	<u>Title</u>
David Bagley	President
Battle Bagley	Vice President
H. Donald Holman	Secretary/Treasurer

CONTROL

The Company's Bylaws define a "member" as a person having insurance with the Company. The Company is equally owned by its members. The Company has never issued any shares of capital stock or established guaranteed capital.

The annual meeting of the members shall be held at the principal office of the Company at 4:00 P.M., on the second Monday of July each year, for the purpose of electing directors of the Company and for the transaction of such other business as may be properly brought before the meeting. Each member is entitled to one (1) vote at any membership meeting.

Special meetings of the members of the Company may be held at the call of the Board. A written or printed notice stating the time, place and object of the meeting shall be delivered by mail to each member's address. No business shall be transacted at special meetings other than that referred to in the call.

During the examination period, five (5) annual meetings of the members and nineteen (19) quarterly meetings of the Board were held. No special meetings were held.

During the period under examination, the Company amended its Bylaws in 2020. The Bylaws were amended to update the name change from Citizens Home Mutual Fire Insurance Company to Citizens Mutual Insurance Company of Lincoln County, TN; the annual meeting time; and the coverage limit amounts. These changes were approved by the members of the Company.

CORPORATE RECORDS

The minutes of the meetings of the Company's members and Board were reviewed for the period under examination. The minutes were complete as to necessary detail and appear to adequately reflect the acts of the respective bodies. The review of the minutes indicates that all investment transactions were approved by the Board pursuant to Tenn. Code Ann. § 56-3-408(b)(1).

Charter

The Charter recites the general and specific powers of the Company in detail. The Charter, as currently stated, was reviewed and found to have been duly issued and properly recorded. There were no amendments to the Charter during the period of examination.

Bylaws

The Bylaws may be altered or amended by at least two-thirds (2/3) majority or more of the members present or voting by mail at any regular or special meetings of the members. As noted previously in this report, the Company amended its Bylaws once during the examination period, updating the name change from Citizens Home Mutual Fire Insurance Company to Citizens Mutual Insurance Company of Lincoln County, TN; changing the annual meeting time from 10:00 A.M. to 4:00 P.M., on the second Monday of July each year at the home office of the Company; updating the coverage limit from \$100 to \$1,000 for one (1) horse or mule if over two (2) years of age and from \$50 to \$500 if under two (2) years; updating the limited coverage amount from \$30 to \$1,000 for one head of cattle; and updating the limited coverage from \$5 to \$300 for one (1) head of sheep/goat.

SERVICE AGREEMENTS

The Company had several agreements in place for services during the period under examination.

Financial and Tax Preparation Services

David A. Kidd, CPA of Fayetteville, Tennessee provides limited accounting services related to regulatory filings, including preparation of statutory annual statements, quarterly statements, and federal income tax filings.

Policy Management Services

Automated Insurance Management Systems (AIMS) of Richmond, Virginia provides policy management and premium accounting software and support services.

Claims Adjustment Services

Sawyer Construction of Taft, Tennessee provides claims adjustment services on an as needed basis.

TERRITORY AND PLAN OF OPERATION

TERRITORY

The Company's current Certificate of Authority was issued by the TDCI on December 14, 2012, and authorized the transaction of the business of fire, lightning, hail, extended coverage, and tornado in the State of Tennessee. The Certificate of Authority is valid until suspended or revoked and allows the Company to transact business operations in Lincoln, Giles, Marshall, Bedford, Moore, and Franklin counties in the State of Tennessee, pursuant to Tenn. Code Ann. § 56-22-106(f)(1). The Certificate of Authority was reviewed and found to be in order.

PLAN OF OPERATION

The Company provides its members with coverage on dwellings, rental homes, modular homes, mobile homes, farm buildings, livestock, personal property, farm machinery, and churches in case of loss due to fire, lightning, hail, extended coverage, and tornado. Liability coverage is provided by Farmers Mutual of Tennessee for members that would like to purchase additional protection.

The Company writes business through one (1) licensed in-house agent and six (6) local insurance agencies. The agencies receive commission for all new and renewal business. The Company's agents are duly licensed to sell property and casualty insurance in Tennessee.

The Company's agents perform a visual inspection, photograph the property, and determine its value prior to the issuance of a policy. The Company's President approves or rejects all policy applications prepared by the agents. The policy is bound upon obtaining the signatures of the President and Secretary and the collection of the initial billed premium.

GROWTH OF COMPANY

The following exhibit depicts certain aspects of the growth and financial history of the Company for the period subject to this examination, according to its annual statements filed with the TDCI:

<u>Year</u>	<u>Gross Premiums Written</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Policyholders' Surplus</u>	<u>Net Income</u>
2021	\$239,056	\$635,467	\$152,627	\$482,840	\$39,664
2020	\$239,085	\$589,137	\$146,193	\$442,944	\$22,541
2019	\$244,734	\$567,322	\$148,195	\$419,127	\$19,965
2018	\$254,376	\$553,330	\$156,270	\$397,060	\$36,781
2017	\$274,197	\$550,683	\$195,520	\$355,163	(\$102,248)

LOSS EXPERIENCE

The following comparative data reflects the loss experience of the Company for the period under review, as reported by the Company in its annual statements filed with the TDCI:

<u>Year</u>	<u>Net Premiums Earned</u>	<u>Net Incurred Losses & LAE</u>	<u>Loss Ratio</u>	<u>Other Expenses</u>	<u>Expense Ratio</u>	<u>Combined Ratio</u>
2021	\$209,392	\$44,206	21.11%	\$127,683	61.04%	82.15%
2020	\$211,176	\$63,930	30.27%	\$129,894	62.10%	92.37%
2019	\$218,673	\$75,224	34.40%	\$128,476	60.00%	94.40%
2018	\$218,520	\$55,336	25.32%	\$130,915	58.82%	84.14%
2017	\$215,175	\$181,448	84.33%	\$143,643	63.11%	147.44%

REINSURANCE

Specific and Aggregate Excess of Loss Reinsurance

In accordance with Tenn. Code Ann. §§ 56-22-110 and 56-22-106(d), the Company has maintained Specific and Aggregate Excess of Loss coverage through Farmers for the purpose of limiting its exposure on larger risks. Under the terms of the agreement, the Company retains the first \$25,000 of each risk, per occurrence, and reinsures up to \$1,600,000 through a series of three (3) layers of coverage.

The agreement was found to contain such language as recommended by the NAIC and as required for reinsurance credit pursuant to Tenn. Code Ann. § 56-2-207(a)(2). This

agreement appears to effectuate proper transfer of risk in accordance with Statement of Statutory Accounting Principles (SSAP) No. 62 and NAIC guidelines. The agreement was found to meet the requirements set forth in Tenn. Code Ann. § 56-22-110.

ACCOUNTS AND RECORDS

During the course of the examination, accounts were verified by various tests and procedures deemed necessary to confirm values for assets and liabilities appearing in the Company's financial statements. General ledger balances were reconciled with the financial statements and were reviewed for completeness of disclosure and conformity to NAIC Accounting Practices and Procedures, as permitted by Tenn. Comp. R. & Regs. 0780-01-78-.04(1).

In accordance with Tenn. Code Ann. § 56-46-110, the Company was exempt from filing a Risk-Based Capital Report.

The Company is not required to have audited financial statements, as written premiums are less than \$1,000,000, per Tenn. Comp. R. and Regs. 0780-01-78-.04.

The Company was exempt from filing an actuarial opinion by a qualified actuary with the Commissioner on or before March 1 of each year, pursuant to Tenn. Comp. R. & Regs. 0780-1-78.04(4).

The Company's books and records are located in Fayetteville, Tennessee.

MARKET CONDUCT ACTIVITIES

In conjunction with this examination, a limited market conduct review was made of the Company, as of December 31, 2021. The following items were addressed:

Operations and Management Standards

Company antifraud initiatives were examined to determine if the initiatives are reasonably designed to prevent, detect, or mitigate fraudulent insurance acts as required by Tenn. Code Ann. § 56-53-111(a) and (b). During the review, it was noted that the Company's applications lacked a fraud warning statement as required by Tenn. Code Ann. § 56-53-111(b)(1)(A) on some applications. See the "Comments and Recommendations" section in this report.

Additionally, Company procedures and policies relating to privacy were reviewed to determine compliance with Tenn. Code Ann § 56-8-104(19). No issues were noted.

Underwriting and Rating Standards

During the examination of the Company's underwriting procedures and policy administration, a sample of policies in-force were reviewed for compliance with Tenn. Code Ann. § 56-8-104(7) and Tenn. Comp. R. & Regs. 0780-01-34. During the review, it was noted that the Company lacked the applications requested for the sample. Tenn. Code Ann. § 56-8-104(10) requires an insurer to maintain its records, documents, and other records in such an order that data regarding underwriting is accessible and retrievable for examination by the insurance commissioner. See the "Comments and Recommendations" section in this report.

A sample of canceled and non-renewed policies were reviewed for timely notification and compliance with Tenn. Code Ann. § 56-8-104(7) and Tenn. Comp. R. & Regs. 0780-01-34. No issues were noted.

A sample of the policy forms that were used by the Company during the period of examination were reviewed. Except for the fraud warning issue noted above under "Operations and Management Standards," all forms were noted as having been filed with the TDCI prior to use, in accordance with Tenn. Code Ann. § 56-5-105. The filings are consistent in form and included appropriate documentation.

Producer Licensing Standards

Tenn. Code Ann. § 56-6-115 requires the Company to sell its products and services through producers who are properly licensed and appointed by the Company. In the examination of the Company's producer licensing information, the producers' state issued licensure and appointment information were verified.

During the review, there were six (6) producers who wrote insurance that were not properly appointed. The Company properly appointed the producers while the examination was in progress. See "Comments and Recommendations" section later in this report.

Marketing and Sales Standards

The Company does not distribute any advertising material. Instead, the Company's reputation and products are communicated to potential members by the Board and the Company's agents via word of mouth.

Policyholder Services Standards

The Company's timeliness of policy issuance, premium billing, response to policyholder requests, provision of adequate disclosures, and compliance with applicable statutes and rules were examined. The company was found to be in compliance with the relevant market conduct standards.

Claims Handling Standards

A sample of claims was reviewed for unfair claims practices as defined by Tenn. Code Ann. § 56-8-105. Testing included timeliness of contact and resolution, adequacy of claims documentation, and claims handling procedures. In conducting the examination, random samples were selected from claims. The Company's claims were properly documented and handled in accordance with applicable statutes and rules. No issues or concerns were identified

Complaint Handling Standards

The Company maintains a complaint register, as required by the Unfair Trade Practices Act. The Company's complaint handling practices were reviewed for compliance with Tenn. Code Ann. § 56-8-104(11) and were found to be in compliance.

SUBSEQUENT EVENTS

During the examination, a review of subsequent events was performed. No events were noted that required additional disclosure in this examination. Management stated in its Letter of Representation that they were not aware of any events subsequent to December 31, 2021, that could have a material effect on the Company's financial condition. Our review confirmed the Company's disclosures in its 2021 Annual Statement and in its Letter of Representation.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, and a statement of income, as of December 31, 2021, together with a reconciliation of policyholders' surplus for the period under review, as reported by the Company in its 2021 Annual Statement:

	<u>ASSETS</u>		
	<u>Assets</u>	<u>Non-Admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds, and Long-term Certificate of Deposits	\$220,302		\$220,302
Properties occupied by the Company	55,163		55,163
Cash and cash equivalents	293,227		293,227
Premium receivables and agents' balances	66,325		66,325
Interest, dividends, and real estate income due and accrued	450		450
Non-admitted assets due to prepaid expenses	<u>5,082</u>	<u>\$5,082</u>	<u>0</u>
Total Admitted Assets	<u>\$640,549</u>	<u>\$5,082</u>	<u>\$635,467</u>

LIABILITIES & POLICYHOLDERS' SURPLUS

Gross losses and claims reported, unpaid	\$6,321
Unearned premiums	123,970
Advance premiums	546
Commissions payable, contingent commission and other similar charges	14,190
Accounts payable and accrued expenses payable	1,729
Taxes, licenses, and fees (excluding federal income taxes)	4,242
Amounts withheld or retained by company for account of others	<u>1,629</u>
 Total liabilities	 152,627
 Policyholders' surplus	 <u>482,840</u>
 Total Liabilities and Policyholders' Surplus	 <u>\$635,467</u>

STATEMENT OF INCOME

UNDERWRITING INCOME

Net premiums and assessments earned \$209,392

DEDUCTIONS

Net Losses incurred 41,956

Loss expenses incurred including claims adjustment
expenses 2,250

Commissions and brokerage 48,510

Salaries and related items 38,541

Director fees 7,500

Advertising and subscriptions 1,011

Board, bureaus, and association dues 3,633

Insurance and fidelity bonds 4,584

Travel and Insurance Items 276

Equipment 320

Printing and stationery 1,444

Postage, telephone, and telegraph 2,732

Legal and auditing fees 4,680

Taxes, licenses, and fees 3,210

Real estate expenses and repairs 1,871

Real estate taxes 2,828

Aggregate write-ins for underwriting expenses 6,543

Total underwriting expenses incurred 127,683

Total underwriting deductions 171,889

Net underwriting gain (loss) 37,503

INVESTMENT INCOME

Net investment income earned 496

Net investment gain (loss) 496

OTHER INCOME

Finance and service charges not included in premiums 1,665

Total other income 1,665

Net income after dividends to policyholders and before
federal income taxes 39,664

Net Income \$39,664

POLICYHOLDERS' SURPLUS ACCOUNT

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Policyholders' Surplus December 31, previous year	<u>\$442,944</u>	<u>\$419,127</u>	<u>\$397,060</u>	<u>\$355,163</u>	<u>\$463,664</u>
Net income or (loss)	39,664	22,541	19,965	36,781	(102,248)
Change in non-admitted assets from prior year	<u>232</u>	<u>1,276</u>	<u>2,102</u>	<u>5,116</u>	<u>(6,253)</u>
Net change in capital and surplus for the year	<u>39,896</u>	<u>23,817</u>	<u>22,067</u>	<u>41,897</u>	<u>(108,501)</u>
Policyholders' Surplus December 31, current year	<u>\$482,840</u>	<u>\$442,944</u>	<u>\$419,127</u>	<u>\$397,060</u>	<u>\$355,163</u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Policyholders' Surplus

\$482,840

Total policyholders' surplus, as established by this examination, is the same as what was reported by the Company in its 2021 Annual Statement. There were no changes made to any asset or liability item as a result of the examination performed as of December 31, 2021.

COMMENTS AND RECOMMENDATIONS

Comments

1. As noted in the "Producer Licensing Standards" section of this report, during the period of examination the Company did not properly appoint six (6) producers who wrote insurance, as required by Tenn. Code Ann. § 56-6-115.

Once notified of the issue, the Company properly appointed the producers during the examination.

Recommendations

1. As noted in the "Operations and Management Standards" section of this report, the Company did not have a fraud warning disclosure on its applications as required by Tenn. Code Ann. § 56-53-111(b)(1)(A).

It is recommended that the Company place the fraud warning disclosure on its applications to comply with Tenn. Code Ann. § 56-53-111(b)(1)(A).

2. As noted in the "Underwriting and Rating Standards" section of this report, the Company lacked the applications requested in the sample. Tenn. Code Ann. § 56-8-104(10) requires an insurer to maintain its records, documents, and other records in such an order that data regarding underwriting is accessible and retrievable for examination by the insurance commissioner.

It is recommended that the Company comply with Tenn. Code Ann. § 56-8-104(10) by retaining all applications.

CONCLUSION

Rules and procedures as prescribed by the statutes of the State of Tennessee and guidance from the NAIC Handbook, as deemed appropriate, have been followed in connection with the verification and valuation of assets and the determination of liabilities of Citizens Mutual Insurance Company of Lincoln County, TN.

In such manner, it was found that as of December 31, 2021, the Company had admitted assets of \$635,467, and liabilities, exclusive of policyholders' surplus, of \$152,627. Thus, there existed for the additional protection of the policyholders, the amount of \$482,480 in the form of policyholders' surplus. Tenn. Code Ann. § 56-22-105(c) requires an insurer of this Company's type to maintain a minimum surplus of \$200,000. For this examination, as of December 31, 2021, the Company maintains surplus sufficient to satisfy that requirement.

The courteous cooperation of the officers and employees of the Company, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, Jay Uselton, CFE, Supervising Examiner, from the State of Tennessee, participated in the work of this examination.

Respectfully submitted,



Linda Merriweather, CISA, APIR, CGFM
Examiner-in-Charge
Tennessee Department of Commerce and Insurance

AFFIDAVIT

The undersigned deposes and says that she has duly executed the attached examination report of Citizens Mutual Insurance Company of Lincoln County, TN, located in Fayetteville, Tennessee, dated December 5, 2022, and made as of December 31, 2021, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says she is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of her knowledge, information, and belief.

Linda Merriweather
Linda Merriweather, CISA, APIR, CGFM
Examiner-in-Charge
State of Tennessee

State of Tennessee

County of Davidson

Subscribed to and sworn before me

this 13th day of April, 2023

Mandy Johnson
(NOTARY)

My Commission Expires: 7-7-2025

EXHIBIT B

**CITIZENS MUTUAL INSURANCE
COMPANY
OF LINCOLN COUNTY, TN
P.O. BOX 469 118 COLLEGE ST. W
FAYETTEVILLE, TN 37334
931-433-5115 931-433-1199 FAX**

April 14, 2023

E. Joy Little
Director of Financial Examinations/Chief Examiner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-1135

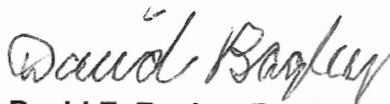
**RE: Report of Examination – Citizens Mutual Insurance Company of Lincoln
County, Tennessee**

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for Citizens Mutual Insurance Company of Lincoln County, Tennessee, made as of December 31, 2021.

By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,


David E. Bagley, President