



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

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**REPORT ON EXAMINATION  
OF THE  
FARMERS MUTUAL FIRE INSURANCE COMPANY  
OF  
SEVIER COUNTY  
(NAIC # 15979)  
SEVIERVILLE, TENNESSEE**

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**AS OF  
DECEMBER 31, 2018**

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Sevierville, Tennessee  
March 17, 2020

Honorable Hodgen M. Mainda  
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, 2018, has been made of the condition and affairs of:

**FARMERS MUTUAL FIRE INSURANCE COMPANY OF SEVIER COUNTY**

NAIC # 15979  
144 W. Main Street  
Sevierville, Tennessee 37862

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, 2013. This examination covers the period from January 1, 2014, through the close of business on December 31, 2018, 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"). 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.

The Company provided a letter of representation certifying that management has disclosed all significant matters and records.

## **COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS**

The examination included a review to determine the current status of the comments and recommendations in the previous report on examination, as of December 31, 2013, which covered the period from January 1, 2009, through December 31, 2013. A summary of the Commissioner's directives and the corrective actions taken by the Company is discussed below:

### **Comment #1**

The Company is expected to create a disaster recovery plan in 2015.

### **Corrective Action**

The Company has created a disaster recovery plan.

### **Comment #2**

It is suggested the Company increase their fidelity coverage to the \$75,000 minimum, as indicated in the NAIC *Financial Condition Examiners Handbook*.

### **Corrective Action**

The Company has increased their fidelity coverage to \$75,000.

**Comment #3**

The Company does not have a conflict of interest policy to govern the actions of all directors, officers, and employees. It is suggested that the Company implement such a policy and require annual disclosures of conflicts or possible conflicts of interest.

**Corrective Action**

The Company has created a written conflict of interest policy to govern the actions of all directors, officers, and employees. However, the Company did not require annual disclosures of conflicts or possible conflicts of interest. For additional details, see the "Comments and Recommendations" section later in this report.

**COMPANY HISTORY**

The Company was incorporated on January 15, 1913, under the Tennessee Business Corporation Act as a non-profit mutual benefit corporation. The Company commenced business on January 16, 1913. On October 14, 2005, the Company was issued its most recent Certificate of Authority to transact the business of insurance pursuant to Tenn. Code Ann. § 56-22-101, *et seq.* The Company's business purpose was to insure loss or damage to property due to fire, lighting, hail, extended coverage, and tornado to residents of Sevier County, Tennessee, and other counties contiguous to Sevier County in the second (2<sup>nd</sup>) degree, pursuant to Tenn. Code Ann. § 56-22-106(f)(1).

**MANAGEMENT AND CONTROL**

**MANAGEMENT**

**Directors**

Management of the Company is vested in a Board of Directors ("Board"). Directors are elected for a term of three (3) years. In accordance with the Bylaws, the Board shall consist of nine (9) directors.

The following persons were duly elected and serving as directors of the Company's Board as of December 31, 2018:

<b><u>Director</u></b>	<b><u>Address</u></b>
Warren N. Hurst	Sevierville, Tennessee
R. Curtis Wells	Sevierville, Tennessee
Kent C. Chandler	Sevierville, Tennessee
K. Glenn Ellis	Sevierville, Tennessee
James G. Flynn	Sevierville, Tennessee
James E. Gibson	Sevierville, Tennessee

Andrew M. Huskey	Sevierville, Tennessee
Betty M. Sullivan	Sevierville, Tennessee
Robert E. Tinker	Sevierville, Tennessee

**Officers**

The Board shall meet no later than one (1) week after the last Saturday in January following the annual meeting of the Policyholders, and shall elect a President, a Vice-President, and a Secretary-Treasurer. Each officer shall serve a term of one (1) year.

The following officers were duly elected by the Board and were serving as officers of the Company as of December 31, 2018:

<b><u>Name</u></b>	<b><u>Title</u></b>
Warren N. Hurst	President
R. Curtis Wells	Vice President
Marie Hurst	Secretary/Treasurer

**Committees**

The Board appointed the following Committees to provide oversight for the affairs of the Company:

**Executive Committee**

The following individuals were serving on the Executive Committee as of December 31, 2018:

<b><u>Name</u></b>	<b><u>Title</u></b>
Warren Hurst	President
R. Curtis Wells	Vice President
Marie Hurst	Secretary/Treasurer

**Audit Committee**

The following individuals were serving on the Audit Committee as of December 31, 2018:

<b><u>Name</u></b>	<b><u>Title</u></b>
R. Curtis Wells	Vice President
Glenn Ellis	Director
James Gibson	Director

**Finance Committee**

The following individuals were serving on the Finance Committee as of December 31, 2018:

<b><u>Name</u></b>	<b><u>Title</u></b>
Warren Hurst	President
Marie Hurst	Secretary/Treasurer
Robert Tinker	Director

**CONTROL**

The Company's Bylaws define a member as any natural person, corporation, or trustee owning an insurable interest in property, either real or personal which is located in Sevier and adjoining counties in Tennessee. 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 on the last Saturday in January of each year at a place designated by the Board.

Special meetings of the members shall be held at the call of the President or by majority of the directors and shall be called by the President at the written request of fifteen (15) or more members of the members entitled to vote at the meeting. Pursuant to the Bylaws, members are given advance notice of the date, time, and location of all membership meetings.

Each member in good standing as determined by the Secretary/Treasurer is entitled to one (1) vote in person. No member shall vote by proxy. A majority of the members present and voting constitutes a quorum whether the meeting is annual or special.

The Company's members held five (5) annual meetings, fifty-six (56) regular meetings, and one (1) special meeting during the examination period.

**CONFLICTS OF INTEREST AND PECUNIARY INTERESTS**

The Company does have a written conflict of interest policy in place; however, the Company does not have a conflict of interest disclosure form. A review of the Company's compliance with Tenn. Code Ann. § 56-3-103 found no director or officer of the Company had a pecuniary interest in the investment or disposition of Company funds. For additional details, see the "Comments and Recommendations" section later in this report.

## **CORPORATE RECORDS**

### **Charter**

The Charter recites the general and specific powers of the Company in detail. The Charter, as currently stated, was inspected 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 were reviewed and are such as are generally found in companies of this type and contain no unusual provisions. The Bylaws may be amended or repealed, or new Bylaws may be drafted and adopted, by the majority vote of the members present at any regular or special meeting of the members. There were no amendments to the Bylaws during the period of examination.

### **Corporate Records**

The minutes of the meetings were reviewed and appear to reflect properly the acts of the respective bodies. No issues were identified during the review of the Company's meeting minutes.

## **SERVICE AGREEMENTS**

The Company had several agreements in place for services during the period under examination. The prices and terms associated with these agreements appear to be fair based on the services provided.

### **Financial and Tax Preparation Services**

A local certified public accounting firm in Sevierville, Tennessee, provides limited accounting services related to regulatory filings, including preparation of statutory annual statements, quarterly statements, and federal income tax filings.

### **Claims Adjustment Services**

N & C Claims, Inc. provides claims adjustment services for the Company on an as needed basis.

## TERRITORY AND PLAN OF OPERATION

### Territory

The Company's current Certificate of Authority was issued by the TDCI on October 14, 2005, 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 Sevier County, Tennessee, and other counties contiguous to Sevier County in the second (2<sup>nd</sup>) degree, pursuant to Tenn. Code Ann. § 56-22-106(f)(1). The Company currently writes policies in Blount, Cocke, Jefferson, Knox, and Sevier Counties in Tennessee.

### Plan of Operations

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, wind, lightning, hail, smoke, vandalism, theft, and liability.

Policyholders' premiums are due annually on the policy anniversary date.

Liability coverage, provided through an agreement with Farmers Mutual of Tennessee ("Farmers"), a Tennessee property and casualty insurer, is also available to the members of the Company if they wish to purchase this additional protection. The four (4) types of liability coverage offered include: 1) Personal Liability, 2) Commercial Liability, 3) Farm Personal Liability, and 4) Farm Employee Liability.

## 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 financial statements filed with the TDCI:

<u>Year</u>	<u>Gross Premiums Written</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Policyholder Surplus</u>	<u>Net Income</u>
2018	\$636,268	\$3,930,384	\$391,141	\$3,535,243	\$303,570
2017	\$718,179	\$3,640,472	\$404,799	\$3,235,673	\$407,264
2016	\$772,353	\$3,326,496	\$498,087	\$2,828,409	(\$456,258)
2015	\$666,664	\$3,676,121	\$391,454	\$3,284,667	\$250,409
2014	\$703,245	\$3,435,026	\$400,768	\$3,034,258	\$245,007

## 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 financial statements filed with the TDCI:

<u>Year</u>	<u>Net Premiums Earned</u>	<u>Net Incurred Losses &amp; LAE</u>	<u>Loss Ratio</u>	<u>Other Expenses</u>	<u>Expense Ratio</u>	<u>Combined Ratio</u>
2018	\$644,829	\$144,727	22.44%	\$237,843	36.88%	59.32%
2017	\$724,223	\$112,197	15.49%	\$232,119	32.05%	47.54%
2016	\$764,849	\$1,027,085	134.29%	\$214,573	28.05%	162.34%
2015	\$666,888	\$256,630	38.48%	\$229,887	34.47%	72.95%
2014	\$682,605	\$257,574	37.19%	\$207,673	30.42%	67.61%

## REINSURANCE

### Specific and Aggregate Excess of Loss Reinsurance

The Company has an excess of loss reinsurance treaty in effect with Farmers for the purpose of limiting exposure on larger risks. Under the terms of this agreement, the Company retains the first \$65,000 of each risk, per occurrence, and reinsures up to \$7,500,000 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 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

The Company's general accounting records consisted of an automated general ledger and various subsidiary ledgers (e.g., cash receipts, cash disbursements). Our review did not disclose any deficiencies in these 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. & Reg. 0780-01-78-.04(1).

During the review of the Company's 2018 annual statement it was noted that the Company is not correctly accounting for "Furniture, Equipment, and Supplies" on their annual statement. For additional details, see the "Comments and Recommendations" section later in this report.

During the review of the Company's claims, it was noted that the Company was not correctly accounting for their open and unpaid claims in accordance with Statement of Statutory Accounting Principles (SSAP) 55 and with the Instructions. In the Company's 2015 and 2018 annual statement, the Company reported that they had no open and unpaid claims as of December 31, 2015, or December 31, 2018; however, upon review of the Company's claims for these years, it was found that there was one (1) claim in each year that was open and unpaid as of the end of the year. For additional details, see the "Comments and Recommendations" section later in this report.

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

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

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

## **MARKET CONDUCT ACTIVITIES**

A limited market conduct review was made of the Company, as of December 31, 2018, in conjunction with this examination. The following items were addressed:

### **Policy Forms and Underwriting Practices**

Pursuant to Tenn. Code Ann. §§ 56-5-103, 56-5-104, 56-5-105, and 56-22-109(b)(1), the Company's policy forms in effect from January 1, 2014, through December 31, 2018, were approved by the TDCI on September 2, 2012.

The Company's premium rates in effect from January 1, 2014, through December 31, 2018, were approved by the TDCI on September 2, 2012. No rate changes were made during the examination period.

During a review of the Company's insurance applications, it was noted that the applications did not have the fraud statement required by Tenn. Code Ann. § 56-53-111. This issue was addressed and corrected during the examination. For additional details, see the "Comments and Recommendations" section later in this report.

### **Producer Licensing**

During a review of producer licensing and appointments, it was noted that all of the Company's producers were not appointed by the Company, as required by Tenn. Code Ann. § 56-6-115. This issue was addressed and corrected during the examination. For additional details, see the "Comments and Recommendations" section later in this report.

### **Advertising**

The Company's advertising during the period of examination consisted of pens, calendars, newspaper ads, and radio ads. The Company's reputation and products are also communicated to potential members by the Board and the Company's agents via word of mouth.

### **Policy Cancellation**

The Company mails a notice to its members at least thirty (30) days before cancellation. All cancellations reviewed included proper notice of cancellation as required by Tenn. Code Ann. § 56-22-109(b)(3).

The Company adheres to the non-renewal provisions contained, in Tenn. Code Ann. §§ 56-7-1901 and 56-7-1902, in accordance with Tenn. Code Ann. § 56-22-109(b)(2), which relate to the notice of intention to non-renew and the reason(s) for non-renewal.

### **Privacy of Non-Public Personal Information**

The Company's policy for the disclosure of non-public personal information was reviewed. There were no instances noted of non-compliance with Tenn. Comp. R. & Regs. 0780-01-72.

### **Claims Review**

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, claims handling procedures, and reasonableness of denials. No issues were noted during the claims review.

### **Complaint Handling**

The Company's complaint handling practices were reviewed for compliance with Tenn. Code Ann. § 56-8-104(11). It was noted that during the examination period, the Company

did not maintain a complaint log as required by this statute. This issue was corrected during the examination, as the Company documented its complaint handling procedures and created a complaint log in accordance with Tenn. Code Ann. § 56-8-104(11). For additional details, see the "Comments and Recommendations" section later in this report.

## **SUBSEQUENT EVENTS**

No subsequent events were noted during the course of the examination

## FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, and a statement of income, as of December 31, 2018, together with a reconciliation of policyholders' surplus for the period under review, as reported by the Company in its 2018 annual statement:

	<b><u>ASSETS</u></b>		
	<b><u>Assets</u></b>	<b><u>Non-Admitted Assets</u></b>	<b><u>Net Admitted Assets</u></b>
Bonds and long-term certificates of deposit	\$950,176		\$950,176
Properties occupied by the company	45,623		45,623
Cash and cash equivalents	2,915,150		2,915,150
Premium receivables and agents' balances	15,623		15,623
Interest, dividends, and real estate income due and accrued	2,247		2,247
Furniture, equipment and supplies	<u>1,565</u>	<u>—</u>	<u>1,565</u>
<b>Total admitted assets</b>	<b><u>\$3,930,384</u></b>	<b><u>\$0</u></b>	<b><u>\$3,930,384</u></b>

### **LIABILITIES AND POLICYHOLDERS' SURPLUS**

Unearned premiums	\$380,777
Accounts payable and accrued expenses payable	1,696
Taxes, licenses and fees (excluding federal income taxes)	3,307
Federal income taxes payable and interest thereon	<u>5,361</u>
<b>Total liabilities</b>	<b>\$391,141</b>
<b>Policyholders' surplus</b>	<b><u>3,539,243</u></b>
<b>Total liabilities and Policyholders' surplus</b>	<b><u>\$3,930,384</u></b>

**STATEMENT OF INCOME**

**UNDERWRITING INCOME**

Net premiums and assessments earned \$644,829

**DEDUCTIONS**

Net Losses incurred 142,027

Loss expenses incurred including claims adjustment expenses 2,700

Total underwriting expenses incurred 237,843

Total underwriting deductions 382,570

Net underwriting gain (loss) 262,259

**INVESTMENT INCOME**

Net investment income earned 44,307

Net investment gain (loss) 44,307

**OTHER INCOME**

Finance and service charges not included in premiums 5,565

Total other income 5,565

Net income after dividends to policyholders and before federal  
income taxes 312,131

Federal income taxes incurred 8,561

**Net income** **\$303,570**

**POLICYHOLDER'S SURPLUS ACCOUNT**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Policyholders' Surplus December 31, previous year	<u>\$3,235,673</u>	<u>\$2,828,409</u>	<u>\$3,284,667</u>	<u>\$3,034,258</u>	<u>\$2,789,251</u>
Net income or (loss)	<u>303,570</u>	<u>407,264</u>	<u>(456,258)</u>	<u>250,409</u>	<u>245,007</u>
Net change in capital and surplus for the year	<u>303,570</u>	<u>407,264</u>	<u>(456,258)</u>	<u>250,409</u>	<u>245,007</u>
Policyholders' Surplus December 31, current year	<u>\$3,539,243</u>	<u>\$3,235,673</u>	<u>\$2,828,409</u>	<u>\$3,284,667</u>	<u>\$3,034,258</u>

## ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Policyholders' Surplus

\$3,539,243

Total policyholders' surplus, as established by this examination, is the same as what was reported by the Company in its 2018 annual statement. There were no changes made to any asset or liability item as a result of our examination performed as of December 31, 2018.

## COMMENTS AND RECOMMENDATIONS

### Comments

1. As noted in the "Compliance with Previous Examination Findings" and "Management and Control" sections of this report, the Company does not require annual disclosures of conflicts of interest from Company officers, directors, and employees. Maintaining a conflict of interest disclosure form and requiring annual disclosures is considered a best practice, as it documents the Company's compliance with Tenn. Code Ann. § 56-3-103, which prohibits Company officers, directors, and employees from having a pecuniary interest in any funds of the Company.

It is suggested that the Company require annual disclosures of conflicts or possible conflicts of interest.

2. As noted in the "Market Conduct Activities" section of this report, the Company's application form did not contain the fraud statement required by Tenn. Code Ann. § 56-53-111. The statute states that all insurance applications shall contain the following disclosure:

"It is a crime to knowingly provide false, incomplete or misleading information to an insurance company for the purpose of defrauding the company. Penalties include imprisonment, fines and denial of insurance benefits."

The Company added the required statement to its application form during the examination and is now in compliance with the aforementioned statute.

3. As noted in the "Market Conduct Activities" section of this report, the Company did not properly appoint its agents as required by Tenn. Code Ann. § 56-6-115.

The Company appointed all their agents during the examination period as is required by Tenn. Code Ann. § 56-6-115.

4. As noted in the "Market Conduct Activities" section of this report, the Company does not maintain a complaint log as required by Tenn. Code Ann. § 56-8-104. The Company did not have any formal complaint procedures as described in Tenn. Code Ann. § 56-8-104(11). The Company has not received any formal complaints but agreed to create a complaint log and formal complaint procedures in order to comply with the aforementioned statute.

The Company has established a complaint log during the examination period as is required by Tenn. Code Ann. § 56-8-104.

### **Recommendations**

1. As noted in the "Accounts and Records" section of this report, the Company did not correctly account for their "Furniture, Equipment and Supplies". The Company admitted their "Furniture, Equipment and Supplies" instead of non-admitting it as is required by the Instructions, prescribed by the Commissioner in accordance with Tenn. Code Ann. § 56-22-109 and SSAP 19. It is recommended that the Company always comply with the Instructions prescribed by the Commissioner in accordance with Tenn. Code Ann. § 56-22-109 and SSAP 19.
2. As noted in the "Accounts and Records" section of this report, the Company did not correctly account for Open and Unpaid claims in their 2015 and 2018 annual statements. The Company reported zero (0) open and unpaid claims for 2015 and 2018; however, upon review of the Company's claims, it was noted that there was one (1) open and unpaid claim in both 2015 and 2018. This is not in compliance with the Instructions prescribed by the Commissioner in accordance with Tenn. Code Ann. § 56-22-109 and SSAP 55. It is recommended that the Company always comply with the Instructions prescribed by the Commissioner in accordance with Tenn. Code Ann. § 56-22-109 and SSAP 55.

## CONCLUSION

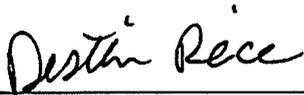
Rules and procedures as prescribed by the statutes of the State of Tennessee and guidance from the NAIC Handbook, as deemed appropriate, have been followed in connection with the verification and valuation of assets and the determination of liabilities of Farmers Mutual Fire Insurance Company of Sevier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

In such manner, it was found that as of December 31, 2018, the Company had admitted assets of \$3,930,384 and liabilities, exclusive of policyholders' surplus, of \$391,141. Thus, there existed for the additional protection of the policyholders, the amount of \$3,539,243 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, 2018, the Company maintains surplus sufficient to satisfy those requirements.

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, Trang Truong, Insurance Examiner, and Daniel Clements, CPA, Supervising Examiner, from the State of Tennessee, participated in the work of this examination.

Respectfully submitted,



---

Dustin Rice  
Examiner-in-Charge  
State of Tennessee

# AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of Farmers Mutual Fire Insurance Company of Sevier County located in Sevierville, Tennessee, dated March 17, 2020, and made as of December 31, 2018, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information, and belief.

*Dustin Rice*

Dustin Rice  
Examiner-in-Charge  
State of Tennessee

State Tennessee

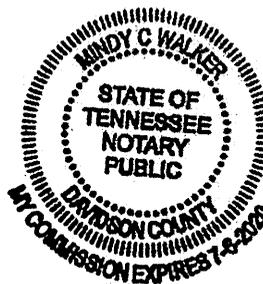
County Davidson

Subscribed to and sworn before me

this 5<sup>th</sup> day of June, 2020

Mindy C. Walker  
(NOTARY)

My Commission Expires: 7.6.2020



# **EXHIBIT B**

**Farmers Mutual Fire Insurance Company  
of Sevier County**

**144 W. Main St.  
Sevierville, Tennessee 37862  
865-453-2952  
Fax 865-453-4875**

June 8, 2020

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

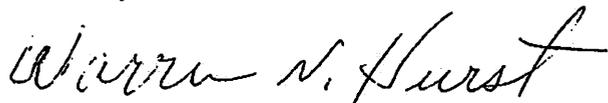
**RE: Report of Examination - Farmers Mutual Fire Insurance Company of  
Sevier County**

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for Farmers Mutual Fire Insurance Company of Sevier County, made as of December 31, 2018.

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

Sincerely,

A handwritten signature in cursive script that reads "Warren N. Hurst".

Warren N. Hurst  
President