EXHIBIT A

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION
OF THE
HAMBLEN MUTUAL INSURANCE COMPANY
MORRISTOWN, TENNESSEE

AS OF

DECEMBER 31, 2024

TABLE OF CONTENTS

Morristown, Tennessee
May 16, 2026

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, 2024, has been made of the condition and affairs of:

Hamblen Mutual Insurance Company
NAIC # 15982
110 North Cumberland Street
Morristown, Tennessee 37814

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, 2019. This examination covers the period from January 1, 2020, through the close of business on December 31, 2024, 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 NAIC *Property/Casualty Annual Statement Instructions* ("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.

The Company's 2024 annual statement was compared with or reconciled to the corresponding general ledger account balances.

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

The Company's Certified Public Accountant (CPA) workpapers were reviewed for the 2024 audit and copies were incorporated into the examination, as deemed appropriate.

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, 2019, which covered the period from January 1, 2015, through December 31, 2019. A summary of the previous comments and recommendations and the corrective actions taken by the Company is discussed below:

Comments

1. It was noted that the Company did not require annual disclosures of conflicts of interest or potential conflicts from Company officers and directors. It was suggested that the Company implement a policy to require disclosures of conflicts of interest or possible conflicts of interest.

   Corrective Action
   The Company provided signed annual disclosures of conflicts of interest or potential conflicts from directors and officers for the last three years under examination.

2. It was noted that the Company did not maintain a complaint log and did not have any

formal complaint procedures as required by Tenn. Code Ann. § 56-8-104(11) during the last examination period. It was noted that the Company created written complaint procedures and a complaint log during the last examination.

Corrective Action
During the review of the Company's complaint log during this examination, it was noted that it did not meet the requirements of Tenn. Code Ann. § 56-8-104(11). During the examination the Company created a compliant complaint log that met the requirements of Tenn. Code Ann. § 56-8-104(11). See the "Market Conduct" and "Comments and Recommendations" sections of this report.

Recommendations

1. It was noted that the Company did not correctly non-admit premiums that were ninety (90) days past due in accordance with Statement of Statutory Accounting Principles (SSAP) No. 6, paragraph 9.

   Corrective Action
   The Company has not been correctly non-admitting premiums that were ninety (90) days past due in accordance with SSAP No. 6, paragraph 9. See the "Accounts and Records" and "Comments and Recommendations" sections of this report.

2. It was noted that the Company incorrectly reported the details (interest rates, descriptions, CUSIPs, and purchase price) of some of its investments on the 2019 Annual Statement Schedule D - Part 1 and 2 and Schedule DA – Part 1.

   Corrective Action
   The Company did not correctly report the book/adjusted carrying value and maturity date of some of its investments reported on 2024 Annual Statement Schedule D - Part 1. See the "Accounts and Records" and "Comments and Recommendations" sections of this report.

3. It was noted that the Company did not complete Schedule F – Part 3 in the 2019 Annual Statement, in accordance with the Instructions and Tenn. Code Ann. § 56-22-109.

   Corrective Action
   The Company correctly completed Schedule F – Part 3 in the 2023 and 2024 Annual Statements pursuant to the Instructions and Tenn. Code Ann. § 56-22-109.

4. It was noted that during a review of the Company's applications, not all of the Company's applications contained the fraud statement required by Tenn. Code Ann. § 56-53-111. Additionally, during the review, it was noted that several of the applications reviewed were not completed in compliance with Standard 18 of the NAIC Market Regulation Handbook (Market Handbook) and Tenn. Code Ann. § 56-53-111.

   Corrective Action
   The Company has not complied with this recommendation. See the "Market Conduct Activities" and "Comments and Recommendations" sections in this report.

5. It was noted the Company did not properly appoint its agents, as required by Tenn. Code Ann. § 56-6-115.

   Corrective Action
   The Company properly appointed all of its in-house agents, as required by Tenn. Code Ann. § 56-6-115. However, the Company did not properly appoint all agents working for agencies that produced business for the Company. See the "Market Conduct Activities" and "Comments and Recommendations" sections in this report.

6. It was noted that during a review of the Company's in-force policy data several canceled policies were included in the Company's in-force data.

   Corrective Action
   The Company complied with this recommendation. The Company's 2024 in-force policy data was complete and accurate.

COMPANY HISTORY

The Company was incorporated on April 12, 1909, under the Tennessee Business Corporation Act as a non-profit mutual benefit corporation, and organized as a county mutual fire insurance company, pursuant to Title § 56, Chapter 22, of the Tennessee Law. The current Certificate of Authority was issued to the Company on May 27, 2023, and authorizes the Company to transact the business of liability, fire, lightning, hail, extended coverage, and tornado insurance in all counties in the State of Tennessee, pursuant to Tenn. Code Ann. § 56-22-106(f)(1). The Certificate of Authority is valid until suspended or revoked.

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

Management of the Company is vested in a Board of Directors ("Board"). In accordance with the Bylaws, the Board shall consist of six (6) members. One third (1/3) of the directors are elected at each annual members' meeting, and each serves a term of three (3) years. A majority of the Board constitutes a quorum, as defined by the Bylaws. Board meetings are held on the same day and directly after the members' meetings.

The following individuals were duly elected and serving as directors on the Company's Board, as of December 31, 2024:

Director	Address
Larry D. Baker	Russellville, Tennessee
Jerry Self	Morristown, Tennessee
Sue Green	Russellville, Tennessee
Michael K. Eldridge	Russellville, Tennessee
Brent Walker	Whitesburg, Tennessee
Thomas Frazer	Russellville, Tennessee

During the examination period the Board held five (5) meetings.

Officers

Immediately after the annual meeting of the members, the Board shall elect a President, a Vice-President, a Secretary and 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, 2024:

Name	Title
Larry D. Baker	President
Sue Green	Vice-President
Jerry Self	Secretary/Treasurer

Audit Committee

The following individuals were serving on the Audit Committee as of December 31, 2024:

Name	Title
Larry D. Baker	President

Jerry Self	Secretary/Treasurer
Michael K. Eldridge	Director

Executive Committee

The Company's Bylaws require the Board to appoint an Executive Committee consisting of the President, Vice-President, and Secretary/Treasurer. This Committee has and may exercise all the power of the Board which may be lawfully delegated when the Board is not in session.

The following individuals were serving on the Executive Committee as of December 31, 2024:

Name	Title
Larry D. Baker	President
Jerry Self	Secretary/Treasurer
Michael K. Eldridge	Director

During the examination period the Company's Vice President was not a member of the Executive Committee as required by its Bylaws. Also, a director that was not an officer was included as a member of the Executive Committee, which is a violation of the Company's Bylaws. See the "Comments and Recommendations" section for further details.

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 of the Company for the purpose of electing directors and transacting such other business as may come before the meeting shall be held on the third (3rd) Saturday of March each year. The date and time of the annual meeting shall be stated in each policy of insurance, and no further notice shall be necessary.

Special meetings of the members may be called at any time by a majority of the Board acting with or without a meeting, or on the petition of one-fourth (1/4) of the members. Notice of a special meeting stating the day, hour, place and purpose or purposes thereof shall be published once a week for two weeks in a newspaper of general circulation in Hamblen County, Tennessee, the last notice to be published at least ten (10) days prior to the date of said meeting.

At all meetings of the members, members may vote in person or by mail if deemed necessary by a majority of the Executive Committee. Every policyholder with a policy in force is a member of the Company. Each member is entitled to one vote at annual or special meetings of members, regardless of the number of separate policies in force in an individual's name. No policy shall be entitled to more than one vote whether such policy is held individually, jointly, or otherwise.

All meetings of the members shall be held at the home office of the Company unless the Board shall otherwise elect. A quorum for any membership meeting shall consist of ten (10) members.

During the examination period, five (5) annual meetings of the members were held. No special meetings were held.

CORPORATE RECORDS

The minutes of the Member, Board, Audit, and Executive Committee meetings were reviewed and appear to reflect properly the acts of the respective bodies.

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 meetings of the members. No changes to the bylaws were made during the exam period.

SERVICE AGREEMENTS

The Company had the following significant agreements in place with various third-party service providers during the period under examination.

Investment Custodian

Regions Wealth Management is the Company's investment custodian and provides services pursuant to a revised custodian agreement effective as of December 31, 2014.

Investment Management Services

Martin & Company, Inc. provides investment management services pursuant to a written agreement that first became effective on May 9, 2000.

Annual Statement Preparation

Pursuant to a written agreement signed March 17, 2023, ARC Strategic Services prepares the Company's annual and quarterly statements. Also, ARC reconciles bank statements monthly and investment account statements quarterly.

Financial Statement Audits

Pursuant to an annual written agreement, Craine, Thompson, and Jones, P.C. prepares audited financial statements on a statutory basis and federal and state tax forms.

Claim Adjustment Services

Pursuant to a verbal agreement, TW Claims provides all of the Company's claims adjustment services, except for total loss claims. See the "Comments and Recommendations" sections of this report.

IT Services

Miles IT custom developed the Company's business accounting software, Striven. The Company did not sign a software licensing agreement with Miles IT to use the Striven Software System. The Company's Striven business accounting software replaced the Company's Sage 50 accounting software.

On August 5, 2021, Hamblen Mutual signed a Software Licensing Agreement with Intuitive Web Solutions, LLC to use BriteCore software. Since January 1, 2022, the Company relies on BriteCore to prepare and record policy, premium, and claim data.
Prior to January 1, 2022, the Company used the AIMS software system.

IT Management

On October 25, 2024, the Company entered into an agreement with PDS Consulting to provide IT management, onboarding, maintenance, software updates, firewall maintenance, and information protection software for the Company's office phone system and office computer system. Prior to PDS Consulting the Company used Log-On Computers for these services.

TERRITORY AND PLAN OF OPERATIONS

Territory

The Company's current Certificate of Authority was issued by the TDCI on May 27, 2023, and authorized the transaction of the business of liability, fire, lightning, hail, extended coverage, and tornado. The Certificate of Authority is valid until suspended or revoked and allows the Company to transact business operations in all 95 counties in the State of Tennessee, pursuant to Tenn. Code Ann. § 56-22-106(f)(1). The Company currently writes policies in Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, and Knox counties in Tennessee.

Pursuant to Tenn. Code Ann. § 56-22-106(f)(1), a county mutual insurance company that has surplus funds of at least three million dollars ($3,000,000) may be authorized, through express written permission of the Commissioner, to extend its operation to all counties in the State of TN. The TDCI approved the Company's request to write business in all 95 counties in Tennessee on May 27, 2023.

Plan of Operation

The Company provides its members coverage on dwelling homes (single & multi-family), rental homes (single & multi-family), modular homes, mobile homes, farm buildings, livestock, farm personal property, farm machinery, and churches in case of loss due to liability, fire, lightning, hail, extended coverage, and tornado. The Company also writes three (3) different types of liability policies as follows: 1) Owner, Landlord & Tenant, 2) Fire Comprehensive Personal Liability, and 3) Comprehensive Personal Liability.

The Company's policies are typically written for eighty percent (80%) of the fair value of the property insured, subject to policy limits of $100,000 per specific loss. Each policy is issued for one (1) year, and policyholders' premiums are due annually on the policy anniversary date. The standard deductible is $500 and is applied separately to each specific item listed on the policy. The aggregate amount deducted from loss for any one (1) occurrence shall not exceed $500. The policyholder has the option of (1) paying premium rates that are ten percent (10%) higher in exchange for a $250 deductible, (2) paying premium rates that are fifteen percent (15%) lower in exchange for a $1,000 deductible, or (3) paying premium rates that are twenty-five percent (25%) lower in exchange for a $1,500 deductible.

In addition to the Company's two licensed in-house agents the Company has agreements with ten (10) local insurance agencies to produce business for the Company. Each agency signed an "Agency Agreement", which requires the Company to pay the agency a 15% commission for new and renewal business.

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:

Year	Admitted Assets	Liabilities	Policyholders' Surplus	Gross Premiums Written	Net Income
2024	$8,323,732	$287,562	$8,036,171	$411,897	($6,892)
2023	$8,218,936	$267,198	$7,951,738	$383,069	($87,952)
2022	$8,093,027	$295,452	$7,797,575	$472,724	($4,037)
2021	$8,809,347	$488,006	$8,321,341	$436,082	$277,478
2020	$8,204,124	$443,851	$7,760,273	$515,538	$140,418

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:

Year	Net Premiums Earned	Net Incurred Losses & LAE	Loss Ratio	Other Expenses	Expense Ratio	Combined Ratio
2024	$342,467	$190,223	55.54%	$504,551	147.33%	202.87%
2023	$330,523	$233,798	70.74%	$422,082	127.70%	198.44%
2022	$428,336	$314,421	73.41%	$341,923	79.83%	153.24%
2021	$395,737	$56,628	14.31%	$319,700	80.79%	95.1%
2020	$454,595	$226,290	49.78%	$310,453	68.29%	118.07%

REINSURANCE

Specific and Aggregate Excess of Loss Reinsurance

Effective January 1, 2024, the Company entered into a Per Risk and Aggregate Excess of Loss Reinsurance Agreement with Farmers Mutual of Tennessee (Farmers) that remained in force until December 31, 2024. The agreement covered all business classified by the Company as property.

Pursuant to Tenn. Code Ann. § 56-22-106(d), the Company had the required specific excess of loss coverage through Farmers. Under the terms of the per risk section of the agreement, the Company retained the first $100,000 of each risk per occurrence, and Farmers insured one hundred percent (100%) of the next $50,000.

Pursuant to Tenn. Code Ann. § 56-22-110, the Company had the required aggregate excess of loss coverage. The Company reinsured its losses through a series of three (3) layers of aggregate coverage up to $1,512,500.

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 effectuated 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. § 56-22-106(d) and 56-22-110.

Subsequent to the examination date, the Company entered into Per Risk and Aggregate Excess of Loss Reinsurance Agreements with Farmers that were in force from January 1, 2025, through December 31, 2025, and from January 1, 2026, through December 31, 2026.

Quota Share Reinsurance

Effective January 1, 2024, the Company ceded risk through a Quota Share Reinsurance Agreement with Farmers. This reinsurance agreement allows for the Company to cede fifty percent (50%) of its liability coverage classified by the Company as Comprehensive Personal Liability; Farmers Comprehensive Personal Liability; Section II of Homeowners; Farm-owners and/or Mobile-Homeowners; and Owners, Landlords and Tenants Liability on Dwellings, Churches, and Farm Premises only to Farmers, less a fifteen percent (15%) ceding commission.

This agreement transferred risk in accordance with SSAP No. 62 and other NAIC guidelines.

ACCOUNTS AND RECORDS

During the course of the examination, certain balances were tested, and amounts were traced from the Company's trial balance to the annual statement. The Company's investment securities were confirmed with the custodian of such securities as of the date of this examination. All annual statements for the period under examination were reviewed for completeness and adequacy of disclosure. The Company's risk-based capital filings were reviewed.

During the review of the Company's 2024 annual statement, five issues of non-compliance with Tennessee Code Annotated, NAIC Accounting Practices and Procedures, and the Instructions were identified.

The Company did not non-admit premiums that are ninety (90) days past due on the Assets Page.

The Company incorrectly combined the total loss adjustment expenses with the total losses reported on the Liabilities, Surplus and Other Funds Page.

The Company incorrectly reported an iShares TIPS Bond ETF (TIP) investment on Schedule D – Part 2 – Section 2.

The Company incorrectly reported two cash equivalent investments on Schedule DA – Part 1 instead of Schedule E – Part 2 in its 2024 Annual Statement.

The Company incorrectly reported the details (book/adjusted carrying value and maturity date) of some of its investments on the 2024 Schedule D - Part 1.

See the "Comments and Recommendations" section in this report for further details concerning these issues.

Pursuant to Tennessee Compilation of Rules and Regulations (Tenn. Comp. R. & Regs.) 0780-1-78-.04(4), the Company was exempt from filing an actuarial opinion by a qualified actuary with the Commissioner.

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

MARKET CONDUCT ACTIVITIES

A market conduct review was made of the Company, as of December 31, 2024, in conjunction with this examination. The following items were addressed:

Operations and Management Standards

The Company's anti-fraud initiatives and policies related to the protection of personal information were examined and found to comply with Tenn. Code Ann. §§ 56-53-111 and 56-8-104(19), respectively.

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.

Complaint Handling Standards

The Company's complaint handling practices were reviewed for compliance with Tenn. Code Ann. § 56-8-104(11), which requires the Company to maintain a complete record of all the complaints it receives. It was noted that during the examination period, the Company did not maintain a complaint log that met the requirements of the statute.

No complaint log for 2020 was available as the Company implemented its complaint log in 2021 following a finding in the 2019 examination. The Company's complaint log did not cover the period 2022 through 2024. See the "Compliance with Previous Examination Findings" and "Comments and Recommendations" sections of this report.

Marketing and Sales Standards

The Company's advertising during the period of examination consisted of its website, hats, mugs, calendars, newspaper ads, and local radio station ads.

It was found that certain memorabilia distributed during the Company's 115th anniversary celebration were not in compliance with Tenn. Code Ann. § 56-22-106(g) as the Company did not correctly display the wording "A County Mutual Insurance Company". See the "Comments and Recommendations" Section of this report.

Producer Licensing Standards

Tenn. Code Ann. §§ 56-6-103 and 56-6-115 require the Company to sell its products and services through producers who are properly licensed and appointed by the Company. The Company's producer's state-issued license and appointment information was reviewed, and no issues were noted concerning the Company's in-house agents. However, several agents working for agencies that wrote business for the Company were not properly appointed. See the "Comments and Recommendations" Section of this report.

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.

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. No issues were noted.

A sample of canceled and non-renewed policies was reviewed for timely notification and compliance with Tenn. Code Ann. §§ 56-7-1901 and 56-7-1902. There was one (1) instance where a cancellation notice was not sent to the policyholder at least 30 days prior to the policy expiration date. See the “Comments and Recommendations” section in this report.

During a review of a sample of the Company’s applications, it was noted that the Company’s applications did not contain the fraud statement required by Tenn. Code Ann. § 56-53-111. See the “Comments and Recommendations” section in this report.

The policy forms that were used by the Company during the period of examination were reviewed. All forms and rates were noted as having been filed with the Department prior to use, pursuant to Tenn. Code Ann. §§ 56-5-103, 56-5-104, 56-5-105, and 56-22-109(b)(1).

The Company’s premium rates in place as of year-end 2024 were approved by the Department on April 5, 2024 and became effective on April 5, 2024. The premium rates in effect from January 1, 2000, through April 4, 2024, were approved by the TDCI in 2017.

Subsequent to the date of examination, the Company implemented a rate increase that became effective June 1, 2025. These new rates were approved by the TDCI on March 18, 2025.

Claims Handling

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.

During a review of the Company’s claim files, it was noted that the Company’s claim forms did not contain the fraud statement required by Tenn. Code Ann. § 56-53-111. See the “Comments and Recommendations” Section of this report.

SUBSEQUENT EVENTS

During the examination, a review of subsequent events was performed.

Pursuant to Tenn. Code Ann. § 52-22-106(c), the Company is limited to writing coverage in the amount of $100,000 for a single risk. The Company exceeded this limit when they wrote and retained coverage for nine (9) policies that exceeded the $100,000 limit in June 2025. The TDCI notified the Company of this violation on October 6, 2025. The Company amended its 2025 reinsurance agreement with Farmers to become compliant with Tenn. Code Ann. § 52-22-106(c). See the “Comments and Recommendations” section of this report.

No other events were noted that required additional disclosure in the examination report. Management stated in its Letter of Representation that they were not aware of any events subsequent to December 31, 2024, that could have a material effect on the Company’s financial condition. Our review confirmed the Company’s disclosures in its 2024 Annual Statement and in its Letter of Representation.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, surplus and other funds, and a statement of income, as of December 31, 2024, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2024 Annual Statement. *(Note: Failure of the columns to add to the totals reflected in this Report is due to rounding.)*

ASSETS

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	$4,304,578		$4,304,578
Common stocks	3,078,684		3,078,684
Properties occupied by the company	42,954		48,593
Cash and cash equivalents	621,997		621,997
Investment income due and accrued	45,758		45,758
Uncollected premiums and agents' balances in the course of collection	52,432		52,432
Deferred premiums, agents' balances and installments booked but deferred and not yet due	9,949		9,949
Other amounts receivable under reinsurance contracts	10,499		10,499
Net deferred tax asset	102,742		102,742
Electronic data processing equipment and software	50,618		50,618
Aggregate write-ins for other-than-invested assets	3,521		3,521
Total	$8,323,732		$8,323,732

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses	$15,000
Other Expenses	17,639
Unearned premiums	233,533
Advance Premiums	7,678
Ceded reinsurance premiums payable	11,993
Amounts withheld or retained by company for accounts of others	1,719
Total Liabilities	287,562
Unassigned funds (surplus)	8,036,171
Surplus as regards policyholders	8,036,171
Totals	$8,323,733

STATEMENT OF INCOME

UNDERWRITING INCOME

Premiums earned	$342,467

DEDUCTIONS

Losses incurred	180,322
Loss adjustment expenses incurred	9,901
Other underwriting expenses incurred	504,551
Total underwriting deductions	694,774
Net underwriting gain or (loss)	(352,307)

INVESTMENT INCOME

Net investment income earned	206,851
Net realized capital gains (losses) less capital gains tax	122,342
Net investment gain (loss)	329,193

OTHER INCOME

Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(23,114)
Net income (loss) after dividends to policyholders and before federal income taxes	(23,114)
Federal and foreign income taxes incurred	(16,222)
Net Income (loss)	($6,892)

CAPITAL AND SURPLUS ACCOUNT

	2024	2023	2022	2021	2020
Policyholders' Surplus					
December 31, previous year	$7,951,738	$7,797,575	$8,321,341	$7,760,273	$7,419,113
Net income or (loss)	(6,892)	(87,952)	(4,037)	277,478	140,418
Change in net unrealized capital gains or (losses)	91,326	242,114	(519,729)	283,590	200,742
Net change in capital and surplus for the year	84,434	154,162	(523,766)	561,068	341,160
Policyholders' Surplus					
December 31, current year	$8,036,171	$7,951,738	$7,797,575	$8,321,341	$7,760,273

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Surplus as Regards Policyholders	$8,036,171

Total surplus as regards policyholders, as established by this examination, is the same as reported by the Company in its 2024 Annual Statement. There were no changes made to any asset or liability item as a result of our examination performed as of December 31, 2024.

COMMENTS AND RECOMMENDATIONS

The following list presents a summary of comments and recommendations noted in this report:

Comments

1. As noted in the "Management and Control" section of this report, the Company's Vice President was not a member of the Executive Committee as required by its Bylaws. Also, a director that was not an officer was included as a member of the Executive Committee, which is a violation of the Company's Bylaws.

   It is suggested the Company comply with its Bylaws or amend its Bylaws concerning the composition of its Executive Committee.

2. As noted in the "Service Agreements" section of this report, the Company has verbal agreements with some of its service providers.

   As a "best practice", it is suggested that the Company formalize these verbal agreements in writing.

3. As noted in the "Complaint Handling Standards" section of this report, the Company's complaint log did not meet the requirements of Tenn. Code Ann. § 56-8-104(11).

   During the examination, the Company created a compliant complaint log that met the requirements of Tenn. Code Ann. § 56-8-104(11).

4. As noted in the "Producer Licensing Standards" section of this report, the Company did not properly appoint agents working for agencies that wrote business for the Company, as required by Tenn. Code Ann. § 56-6-115.

During the examination, the Company became compliant with Tenn. Code Ann. § 56-6-115 by appointing all agents that write business for the Company.

5. In 2025, as noted in the “Subsequent Events” section of this report, the Company wrote and retained coverage for several policies that exceeded the $100,000 coverage retention limit, which is a violation of Tenn. Code Ann. § 56-22-106(c).

   During the examination, the Company became compliant with Tenn. Code Ann. § 56-22-106(c) by amending its 2025 reinsurance agreement with Farmers so that it retains no more than $100,000 in coverage for one policy.

6. The Company’s fidelity coverage during the period under examination did not meet the minimum amount suggested in the NAIC Handbook.

   It is suggested the Company increase its fidelity coverage to meet the requirements of the NAIC Handbook.

Recommendations

1. As noted in the “Compliance with Previous Examination Findings” and “Accounts and Records” section of this report, the Company did not correctly non-admit premiums that were ninety (90) days past due in accordance with SSAP No. 6, paragraph 9.

   It is recommended that the Company correctly non-admit premiums that are ninety (90) days past due pursuant to SSAP No. 6, paragraph 9, and Tenn. Code Ann. § 56-22-109.

2. As noted in the “Accounts and Records” section of this report, the Company combined loss adjustment expenses with losses on the Liabilities, Surplus and Other Funds Page in the 2024 annual statement. The Instructions require loss adjustment expenses and losses to be reported separately on the Liabilities, Surplus and Other Funds Page.

   It is recommended that the Company correctly report loss adjustment expenses and losses on the Liabilities, Surplus and Other Funds Page in future annual statements pursuant to the Instructions and Tenn. Code Ann. § 56-22-109.

3. As noted in the “Accounts and Records” section of the report, the Company reported an iShares TIPS Bond ETF (TIP) investment on Schedule D – Part 2 – Section 2 instead of on Schedule D – Part 1 in its 2024 Annual Statement.

It is recommended that the Company report its iShares TIPS Bond ETF (TIP) investment on Schedule D – Part 1 pursuant to the Instructions, the NAIC SVO - Identified Bond ETF List, and Tenn. Code Ann. § 56-22-109.

4. As noted in the “Accounts and Records” section of the report, the Company incorrectly reported two cash equivalent investments on Schedule DA – Part 1 instead of Schedule E – Part 2 in its 2024 Annual Statement.

   It is recommended that the Company report cash equivalent investments on Schedule E – Part 2 pursuant to the Instructions, NAIC SSAP No. 2R, and Tenn. Code Ann. § 56-22-109.

5. As noted in the “Accounts and Records” section of the report, the Company incorrectly reported the details (book/adjusted carrying value and maturity dates) of some of its investments on the 2024 Schedule D - Part 1.

   It is recommended that the Company correctly complete Schedule D in accordance with the Instructions, NAIC SSAP No. 26R, and Tenn. Code Ann. § 56-22-109.

6. As stated in the “Market Conduct Activities” section of the report, one cancellation notice was not sent to the policyholder at least 30 days prior to the policy expiration date, which is required by Tenn. Code Ann. § 56-7-1901.

   It is recommended that the Company issue policy cancellation notices pursuant to the time requirements of Tenn. Code Ann. § 56-7-1901.

7. As noted in the “Market Conduct Activities” section of this report, the Company’s applications and claim forms did not include the required fraud statement in accordance with Tenn. Code Ann. § 56-53-511(b)(1)(A).

   It is recommended that the Company include a fraud statement on its applications and claim forms pursuant to Tenn. Code Ann. § 56-53-511(b)(1)(A).

8. As noted in the “Marketing and Sales Standards” section of this report, it was found that certain memorabilia distributed during the 115th anniversary celebration were not in compliance with Tenn. Code Ann. § 56-22-106(g) as they did not correctly display “A County Mutual Insurance Company”.

It is recommended that the Company include the required “A County Mutual Insurance Company” statement on its marketing and advertising items pursuant to Tenn. Code Ann. § 56-22-106(g).

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 Hamblen Mutual Insurance Company.

In such manner, it was found that as of December 31, 2024, the Company had admitted assets of $8,323,732 and liabilities, exclusive of policyholders' surplus, of $287,562. Thus, there existed for the additional protection of the policyholders, the amount of $8,036,171 in the form of unassigned funds. For this examination, as of December 31, 2024, the Company maintains sufficient surplus to satisfy the requirements of Tenn. Code Ann. §§ 56-22-105(c) and 56-22-106(f)(1) and (2).

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, Kerolles Azzoz, Benjamin Govan, Dustin Henderson, Tracey Kibet, Linda Merriweather CISA, APIR, MCM, Luke Photivihok, Taylor Young, Insurance Examiners, Rhonda Bowling-Black, CFE, ARe, MCM, Market Conduct Supervisor and Jay Uselton, CFE, MCM, Supervising Examiner, from the State of Tennessee, participated in the work of this examination.

Respectfully submitted,

James T. Pearce, Jr.

James T. Pearce, Jr., APIR, MCM
Examiner-in-Charge
State of Tennessee

CERTIFICATION

The undersigned certifies and says that he has duly executed the attached examination report of Hamblen Mutual Insurance Company located in Morristown, Tennessee, dated May 16, 2026, and made as of December 31, 2024, on behalf of the Tennessee Department of Commerce and Insurance. The undersigned 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.

James T. Pearce, Jr.

James T. Pearce, Jr.
Examiner-in-Charge
State of Tennessee

EXHIBIT B

HAMBLEN MUTUAL
A County Mutual Insurance Company

Hamblen Mutual

A County Mutual Insurance Company

110 N. Cumberland Street • Morristown, TN 37814-4602
(423) 586-6041 • Fax (423) 586-3597

June 16, 2026

Bryant Cummings

Insurance Examinations Director/ Chief Examiner

SUBJ: REPORT ON EXAMINATION – HAMBLEN MUTUAL INSURANCE COMPANY

Dear Mr. Bryant Cummings,

We hereby acknowledge receipt of the final Report of Examination for Hamblen Mutual Insurance Company, made as of December 31, 2024.

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

Sincerely,

Larry D. Baker

Larry D. Baker

PRESIDENT