



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

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**REPORT ON EXAMINATION**  
**OF**  
**TENNESSEE FARMERS ASSURANCE COMPANY**  
**(NAIC # 41220)**  
**(NAIC Group # 694)**  
**COLUMBIA, TENNESSEE**

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**AS OF**  
**DECEMBER 31, 2020**

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Columbia, Tennessee  
May 3, 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.”) § 56-1-408, a full-scope financial examination as of December 31, 2020, has been made of the condition and affairs of:

**TENNESSEE FARMERS ASSURANCE COMPANY**

NAIC # 41220  
NAIC Group # 694  
147 Bear Creek Pike  
Columbia, TN 38401

hereinafter referred to as the “Company” or “TFAC” 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 TDCI. This examination was called through the National Association of Insurance Commissioners (NAIC) Financial Examination Electronic Tracking System (FEETS). The examination was conducted simultaneously with the examination of two (2) other insurance companies in the Tennessee Farmers Group, all based in Columbia, Tennessee, as follows:

- Tennessee Farmers Mutual Insurance Company
- Tennessee Farmers Life Insurance Company

## SCOPE OF EXAMINATION

The last examination of the Company was made as of December 31, 2015. This examination covers the period January 1, 2016, through December 31, 2020, and includes any material transactions and/or events occurring subsequent to the examination date, which were noted during the course of 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 NAIC in the *Financial Condition Examiners Handbook* ("Handbook"), as deemed appropriate. The examination sought to identify prospective risks by obtaining information about the Company, including its corporate governance. Significant inherent risks within the Company were reviewed and assessed. Controls and mitigation for those significant risks were also reviewed. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with statutory accounting principles and annual statement instructions.

All significant risks were considered when planning which key activities and accounts would be examined. The key activities included: Investments, Reinsurance, Underwriting/Premiums, Reserves/Claims Handling, Related Parties, and Capital and Surplus.

The Company's 2020 Annual Statement was compared with or reconciled to the corresponding general ledger account balances.

Independent information technology specialist services, provided by Lewis & Ellis, Inc. were utilized in the examination review of the Company's information technology general controls (ITGC).

The actuarial firm of Lewis & Ellis, Inc. was utilized in the examination review of the Company's reinsurance and statutory reserves, as well as the risk assessment and review of controls for reserving risks.

The independent auditors' workpapers were reviewed for the 2020 audit, and copies were incorporated into the examination, as deemed appropriate. The independent auditors were also engaged by the Company to perform testing of internal controls for purposes of compliance with the Model Audit Rule (MAR). The examiners reviewed the processes tested and requested the workpapers for specific processes identified as significant to the key activities being examined. The workpapers were provided and were utilized, where appropriate.

In September 2019, the Company engaged a consulting firm to perform Internal Audit (IA) procedures identified by the Audit Committee. During 2020, the firm's review was limited to two (2) specific areas, as directed by the Audit Committee. The examiners reviewed both areas of testing.

## **COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS**

No comments or recommendations were noted during the previous examination.

## **COMPANY HISTORY**

The Company was incorporated under the provisions of the Tennessee General Corporation Act on April 3, 1991. The Company operates as a stock property and casualty insurance company and was issued a Certificate of Authority by the TDCI on May 2, 1991. Business commenced on August 1, 1991.

Subsequent to the Company's incorporation, TFHC, Inc. was the Company's immediate parent, which owned the majority of the outstanding shares of common stock.

As of December 31, 2018, Tennessee Farmers Mutual Insurance Company (TFMIC) owned eighty-nine and seventy-five hundredths percent (89.75%) of the outstanding stock of the holding company, TFHC, Inc., which represented an indirect ownership in TFAC of eighty-one and eighty-two hundredths percent (81.82%).

Effective July 1, 2019, the Company's immediate parent, TFHC, Inc. was merged into the Company. There was no gain or loss recognized by any party from this merger. After the merger, TFMIC became the Company's immediate and ultimate parent. At the examination date of December 31, 2020, TFMIC owned eighty-two percent (82%) of the Company. The Company's affiliate, Tennessee Farmers Life Insurance Company (TFLIC), owned four and seven tenths percent (4.7%), Tennessee Farm Bureau Federation ("TNFB Federation") owned four and two tenths percent (4.2%), and Tennessee Rural Health Association owned seven tenths percent (0.7%) of the Company. The remaining eight and four tenths percent (8.4%) of the Company is held by employees, agents, and the public.

As of December 31, 2020, there are sixty million, two-hundred thirty-three thousand, two hundred forty-eight (60,233,248) shares of common stock issued and outstanding.

The Company owned forty-nine percent (49%) of Generation Life Insurance Company ("Generation"), an Arizona domiciled life insurance company. On October 3, 2016,

Generation Life Insurance Company (which was owned by TFLIC and TFAC) was sold to a Swiss Re subsidiary.

Since its inception in August 1992, the primary changes in the Company's outstanding common stock and paid in and contributed surplus resulted from small repurchases of common stock and new stock certificates, issued to TFMIC in order to contribute to TFMIC's 401(k) retirement plans. Also, new shares were issued to new agents and directors.

The Company assumes fifty percent (50%) of all business written by TFMIC, and writes no direct business.

## **MANAGEMENT AND CONTROL**

### **MANAGEMENT**

#### **Shareholders**

Notice of meetings may be communicated to each shareholder, either personally, orally, or by mail not less than ten (10) days nor more than two (2) months before the date of such meeting. The notice shall specify the place, day, and hour of annual and special meetings, and, in the case of a special meeting, shall state the purpose or purposes for which the meeting is called and the person or persons calling the meeting. The annual meeting of the shareholders shall be held at the call of the President or the Chief Executive Officer (CEO) on a date, and at such time and place, and may be selected by the President or the CEO and designated in the call of the meeting, subject to approval by the Board of Directors ("Board").

Special meetings of the shareholders may be called at any time by the President, the CEO, a majority of the Board, or the holder or holders of not less than ten percent (10%) of all the shares entitled to vote at such meeting.

A majority of the outstanding shares of stock entitled to vote, represented in person or by proxy, shall constitute a quorum for the transaction of business.

Each shareholder of record entitled to vote shall be entitled to one (1) vote for each share of stock standing in their name and may vote either in person or by proxy.

Any action that may be taken at a meeting of the shareholders may be taken without a meeting, if all of the shareholders entitled to vote on such action consent, in writing, to taking that action without a meeting. The written consent shall set forth the action taken

and shall be signed by each shareholder entitled to vote, indicating each signing shareholder's vote or abstention on the action.

### **Directors**

The business and affairs of the corporation shall be managed and controlled by the Board which is elected annually. In accordance with the Bylaws, the Board shall consist of not less than five (5) nor more than twenty-five (25) directors.

The following persons were duly elected and were serving as members of the Board, as of December 31, 2020:

<b><u>Name</u></b>	<b><u>Principal Occupation</u></b>
Jeff Aiken	Farmer President and Chairman, TNFB Federation
William "Eric" Mayberry	Farmer
Brenda Baker	Farmer
Willard Brown	Farmer
Joseph Allen Bryant	Farmer
John Chester	Farmer
Robert Earhart	Farmer
Charles Hancock	Farmer
James Haskew, Jr.	Farmer
Jason Luckey	Farmer
Joshua Ogle	Farmer
David Richesin	Farmer
Jack Sanders	Farmer
Mike Scudder	Farmer
Terry Snyder	Farmer
Catherine Via	Farmer

Each director must be a member in good standing of the TNFB Federation. No director, except for the President, may be a current agent or employee of the Company or any affiliate.

### **Officers**

The Bylaws of the Company provide that the Board shall elect annually a President, a Vice President, a CEO, a Secretary, a Controller, a Chief Financial Officer or Treasurer, an Assistant Secretary, and such additional officers as the CEO may propose and the Board approves. Except for the offices of President, CEO and Secretary, any position may, in the event of a vacancy, remain unfilled by the Board in their discretion.

The following persons were duly elected by the Board and were serving as officers of the Company, as of December 31, 2020:

<b><u>Name</u></b>	<b><u>Title</u></b>
Jeff Aiken	President
William "Eric" Mayberry	Vice President
Jeff Pannell	Chief Executive Officer
Julie Bowling	Secretary and General Counsel
Jerry Cook	Chief Financial Officer and Treasurer
John Law	Chief Operating Officer, Property and Casualty Operations
David Bell	Chief Operating Officer, Life Operations
Phil Irwin	Chief Marketing Officer
Josh Webber	Chief Administrative Officer

### **Committees**

The Board may by resolution appoint an Executive Committee or any other committee(s) for any purpose(s) to the extent permitted by law. The powers of the committee(s) shall be specified in the resolution of the appointment.

On December 31, 2020, the standing committees of the Board and respective committee members were as follows:

#### **Investment Committee**

The Investment Committee has the authority to approve the investment policy and strategy for the Company.

Jeff Aiken	Jerry Cook
David Bell	Jeff Pannell
Julie Bowling	

#### **Audit Committee**

The Audit Committee assists the Board in fulfilling board oversight responsibilities for the financial reporting process, the system of internal control over financial reporting, and the audit process.

William "Eric" Mayberry (Chair)	Jack Sanders
Buddy Bryant	Catherine Via
Jason Luckey	

The management and administrative functions of the Company are performed through a Management Services Agreement with TFMIC. See the "Agreements with Parent and Affiliates" section later in this report.

## **CONTROL**

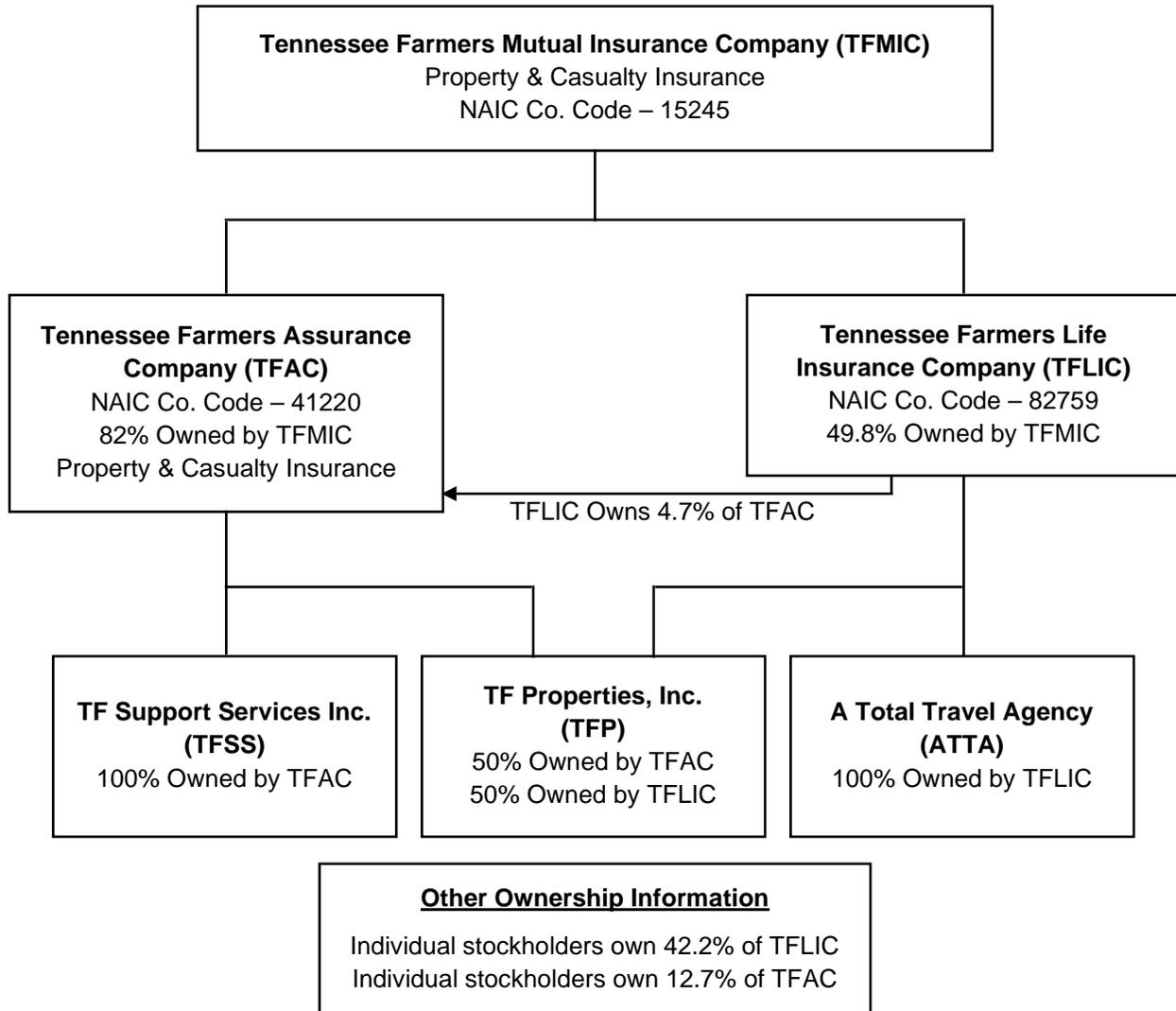
The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-101(b)(7), and as such, is subject to the Insurance Holding Company System Act of 1986, set forth in Tenn. Code Ann. §§ 56-11-101, *et seq.* The Company's immediate and ultimate parent is TFMIC. See "Organization Chart" below for details on all owners of the Company. The Company files a holding company registration statement annually, as required by Tenn. Code Ann. § 56-11-105.

The Company owns one hundred percent (100%) of the stock of TF Support Services, Inc., and fifty percent (50%) of TF Properties, Inc.

On December 31, 2020, TFMIC held investments in American Agricultural Insurance Company (AAIC) and FBP 2015 Holding Company (FBP), which were thirteen percent (13%) and twenty-one percent (21%) of the respective ownerships. Based on Statement of Statutory Accounting Principles (SSAP) No. 25, the two entities are affiliates (related parties) of TFMIC, and therefore affiliates to the Company and TFLIC. These entities were not disclosed in various annual statement schedules and exhibits, as required by the NAIC *Annual Statement Instructions*. As such, the Company was not in compliance with Tenn. Code Ann. § 56-1-501. See "Comments and Recommendations" section later in this report.

## ORGANIZATIONAL CHART

The following organizational chart shows the Company's parent and subsidiaries, as of December 31, 2020:



## DIVIDENDS

During the period of examination, the Company did not declare or pay any cash stockholder dividends. The Company declared a three percent (3%) stock dividend in each of the years under the examination.

## CORPORATE RECORDS

The minutes of meetings of the Company's shareholders, Board, and committees were reviewed for the period under examination. They 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 of the Company in effect as of December 31, 2020, was filed and recorded with the Tennessee Secretary of State on April 3, 1991. The Charter was approved by the TDCI on the same date.

The Charter provided for the operation of a “for-profit” corporation and authorized a maximum number of one hundred million (100,000,000) shares of common capital stock with a par value of one dollar (\$1.00) per share. These shares have unlimited voting rights and have the right to receive the net assets of the Company upon dissolution.

The Charter states that the purpose of the Company is “to issue contracts of insurance and/or to reinsure or accept reinsurance of all forms of property and casualty insurance....” The Company made no amendments to its Charter during the period of examination.

### **Bylaws**

The Restated Bylaws of the Company, in effect as of December 31, 2020, were restated effective April 9, 1992, and amended on April 4, 1994. No amendments have been enacted during the period of examination.

The current Bylaws are such as generally found in corporations of this type and contain no unusual provisions. They provide for the regulation of the business and for the conduct of the affairs of the Company, the Board, and its shareholders.

## **AGREEMENTS WITH PARENT AND AFFILIATES**

The Company had the following significant agreements with its parent and affiliated companies in effect, as of December 31, 2020:

### **Management Services Agreement**

The Company is a party to a Management Services Agreements with its ultimate parent, TFMIC. Under the agreement, TFMIC performs all management, administrative, and other services that are reasonably necessary for the operation of the Company. These services include, but are not limited to the following: employees, legal, claims, managerial, and accounting.

Under the terms of the agreement, the Company remits a quarterly payment to TFMIC for all services, supplies, equipment, and other facilities furnished in an amount equal to the costs or deductions incurred by TFMIC. A cost study is performed periodically to determine the allocation of TFMIC employees' salaries for each member of the group. The agreement calls for settlement to be remitted on a quarterly basis.

The agreement was dated April 25, 1991, and had an ending date of December 31, 1991, with the option to renew on a calendar year basis thereafter.

The Agreement was determined to satisfy the requirements of Tenn. Code Ann. § 56-11-106(a)(1).

### **Tax Allocation Agreement**

The Company entered into a Tax Allocation Agreement with its parent companies, TFMIC and TFHC, Inc. (TFHC was subsequently dissolved), and affiliate, Tennessee Farmers Support Services Corporation, effective December 31, 2017. Under the terms of the agreement, the subsidiaries shall establish a liability to TFMIC for the amount of federal income tax that relates to the subsidiary's contribution to the total consolidated federal income tax liability. In the event that a subsidiary incurs a net operating loss, thus providing a tax benefit to the consolidated group, the Company shall credit to the subsidiary the amount of the tax benefit attributable to the subsidiary's net operating loss. Amounts are to be settled no later than forty-five (45) days after the date on which the consolidated tax return is required to be filed.

The Agreement was determined to satisfy the requirements of Tenn. Code Ann. § 56-11-106(a)(1).

## **TERRITORY AND PLAN OF OPERATION**

### **TERRITORY**

As of December 31, 2020, the Company was licensed to transact business in the State of Tennessee. The Certificate of Authority granted by Tennessee was reviewed and found to be in order.

Premium tax records were reviewed for the Company, and no exceptions were noted.

## **PLAN OF OPERATIONS**

The Company ceased writing direct premium in 2009. As in-force policies expired during 2009, new policies were written by TFMIC, so that no in-force policies remained after December 31, 2009. The Company currently assumes fifty percent (50%) of the premium written by TFMIC, as well as fifty percent (50%) of the associated losses and loss adjustment expenses, underwriting expenses and policyholder dividends of TFMIC.

## **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:

<b><u>Year</u></b>	<b><u>Admitted Assets</u></b>	<b><u>Liabilities</u></b>	<b><u>Capital and Surplus</u></b>	<b><u>Premiums Earned</u></b>	<b><u>Net Income</u></b>
2020	\$1,924,142,244	\$537,055,227	\$1,387,087,017	\$714,818,175	\$53,306,869
2019	\$1,808,004,513	\$508,952,319	\$1,299,052,194	\$700,855,436	\$118,256,371
2018	\$1,633,081,016	\$486,351,531	\$1,146,729,485	\$669,552,696	\$122,968,045
2017	\$1,505,782,374	\$461,506,510	\$1,044,275,864	\$624,279,836	\$49,113,264
2016	\$1,431,349,767	\$447,026,512	\$984,323,255	\$595,418,270	\$91,191,468

In 2018 and 2019, increase in rates and decrease in storm activity contributed to increased net income.

## **LOSS EXPERIENCE**

As developed from applicable amounts included in the Company's annual statements, the ratios of losses and loss adjustment expenses (LAE) incurred to earned premiums, for the period subject to this examination were as follows:

<b><u>Year</u></b>	<b><u>Losses Incurred</u></b>	<b><u>LAE Incurred</u></b>	<b><u>Premiums Earned</u></b>	<b><u>Loss Ratio</u></b>
2020	\$522,898,548	\$59,053,029	\$714,818,175	81.41%
2019	\$448,514,215	\$53,144,048	\$700,855,436	71.58%
2018	\$426,219,145	\$49,594,717	\$669,552,696	71.06%
2017	\$455,804,777	\$53,433,278	\$624,279,836	81.57%
2016	\$382,004,203	\$47,744,953	\$595,418,270	72.18%

## **REINSURANCE AGREEMENTS**

### **Assumed Reinsurance with Affiliates**

The Company assumes, through a quota share agreement, fifty percent (50%) of all lines of business issued by TFMIC effective August 1, 1991. This agreement covers liabilities that existed on and after August 1, 1991.

### **Other Considerations**

All of the Company's significant reinsurance agreements were 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). All agreements appear to effectuate proper transfer of risk in accordance with SSAP No. 62R and 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. All of 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. These test checks and reviews revealed no material discrepancies.

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

## **MARKET CONDUCT ACTIVITIES**

The Company ceased writing direct premium in 2009. As in-force policies expired during 2009, new policies were written by TFMIC, so that no in-force policies remained after December 31, 2009. Therefore, no market conduct review was performed in conjunction with this examination.

## **SUBSEQUENT EVENTS**

During the examination, a review of subsequent events was performed. No 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, 2020, that could have a material effect on the Company's financial condition. Our review confirmed the Company's disclosures in its 2020 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, 2020, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2020 Annual Statement. *(Note: Immaterial differences in totals are due to rounding)*

### ASSETS

	<u>Assets</u>	<u>Non-Admitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$1,536,993,609		\$1,536,993,609
Preferred stocks	166,670		166,670
Common stocks	308,681,180	\$901,640	307,779,540
Cash, cash equivalents, and short-term investment	42,463,572		42,463,572
Other invested assets	15,338,790		15,338,790
Investment income due and accrued	18,250,442		18,250,442
Net deferred tax asset	1,000,894		1,000,894
Receivables from parent, subsidiaries, and affiliates	2,148,727		2,148,727
Aggregate write-ins for other-than-invested assets	<u>209,803</u>	<u>209,803</u>	<u>0</u>
<b>Totals</b>	<b><u>\$1,925,253,687</u></b>	<b><u>\$1,111,443</u></b>	<b><u>\$1,924,142,244</u></b>

**LIABILITIES, SURPLUS, AND OTHER FUNDS**

Losses		\$197,685,561
Loss adjustment expenses		32,635,997
Other expenses (excluding taxes, licenses, and fees)		3,042
Taxes, licenses, and fees		665
Unearned premiums		268,242,795
Dividends declared and unpaid: Policyholders		1,360,061
Payable to parent, subsidiaries, and affiliates		33,457,106
Payable for securities		<u>3,670,000</u>
Total Liabilities		\$537,055,227
Common capital stock	\$60,233,248	
Gross paid in and contributed surplus	22,437,413	
Unassigned funds (surplus)	<u>1,304,416,356</u>	
Surplus as regards policyholders		<u>1,387,087,017</u>
<b>Totals</b>		<b><u>\$1,924,142,244</u></b>

## STATEMENT OF INCOME

### **Underwriting Income**

Premiums earned		\$714,818,175
Losses incurred	\$522,898,548	
Loss adjustment expenses incurred	59,053,029	
Other underwriting expenses incurred	<u>112,117,737</u>	
Total underwriting deductions		<u>694,069,314</u>
Net underwriting gain/(loss)		20,748,861

### **Investment Income**

Net investment income earned	53,290,024	
Net realized capital gains (losses) less capital gains tax	<u>915,499</u>	
Net investment gain/(loss)		54,205,523

### **Other Income**

Aggregate write-ins for miscellaneous income	<u>2,368,897</u>	
Total other income		<u>2,368,897</u>

Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes		77,323,281
Dividends to policyholders		<u>16,289,222</u>
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes		61,034,059
Federal and foreign income taxes incurred		<u>7,727,190</u>
<b>Net Income</b>		<u><b>\$53,306,869</b></u>

**CAPITAL AND SURPLUS ACCOUNT**

	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>
Surplus as regards policyholders, December 31, prior year	<u>\$1,299,052,194</u>	<u>\$1,146,729,485</u>	<u>\$1,044,275,864</u>	<u>\$984,323,255</u>	<u>\$874,474,357</u>
Net income	53,306,869	118,256,371	122,968,045	49,113,264	91,191,468
Change in net unrealized capital gains or (losses)	34,933,184	34,049,164	(9,877,555)	18,865,744	14,122,552
Change in net deferred income tax	988,203	1,085,339	(10,488,883)	(8,846,184)	(7,287,289)
Change in non-admitted assets	19,700	496,446	(67,505)	981,406	11,962,721
Capital changes: Paid in	(47,587)	(67,334)	(4,653)	(6,886)	(5,015)
Capital changes: Transferred from surplus	1,755,594	1,706,126	1,657,477	1,609,479	1,562,899
Surplus adjustments: Paid in	(1,165,546)	(1,497,277)	(115,828)	(154,735)	(135,539)
Surplus adjustments: Transferred to capital	<u>(1,755,594)</u>	<u>(1,706,126)</u>	<u>(1,657,477)</u>	<u>(1,609,479)</u>	<u>(1,562,899)</u>
Change in surplus as regards policyholders for the year	<u>88,034,823</u>	<u>152,322,709</u>	<u>102,453,621</u>	<u>59,952,609</u>	<u>109,848,898</u>
Surplus as regards policyholders, December 31, current year	<u>\$1,387,087,017</u>	<u>\$1,299,052,194</u>	<u>\$1,146,729,485</u>	<u>\$1,044,275,864</u>	<u>\$984,323,255</u>

## ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Total Capital and Surplus

\$1,387,087,017

Total capital and surplus, as established by this examination, is the same as reported by the Company in its 2020 Annual Statement. There were no changes made to any asset or liability items as a result of our examination performed as of December 31, 2020.

## COMMENTS AND RECOMMENDATIONS

### Comments

There were no comments noted during the completion of this examination.

### Recommendations

1. As noted in the "Control" section of this report, it was found that the Company did not comply with Tenn. Code Ann. § 56-1-501, in that it did not disclose all of its affiliates.

It is recommended the Company comply with Tenn. Code Ann. § 56-1-501 and include all of its affiliates in various disclosures.

## 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 Tennessee Farmers Assurance Company.

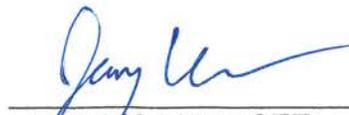
In such manner, it was found that as of December 31, 2020, the Company had admitted assets of \$1,924,142,244 and liabilities, exclusive of capital and surplus, of \$537,055,227. Thus, there existed for the additional protection of the policyholders, the amount of \$1,387,087,017 in the form of common capital stock, gross paid in and contributed surplus, and unassigned funds. Tenn. Code Ann. §§ 56-2-114 and 56-2-115 require an insurer of this Company's type to maintain a minimum capital of \$1,000,000 and minimum surplus of \$1,000,000. For this examination, as of December 31, 2020, the Company maintains capital and 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, Linda Merriweather CISA, APIR, CGFM; Nneka LaBon, APIR; James Pearce, MCM; Insurance Examiners; Rhonda Bowling-Black, CFE, ARe, MCM; Shelli Isiminger, FLMI, CICSUR, AIE, MCM, AIRC, Market Conduct Examiners from the State of Tennessee; Greg Wilson, FCSA; Mike Mayberry, FSA, MAAA; Lindsey Pittman, CFE, CISA, AES, and Jessica Lynch, CFE of the actuarial and contracting firm Lewis & Ellis, Inc., participated in the work of this examination.

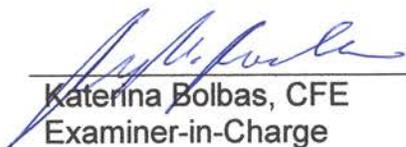
Respectfully submitted,

  
Katerina Bolbas, CFE  
Examiner-in-Charge  
Lewis & Ellis, Inc.  
Representing the State of Tennessee

  
A. Jay Uselton, CFE  
Department Designee  
Tennessee Department of Commerce and Insurance

# AFFIDAVIT

The undersigned deposes and says that she has duly executed the attached examination report of Tennessee Farmers Assurance Company located in Columbia, Tennessee, dated May 3, 2022, and made as of December 31, 2020, 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.

  
Katerina Bolbas, CFE  
Examiner-in-Charge  
Lewis & Ellis, Inc.  
Representing the State of Tennessee

State Michigan

County Berrien

Subscribed to and sworn before me

this 22 day of June, 2022

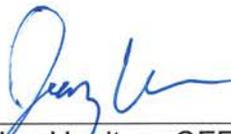
  
(NOTARY)

My Commission Expires: 8-21-2025



# AFFIDAVIT

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A. Jay Uselton, CFE  
Department Designee  
State of Tennessee

State TN

County Davidson

Subscribed to and sworn before me

this 2nd day of June, 2022

  
(NOTARY)

My Commission Expires: \_\_\_\_\_ My Commission Expires May 07, 2024

# **EXHIBIT B**



**Auto • Home • Life**

**Tennessee Farmers  
Insurance Companies**

Corporate Headquarters

Post Office Box 307

Columbia, TN 38402-0307

931.388.7872 • [www.fbitn.com](http://www.fbitn.com)

June 24, 2022

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 – Tennessee Farmers Assurance Company**

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for Tennessee Farmers Assurance Company, made as of December 31, 2020.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Jeff Pannell".

Jeff Pannell  
CEO Tennessee Farmers Insurance Companies