EXHIBIT A

STATE OF TENNESSEE

DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION

OF

FARMERS MUTUAL FIRE INSURANCE COMPANY
OF
JEFFERSON COUNTY

DANDRIDGE, TENNESSEE

AS OF

DECEMBER 31, 2013

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Nashville, Tennessee
April 30, 2015

Honorable Julie Mix McPeak
Commissioner
State of Tennessee
Department of Commerce and Insurance
Nashville, Tennessee 37243

Dear Commissioner:

Pursuant to your instructions and in accordance with Tenn. Code Ann. § 56-22-115, regulations, and resolutions adopted by the National Association of Insurance Commissioners ("NAIC"), a full-scope individual financial examination and market conduct review, as of December 31, 2013, has been made of the condition and affairs of:

FARMERS MUTUAL FIRE INSURANCE COMPANY OF JEFFERSON COUNTY

1205 Gay Street
Dandridge, Tennessee 37725

hereinafter and generally referred to as the "Company", and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Commissioner of the Tennessee Department of Commerce and Insurance ("TDCI"), commenced on June 12, 2014, and was conducted by duly authorized representatives of the TDCI.

SCOPE OF EXAMINATION

The last examination of the Company was completed as of December 31, 2008. This examination report covers the period from January 1, 2009, through December 31, 2013, and includes any material transactions and/or events occurring subsequent to the examination date and noted during the course of the examination.

This examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* and practices and procedures of the TDCI. The examination was planned and performed to evaluate the financial condition of the Company, as of

December 31, 2013. The examination sought to identify prospective risks by obtaining information about the Company, including its corporate governance, by identifying and assessing inherent risks within the Company, and by evaluating system controls and procedures used to mitigate those risks. 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, when consistent with Tennessee statutes and regulations.

Our examination included a review of the Company's business policies and practices, management and corporate matters, verification and evaluation of assets, and a determination of the existence of liabilities. In addition, our examination included tests to provide reasonable assurance that the Company was in compliance with applicable Tennessee laws, rules, and regulations. In planning and conducting our examination, we gave consideration to the concepts of materiality and risk, and our examination efforts were directed accordingly.

The Company was not required to file audited financial statements with the TDCI. Therefore, the examination did not include a review of audit workpapers.

COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

Our examination included a review to determine the current status of the comments and recommendations in our previous Report on Examination dated June 25, 2010, which covered the period from January 1, 2004, through December 31, 2008. A summary of the directives and the corrective actions taken by the Company is discussed below:

Directive #1

The Company was directed to implement corrective action for the purpose of complying with SSAP No. 19, PP2: Furniture, fixtures and equipment generally meet the definition of assets established in SSAP. No. 4 - Assets and Nonadmitted Assets (SSAP No.4). Within that definition, such items also meet the criteria defining nonadmitted assets. Accordingly, these assets shall be depreciated against net income as the estimated economic benefit expires, and the undepreciated portion of these assets shall be reported as nonadmitted assets and charged against surplus. Tenn. Code Ann. § 56-22-109; Tenn. Comp. R. & Regs. 078-01-78-.04

Corrective Action

The Company has satisfactorily addressed this item.

Directive #2

The Company was directed to implement corrective action for the purpose of complying with SSAP No. 16, PP 3: EDP equipment and software shall be depreciated for a period not to exceed three years using methods detailed in SSAP No. 19 - Furniture, Fixtures and Equipment; Leasehold Improvements Paid by the Reporting Entity as Lessee; Depreciation of Property and Amortization of Leasehold Improvements. Tenn. Code Ann. § 56-22-109; Tenn. Comp. R & Regs. 078-01-78-.04.

Corrective Action

The Company has satisfactorily addressed this item.

COMPANY HISTORY

The Company incorporated on March 23, 1905, under the Tennessee Business Corporation Act as a non-profit mutual benefit corporation. The Company commenced business on June 7, 1909. On September 11, 2008, 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 business purpose was to insure loss or damage to property due to fire, lightning, and hail to residents of Jefferson County, Tennessee. Subsequently, counties contiguous to Jefferson County, Tennessee have been added to the Company's territory.

The Company's statutory address at incorporation was 1205 Gay Street, Dandridge, Tennessee 37725.

MANAGEMENT AND CONTROL

MANAGEMENT

Management of the Company is vested in a Board of Directors ("Board") with staggered terms. Directors are elected for a three (3) year term. In accordance with the Bylaws, the Board shall consist of seven (7) directors.

The following persons were duly elected and serving as directors of the Company's Board as of December 31, 2013:

Director	Principal Business Occupation
Luther Carroll Batson	Inspector
Larry Ramsey	Store Manager
Julianne Martin	Agent and Office Manager
Bill Smelcer	Retired
Carol Burgin	Service Manager
Mark Smelcer	Heavy Equipment Operator
Teena Hammer	Agent and Secretary

The annual meeting of the mutual policyholder Members shall be held on the last Saturday in July of each year at a place designated by the Board.

The Bylaws of the Company instruct the Board to elect annually a President, Vice President, and Secretary/Treasurer. The President, Vice President, and Secretary/Treasurer must be chosen from the Board. Each officer shall serve a one (1) year term.

The following persons were serving as the Company's officers as of December 31, 2013:

Name	Title
Luther Carroll Batson	President
Larry Ramsey	Vice President
Julianne Martin	Secretary/Treasurer

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

Executive Committee

Name	Title
Luther Carroll Batson	Director and President
Larry Ramsey	Director and Vice President
Julianne Martin	Director and Secretary/Treasurer

CONTROL

The Company is equally owned by its Members, who are the Company's policyholders.

CONFLICTS OF INTEREST AND PECUNIARY INTEREST

A Conflict of Interest Policy governs the actions of all of the Company's directors, officers, and employees. A review of the Company's compliance with Tenn. Code Ann. § 56-3-103 found no director or officer of the Company had pecuniary interest in the investment or disposition of Company funds.

CORPORATE RECORDS

Charter

The Charter recites 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. During the period of examination, the Charter was amended for a name change.

Bylaws

The 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 Members. During the period of examination, the Bylaws were amended to permit non-policyholders to be elected as directors.

SERVICE AGREEMENTS

The Company uses servicing agencies to perform some of the functional duties of an insurance company.

Accounting Services

Robert E Jones, CPA provides accounting reviews related to annual audit and federal income tax filings.

Automated Policy Management System

The Company leases an automated policy management system. Automated Insurance Management Systems ("AIMS") provides software, training, programming support, and system changes to the Company.

FIDELITY BONDS AND OTHER INSURANCE

Fidelity Coverage

The Company's fidelity coverage exceeds the $25,000 minimum fidelity coverage for the protection of the Company's policyholders, as recommended in the NAIC *Financial Condition Examiners Handbook.*

Commercial General Liability and Business Owners Property Policy

The Company's combination Commercial General Liability and Business Owners Property coverage was underwritten by State Auto Property and Casualty Insurance Company, which is a licensed property and casualty carrier in the State of Tennessee, as of the date of this examination. The policy's commercial general liability limit of insurance was: (a) Each Occurrence Limit and Personal Advertising Limit is $1,000,000 with $2,000,000 for general aggregate and product aggregate limit, (b) $300,000 damage to premises rented, and (c) $5,000 medical payments (any one person).

The policy's business owners' special property insurance limit was $42,137 for business personal property.

Workers' Compensation and Employers' Liability Policy

The Company had in effect for the period January 1, 2009, to January 1, 2014, a workers' compensation and employers' liability policy with State Auto Mutual Insurance Company, which is a licensed property and casualty carrier in the State of Tennessee, as of the date of this examination.

Under the policy's specific coverage, the insurer agrees to indemnify the Company for each accident or employee disease, up to the statutory limit for workers' compensation liability. The policy limits are bodily injury by accident of $100,000 for each accident, bodily injury by disease of $100,000 for each employee, and policy limit for bodily injury by disease of $500,000.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2013, and as of the date of this examination report, the Company was authorized to transact business in Jefferson, Cocke, Grainger, Hamblen, Knox, and Sevier counties in Tennessee.

INSURANCE PRODUCTS AND RELATED PRACTICES

The Company provides its Members coverage on dwelling homes (single & multi-family), rental homes (single & multi-family), modular homes, mobile homes, farm buildings, livestock, personal property, farm machinery, and churches in case of loss due to fire, wind, hail, lightning, and theft.

Policies are typically written for seventy percent (70%) of the replacement value of the property insured, subject to policy limits of $100,000 per specific loss. Each policy is issued for one (1) year. Policyholders' premiums are due annually on the policy anniversary date. The standard deductible is $250.

The Company writes business through three (3) licensed in-house agents. Two (2) agents are paid fifteen percent (15%) of the first year's premium on new business; the Company's office manager is licensed but receives a salary instead of commission. The Company's agents perform a visual inspection of the property, photograph the property, and determine the value of the property prior to the issuance of a policy. Upon the signing of the completed application, the policy is bound. The Company's Executive Committee has the authority to make the final approval for the binding of coverage.

GROWTH OF COMPANY

The following comparative data reflects the growth of the Company for the period under review:

Year	Direct Premiums Written	Net Admitted Assets	Liabilities	Net Income	Policyholders' Surplus
2013	$280,715	$645,973	$183,975	$58,403	$461,998
2012	$235,004	$596,859	$191,589	($150,028)	$405,270
2011	$301,207	$716,551	$160,213	($30,464)	$556,338
2010	$310,047	$748,247	$161,440	$121,232	$586,807
2009	$308,261	$622,638	$157,003	$52,967	$465,635

LOSS EXPERIENCE

The following comparative data reflects the loss experience of the Company for the period under review:

Year	Premiums Earned	Incurred Losses & LAE	Underwriting Ratio	General & Adm. Expense	Gen. & Adm. Expense To Premium	Combined Ratio
2013	$266,516	$55,516	20.83%	$176,129	66.09%	86.92%
2012	$227,746	$232,798	102.22%	$167,461	73.53%	175.75%
2011	$294,868	$204,835	69.47%	$142,421	48.30%	117.77%
2010	$307,642	$34,115	11.09%	$156,804	50.97%	62.06%
2009	$310,922	$125,700	40.43%	$156,252	50.25%	90.68%

REINSURANCE

Effective January 1, 2013, the Company ceded risk through an Excess of Loss Reinsurance Agreement with Farmers Mutual of Tennessee headquartered in Knoxville, Tennessee, as follows:

Type:	Combination Per Risk/Aggregate Excess of Loss
Coverage:	Section I – Property Risk Excess of Loss: covers each loss in excess of the Company's $25,000 maximum retention up to the reinsurer's $75,000 each risk, each occurrence.
	Section II – Aggregate Excess of Loss: The reinsurer shall not be liable for any loss hereunder until the Company's ultimate net loss in the aggregate for each calendar year exceeds the greater of: (a) sixty-five percent (65%) of the Company's gross net earned premium income or (b) $190,000 and then the reinsurer shall be liable for one hundred percent (100%) of the Company's ultimate net loss in excess of the amount, but the reinsurer's liability for each calendar year shall not exceed one hundred percent (100%) or the lesser of: (a) sixty percent (60%) of the Company gross net earned premium income or (b) $265,000.
Type:	Second Aggregate Excess of Loss
Coverage:	The reinsurer shall not be liable for any loss hereunder until the Company's ultimate net loss in the aggregate for each calendar year exceeds the greater of sixty-five percent (65%) of the Company's gross net earned premium income or $190,000 plus the lesser of sixty percent (60%) of gross net earned premium income or $265,000, and then the reinsurer shall be liable for one hundred percent (100%) of the Company's ultimate net loss in excess of the greater of sixty-five percent (65%) of the gross net earned premium income or $190,000, but the reinsurer's liability shall not exceed one hundred percent (100%) of the lesser of one hundred twenty-five percent (125%) of the gross net premium income or $600,000 in the aggregate.
Type:	Third Aggregate Excess of Loss
Coverage:	The reinsurer shall not be liable for any loss hereunder until the Company's ultimate net loss in the aggregate for each calendar year exceeds the greater of two hundred fifty percent (250%) of the Company's gross net earned premium income or $850,000, and the reinsurer shall be liable for one hundred percent (100%) of the Company's ultimate net loss in excess of the greater of two hundred fifty percent (250%) of the gross net premium income or $850,000, but the reinsurer liability shall not exceed one hundred percent (100%) of the lesser of seven hundred fifty percent (750%) of the gross net premium income or $2,750,000 in the aggregate.

As of January 1, 2013 and 2014, the maximum amount of coverage the Company was allowed to retain for a single risk was $32,158 and $33,860, respectively, in accordance with Tenn. Code Ann. § 56-22-106(c)(1).

ACCOUNTS AND RECORDS

Financial 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.

Accounting records conformed to statutory accounting practices and procedures as reflected within the Company's operations during the period under examination, and the status of the Company, at the date of examination.

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 trial 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).

Information Systems

The Company conducted business electronically, using basic computing and networking methods. The Company had a domain server/client computing arrangement facilitated by a server. The Company's employees worked from individual personal computer desktop workstations, authenticating against a server file and print server. Users communicated internally and externally via electronic mail ("email").

The Company's assets, liabilities, cash receipts, and disbursements were recorded using QuickBooks Software. In addition to paper files, the Company used Automated Insurance Management Systems software to maintain policy file information, perform premium billing, and record premium payments.

LITIGATION AND CONTINGENT LIABILITIES

No financially material commitments and contingencies were found that would materially affect the Company's financial position or operating results as of December 31, 2013.

MARKET CONDUCT ACTIVITIES

In conjunction with this examination, a market conduct review was made of the Company, as of December 31, 2013. The following areas were addressed:

Policy Forms and Underwriting Practices

The Policy Analysis Section of the TDCI received a copy of the Company's application, policy form and premium rates. This documentation was stamped "approved" on September 17, 2012, and April 25, 2013, pursuant to Tenn. Code Ann. § 56-22-109(b)(1) and Tenn. Code Ann. §§ 56-5-303, 56-5-304, and 56-5-305.

Type 1 & 2	Dwellings/Personal Property/Other Structures/Contents	Rate per $100 Coverage equals $1.10
Type 3	Dwellings/Tenant Dwellings/Secondary (seasonal)Dwellings	Rate per $100 Coverage equals $1.20
Type 4	Dwellings/Approved Vacant Dwellings	Rate per $100 Coverage equals $2.20
	Barns/Other Farm Buildings/Contents/Farm Equipment/Tractors/Livestock	Rate per $100 Coverage equals $1.20
	Single Wide Mobile Homes /Contents/Other Structures within 20ft	Rate per $100 Coverage equals $2.20
	Church Buildings/Contents	Rate per $100 Coverage equals $1.10
	All Excess Coverage (over $100,000) on any single risk	Rate per $100 Coverage equals $1.40

There were no other changes to the Company's premium rates or deductible during the period of examination.

Advertising

The Company's advertising during the period of examination consisted of print advertisements in local newspapers, including the Standard Banner, Newport Plain Talk, and Grainger Today. Billboards on the football fields at the local schools were also used.

Policy Cancellation

Members were given sixty (60) days from the delivery of the notice of premium to make their premium payment. After sixty (60) days, the Member is given a two (2) week notice. After that date, the Member is considered suspended, and the Company is not liable for any loss until such time payment is made.

The Company adheres to the non-renewal provisions contained in Tenn. Code Ann. § 56-7-1901 and Tenn. Code Ann. § 56-7-1902, in accordance with Tenn. Code Ann. § 56-22-109(b)(2) (effective January 1, 2007) that relate to the notice of intention to non-renew and the reason for non-renewal.

Privacy of Non-Public Personal Information

The Company's privacy policy was reviewed. No instances of non-compliance with Tenn. Comp. R. & Regs. 0780-01-72, "Privacy of Consumer Information Regulations" were noted.

FINANCIAL STATEMENTS

There follows a balance sheet and a statement of operations and fund balance as of December 31, 2013, for the period under review, as established by this examination:

ASSETS

Bonds, and Long-term Certificate of Deposits	$367,214
Cash and cash equivalents	247,274
Premium receivables and agents balances	25,887
Interest, dividends and real estate income due and accrued	2,287
Aggregate write-ins for other than invested assets	3,311
Total	$ 645,973

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses	$3,000
Unearned premiums	44,010
Advance premiums	131,100
Commissions payable, contingent commissions and other similar charges	1,658
Account payable and accrued expense payable	1,792
Amounts withheld or retained by company for account of others	2,415
Total Liabilities	183,975
Policyholders' surplus	461,998
Total	$645,973

STATEMENT OF INCOME

UNDERWRITING INCOME	
Premiums earned	$266,516
DEDUCTIONS:	
Losses incurred	55,516
Total underwriting expenses incurred	176,129
Total underwriting deductions	231,645
Net underwriting gain (loss)	34,871
INVESTMENT INCOME	
Net investment income earned	9.186
Net investment gain (loss)	9,186
OTHER INCOME	
Finance and service charge not included in premiums	3,490
Aggregate write-ins for miscellaneous income	10,856
Total other income	14,346
Net income after dividends to policyholders and before federal income taxes	58,403
Net income	$58,403
CAPITAL AND SURPLUS ACCOUNT	
Surplus as regards policyholders, December 31 prior year	$405,270
Net income	58,403
Change in non-admitted assets from prior year	(1,675)
Surplus as regards policyholders as of December 31, 2013	$461,998

SUBSEQUENT EVENTS

The Company and SunTrust Bank amended the Safekeeping Agreement on February 15, 2015.

COMMENTS AND RECOMMENDATIONS

COMMENTS

None.

RECOMMENDATIONS

None.

CONCLUSION

Insurance examination practices and procedures, as promulgated by the National Association of Insurance Commissioners, have been followed in connection with the verification and valuation of assets and the determination of liabilities of Farmers Mutual Fire Insurance Company of Jefferson County of Dandridge, Tennessee.

In such manner, it was determined that, as of December 31, 2013, the Company had admitted assets of $645,973 and liabilities, exclusive of unassigned funds, of $183,975. Thus, there existed for the additional protection of the policyholders unassigned funds (surplus) of $461,998.

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

Respectfully submitted,

Rebecca E. Walker

Rebecca E. Walker
Insurance Examiner
State of Tennessee

AFFIDAVIT

The undersigned deposes and states that she has duly executed the attached examination report of Farmers Mutual Fire Insurance Company of Jefferson County dated April 30, 2015, and made as of December 31, 2013, on behalf of the Department of Commerce and Insurance, State of Tennessee. Deponent further states she is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of her knowledge, information, and belief.

Rebecca E. Walker

Rebecca E. Walker
Insurance Examiner
State of Tennessee

State Tennessee

County Davidson

Subscribed to and sworn before me

this 24th day of June, 2015

Notary Helen W. Dorsey

My Commission Expires: 11/06/2017

HELEN W DORSEY
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY

EXHIBIT B

STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
500 JAMES ROBERTSON PARKWAY
NASHVILLE, TENNESSEE 37243

June 23, 2015

CERTIFIED MAIL
7012 1010 0003 2379 5452

Ms. Julianne Martin
Contact Person
Farmers Mutual Fire Insurance Company
of Jefferson County
1205 Gay Street
Dandridge, TN 37725

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

Dear Ms. Martin:

Enclosed please find a FINAL copy of the Report of Examination for Farmers Mutual Fire Insurance Company of Jefferson County, made as of December 31, 2013. If you are in agreement with the report, please respond immediately, in writing, to that effect. A sample response letter is attached for your convenience. Your response may be submitted via email to my attention at joy.little@tn.gov.

If you wish to make a written submission or rebuttal with respect to any matter contained within the report, pursuant to Tenn. Code Ann. 56-1-411(d)(1), please provide this office with your company's position as soon as possible. When preparing your submission or rebuttal, please quote the Comment, Recommendation or page number from the report and detail your comments, providing any supporting documentation.

Should you have questions, you may reach me at (615) 741-6796. We appreciate your timely assistance with this matter and your courteous cooperation during the examination.

Sincerely,

E. Joy Little, CPA, CFE, MCM
Insurance Examinations Director/Chief Examiner
Enclosure

1909 Serving the Community over 100 years 2015

FARMERS MUTUAL FIRE INSURANCE COMPANY OF JEFFERSON COUNTY
1205 GAY STREET, PO BOX 605
DANDRIDGE, TN 37725

1-800-585-5543 865-397-5298 FAX 865-397-3161

June 25, 2015

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

RE: Farmers Mutual Fire Insurance Company of Jefferson County – Report of Examination

Dear Ms. Little,

We hereby acknowledge receipt of the final Report of Examination for Farmers Mutual Fire Insurance Company of Jefferson County. By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

Julianne Martin

Julianne Martin
Secretary Treasurer