

**EXAMINATION REPORT**  
**of the**  
**FLOYD COUNTY MUTUAL FIRE**  
**INSURANCE COMPANY, INCORPORATED**  
**Floyd, Virginia**  
**as of**  
**December 31, 2020**

**COMMONWEALTH OF VIRGINIA**  
**STATE CORPORATION COMMISSION**  
**BUREAU OF INSURANCE**

# COMMONWEALTH OF VIRGINIA



**SCOTT A. WHITE**  
**COMMISSIONER OF INSURANCE**  
**STATE CORPORATION COMMISSION**  
**BUREAU OF INSURANCE**

**P.O. BOX 1157**  
**RICHMOND, VIRGINIA 23218**  
**1300 E. MAIN STREET**  
**RICHMOND, VIRGINIA 23219**  
**TELEPHONE: (804) 371-9741**  
**[www.scc.virginia.gov/boi](http://www.scc.virginia.gov/boi)**

I, Scott A. White, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of Floyd County Mutual Fire Insurance Company, Incorporated as of December 31, 2020, is a true copy of the original report on file with this Bureau.

IN WITNESS WHEREOF, I have hereunto set my hand  
and affixed to the original the seal of the Bureau at the City  
of Richmond, Virginia this 18<sup>th</sup> day of August 2021

---

Scott A. White  
Commissioner of Insurance



**TABLE OF CONTENTS**

Scope of the Examination..... 1

History ..... 2

Management and Control ..... 2

Territory and Plan of Operation ..... 3

Growth of the Company ..... 4

Financial Statements..... 5

Acknowledgment..... 9

Richmond, Virginia  
July 30, 2021

Honorable Scott A. White  
Commissioner of Insurance  
Commonwealth of Virginia  
Richmond, Virginia

Dear Sir:

Pursuant to your instructions and by authority of § 38.2-1317 of the Code of Virginia, an examination of the affairs and financial condition of

**FLOYD COUNTY MUTUAL FIRE  
INSURANCE COMPANY, INCORPORATED**

Floyd, Virginia

hereinafter referred to as the Company, has been completed. The report thereon is submitted for your consideration.

**SCOPE OF THE EXAMINATION**

The last examination of the Company was made by representatives of the State Corporation Commission's Bureau of Insurance (Bureau) as of December 31, 2017. This examination covers the period from January 1, 2018 through December 31, 2020.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that the Bureau plan and perform the examination to evaluate the Company's financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

### **HISTORY**

The Company was chartered on July 1, 1941. The purpose for which the Company was organized, as defined in its charter, is as follows:

To organize and conduct a mutual fire, lightning, or storm company, which shall have no capital stock, but which is organized and carried on for the benefit of its members, and which pays its losses solely from assessments upon its members without distributing any portion of its profits among its policyholders or members in the shape of dividends, and which confines its business to the State of Virginia.

### **MANAGEMENT AND CONTROL**

Management of the Company is vested in a board of directors consisting of not less than five nor more than nine members of the Company. The bylaws provide for the election of directors at the annual meeting of members. Each director is elected for a term of one year. The bylaws were last revised in 2014.

Officers of the Company include a president, vice president and a secretary-treasurer. The bylaws provide for the election of other officers and agents as deemed necessary and require that the president and vice president be directors of the Company.

The directors and officers of the Company at December 31, 2020, were as follows:

<b><u>Director</u></b>	<b><u>Occupation</u></b>
Curtis R. Allen	Retired Floyd, Virginia
Lester D. Belcher	Preacher Floyd, Virginia
S. G. Bolt	Retired Willis, Virginia
Lelan R. Cockram	Farmer Roanoke, Virginia

Reece McPeak, Jr	Farmer Radford, Virginia
Kevin B. Phillips	Maintenance Worker Willis, Virginia
Winston R. Poff	Retired Copper Hill, Virginia

### Officers

President	S. G. Bolt
Vice President	Reece McPeak, Jr
Secretary-Treasurer	Gina Rakestraw

The board of directors may also select an executive committee of five members, including the president, to possess and discharge all powers of the board of directors during intervals between its meetings. The following members comprised the executive committee at December 31, 2020:

Curtis R. Allen	Reece McPeak, Jr.
S. G. Bolt	Kevin B. Phillips
Lelan R. Cockram	

### **TERRITORY AND PLAN OF OPERATION**

The Company confines its operations to Floyd County, Virginia, with operations divided into six districts represented by six agents. The lines of coverage written include fire and extended coverage, with a combined limit on any one building and its contents not to exceed \$125,000. The Company has no reinsurance.

Rates charged for coverage are based on classifications of property, including residential, farm, church and small business properties. Rates are set by the board of directors and range from \$0.30 to \$0.45 per \$100 of coverage.

Underwriting of applications for insurance is handled by the agents and directors. Approval may be made by any one or more of the directors of the Company. Claims may be settled by an officer, director or agent of the Company subject to appeal to the board of directors by the claimant.

## GROWTH OF THE COMPANY

The following data, obtained from annual statements filed with the Bureau of Insurance and from examination reports, indicates the growth of the Company for the ten-year period ending December 31, 2020:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Unassigned Surplus</u>
2011	\$2,756,888	\$104,617	\$2,652,271
2012	2,829,326	91,715	2,737,611
2013	2,886,399	76,711	2,809,688
2014	2,921,159	76,011	2,845,148
2015	2,994,678	96,112	2,898,566
2016	3,077,564	97,004	2,980,560
2017	3,148,442	91,996	3,056,446
2018	3,142,340	92,017	3,050,323
2019	3,236,121	88,590	3,147,531
2020	3,321,253	90,582	3,230,671

<u>Year</u>	<u>Net Assessments Received</u>	<u>Investment Income</u>	<u>Net Losses Paid</u>	<u>Number of Policies</u>	<u>Insurance in Force</u>
2011	\$124,472	\$39,436	\$43,068	1,144	\$31,723,016
2012	112,067	35,610	9,568	606	28,213,635
2013	115,652	39,064	40,615	619	28,956,385
2014	113,912	36,597	56,990	614	29,155,285
2015	116,332	35,714	21,392	619	29,997,585
2016	116,857	37,462	6,283	606	30,279,183
2017	112,565	36,724	2,655	585	28,969,633
2018	112,448	37,259	95,929	575	28,641,035
2019	107,605	43,246	2,190	557	27,735,835
2020	110,527	44,968	14,850	557	28,095,835

**FINANCIAL STATEMENTS**

There follows a statement of income and disbursements for the years 2018, 2019 and 2020, and a statement of financial condition at December 31, 2020. No examination adjustments were made to the statutory financial statements filed by the Company with the Bureau for the period ending December 31, 2020.



**INCOME**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net assessments received	\$112,448	\$107,607	\$110,527
Interest on bonds	36,281	42,358	44,107
Interest on cash deposits	978	888	861
Amounts withheld from employees	2,918	2,702	2,917
Other income	<u>3,133</u>	<u>2,992</u>	<u>3,095</u>
 Total income	 \$155,758	 \$156,547	 \$161,507
 Deduct total disbursements for the year	 <u>161,725</u>	 <u>63,026</u>	 <u>76,105</u>
 Net income	 (\$5,967)	 \$93,521	 \$85,402
 Add ledger assets December 31, previous year	 <u>3,146,131</u>	 <u>3,140,164</u>	 <u>3,233,685</u>
 Ledger assets December 31, current year	 <u><u>\$3,140,164</u></u>	 <u><u>\$3,233,685</u></u>	 <u><u>\$3,319,087</u></u>

**DISBURSEMENTS**

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Net losses paid	\$95,929	\$2,190	\$14,850
Loss adjustment expense	1,375	220	330
Commission and brokerage	6,839	4,672	8,402
Gross salaries	13,437	13,523	13,384
Directors' fees	11,135	11,190	11,135
Travel and travel items	2,951	2,698	2,643
Boards, bureaus and associations	1,070	1,068	1,102
Legal and auditing	60	60	60
Outside inspection, loss prevention, and survey services	588	356	206
Rent, office and equipment maintenance	2,797	2,630	2,583
Advertising	1,164	1,146	1,594
Printing and stationery	1,018	704	293
Postage, telephone and express	1,392	1,268	1,389
Insurance and fidelity bonds	1,374	1,362	2,336
Charitable contributions	12,500	12,500	7,500
Miscellaneous	265	265	265
Taxes, licenses and fees	1,582	1,581	1,530
Payroll items	4,515	3,964	4,571
Real estate	1,713	1,619	1,932
Other	21	10	
	<u>          </u>	<u>          </u>	<u>          </u>
Total disbursements	<u>\$161,725</u>	<u>\$63,026</u>	<u>\$76,105</u>

**ASSETS**

	Ledger Assets	Non- Ledger Assets	Assets Not Admitted	Net Admitted Assets
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Bonds	\$2,763,168			\$2,763,168
Cash on deposit	523,306			523,306
Real estate	31,402			31,402
Interest due and accrued		2,166		2,166
Erroneous Federal Withholding	<u>1,211</u>			<u>1,211</u>
Total assets	<u><u>\$3,319,087</u></u>	<u><u>\$2,166</u></u>	<u><u>\$0</u></u>	<u><u>\$3,321,253</u></u>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

Payroll items due or accrued	\$1,016
Taxes, licenses and fees	1,560
Assessments unearned	87,774
Assessments overpaid	<u>232</u>
Total liabilities	\$90,582
Excess of admitted assets over liabilities (surplus)	<u>3,230,671</u>
Total liabilities and surplus	<u><u>\$3,321,253</u></u>

**ACKNOWLEDGMENT**

The courteous cooperation extended by the officers and employees of the Company during the course of the examination was sincerely appreciated.

In addition to the undersigned, Jennifer K. Blizzard, CFE, of the Bureau participated in the work of the examination.

Respectfully submitted,

*Mario A Cuellar*

Mario A Cuellar, CFE  
Principal Insurance Financial Analyst  
Commonwealth of Virginia

S. G. BOLT, PRESIDENT  
REECE MCPEAK, JR., VICE PRESIDENT

GINA R. RAKESTRAW, SEC.-TREAS.  
540-745-4882

FLOYD COUNTY MUTUAL FIRE INSURANCE COMPANY, INC.  
P.O. BOX 3  
FLOYD, VA 24091

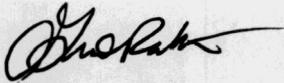
August 17, 2021

David H. Smith, CFE, CPA, CPCU  
Chief Examiner  
State Corporation Commission  
PO Box 1157  
Richmond, VA 23218

Dear Mr. Smith:

This letter is to acknowledge that Floyd County Mutual Fire Insurance Company, Inc. has received the draft examination report and letter as of December 31, 2020.

Sincerely



Gina R. Rakestraw  
Secretary – Treasurer