ASSOCIATION EXAMINATION REPORT
on
SOUTHERN INSURANCE COMPANY of VIRGINIA
Glen Allen, Virginia
as of
December 31, 2019

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

COMMONWEALTH OF VIRGINIA

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

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I, Scott A. White, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of Southern Insurance Company of Virginia as of December 31, 2019, 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 22nd day of June 2021

Scott A. White
Commissioner of Insurance

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Richmond, Virginia
March 30, 2021

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

Dear Sir:

Pursuant to your instructions and in conformity with § 38.2-1317 of the Code of Virginia, a financial condition examination of

SOUTHERN INSURANCE COMPANY OF VIRGINIA

Glen Allen, Virginia

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

SCOPE

This is a full scope financial condition examination initiated and conducted under the provisions of Article 4, Chapter 13 of Title 38.2 of the Code of Virginia. The examination covers the period from January 1, 2015 through December 31, 2019. Assets were verified and liabilities were established at December 31, 2019.

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 and identify prospective risks of the Company, assess corporate governance, identify and assess inherent risks within the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles, and annual statement instructions when applicable to domestic state regulations.

The examination of the Company was conducted by the Bureau as part of the examination of the Donegal Group. The Pennsylvania Department of Insurance was the lead state regulator of the group examination. The examination of the Company was conducted concurrently with the examination of the following insurers:

Insurer	Domiciliary Sate
Atlantic States Insurance Company	Pennsylvania
Conestoga Title Insurance Company	Pennsylvania
Donegal Mutual Insurance Company	Pennsylvania
Michigan Insurance Company	Michigan
Mountain States Commercial Insurance Company	New Mexico
Mountain States Indemnity Company	New Mexico
The Peninsula Insurance Company	Maryland
Peninsula Indemnity Company	Maryland
Southern Mutual Insurance Company	Georgia

The services of Merlinos & Associates, Inc. were employed to provide an actuarial report as to the reasonableness of the Company's loss and loss adjustment expense reserves as of December 31, 2019. The services of Lewis & Ellis were employed to provide a report on the evaluation of the information systems controls.

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 is a stock property and casualty insurer and is licensed under and subject to the general insurance laws contained in Title 38.2 of the Code of Virginia.

The Company was granted a charter on April 9, 1936 by the State Corporation Commission (Commission) and was licensed by the Bureau on May 21, 1937. In 1944, the management of the Company was assumed by duly elected officers and directors, all affiliated with the Northern Neck Mutual Fire Association of Virginia. In July of 1984, the Commission approved the assumption of the management of the Company by Donegal Mutual Insurance Company (Donegal Mutual).

In December of 1988, the Company converted from a mutual insurance company to a stock insurance company and was acquired by Donegal Mutual. The acquisition was completed by the issuance of 1,000,000 shares of common capital stock to Donegal Group Inc. (DGI), a subsidiary of Donegal Mutual, for consideration of $3,000,000. The conversion and acquisition of control were approved by the Commission. The Company changed its name from Southern Mutual Insurance Company to Southern Insurance Company of Virginia.

Effective April 18, 1996, the Company's Articles of Incorporation were amended to increase the number of shares that the Company is authorized to issue to 3,000,000 shares of common stock with a par value of $1.25 per share.

On April 29, 1996, the Company declared and issued a stock dividend of 0.6 shares for each share outstanding. There were 1,000,000 shares outstanding on that date. The 600,000 new shares, with a par value of $1.25 per share, resulted in $750,000 of additional common capital stock. On January 15, 1998, the Company declared and issued a stock dividend of 0.175 shares for each share outstanding. There were 1,600,000 shares outstanding on that date. The 280,000 new shares, with a par value of $1.25 per share, resulted in $350,000 of additional common capital stock.

On March 8, 2001, the Company and Southern Heritage Insurance Company (SHIC), a Georgia domestic, and an affiliate of the Company, entered into an Agreement and Plan of Merger whereby SHIC would merge with and into the Company, with the Company as the surviving entity. On May 1, 2002, the merger of SHIC and the Company was completed. This transaction received the approval of both Virginia and Georgia. Simultaneous with the merger, the Company paid a cash dividend of $3,000,000 to DGI.

In December of 2003 and 2004, the Company received capital contributions from DGI in the amount of $5,000,000 and $6,500,000, respectively.

Effective October 21, 2010, the Company's Articles of Incorporation were amended to increase the number of shares that the Company is authorized to issue to 3,384,000 shares of common stock with a par value of $1.25 per share. On that same date, the Company declared and issued a stock dividend of 0.80 shares for each share outstanding. There were 1,880,000 shares outstanding on that date. The 1,504,000 new shares, with a par value of $1.25 per share, resulted in $1,880,000 of additional common capital stock. At December 31, 2019, the Company had 3,384,000 shares of common stock outstanding with a par value of $1.25 per share.

In 2019, DGI contributed surplus of $5,000,000 to the Company. This transaction received the approval the Commission.

MANAGEMENT AND CONTROL

The Articles of Incorporation provide that the affairs of the corporation shall be managed by a board of directors consisting of a minimum of seven persons and a maximum of 12 persons, as provided in the bylaws. The directors shall serve in three groups, with each group containing one third of the total number of directors, or as near as may be, for staggered terms of three years. Each year, the terms of the directors in one group shall expire at the annual shareholders' meeting, and directors shall be chosen to succeed those whose terms expire.

The bylaws provide for the Company's officers to be a chairman of the board, a president, a vice president, a secretary, a treasurer and such other assistant vice presidents, assistant secretaries and assistant treasurers as the board may decide. The offices of president, secretary and treasurer are to be held by different persons and the president shall be a member of the board of directors. Directors and officers at December 31, 2019 were as follows:

Directors	Principal Occupation
Scott A. Berlucchi	President and Chief Executive Officer Auburn Memorial Hospital Auburn, New York
Robert S. Bolinger	Retired Lancaster, Pennsylvania
Michael K. Callahan	President Benchmark Construction Company, Inc. Mountville, Pennsylvania
Patricia A. Gilmartin	Retired Marietta, Pennsylvania
Jack L. Hess	Retired Lancaster, Pennsylvania
John E. Hiestand	Self-Employed H & H Associates Maytown, Pennsylvania

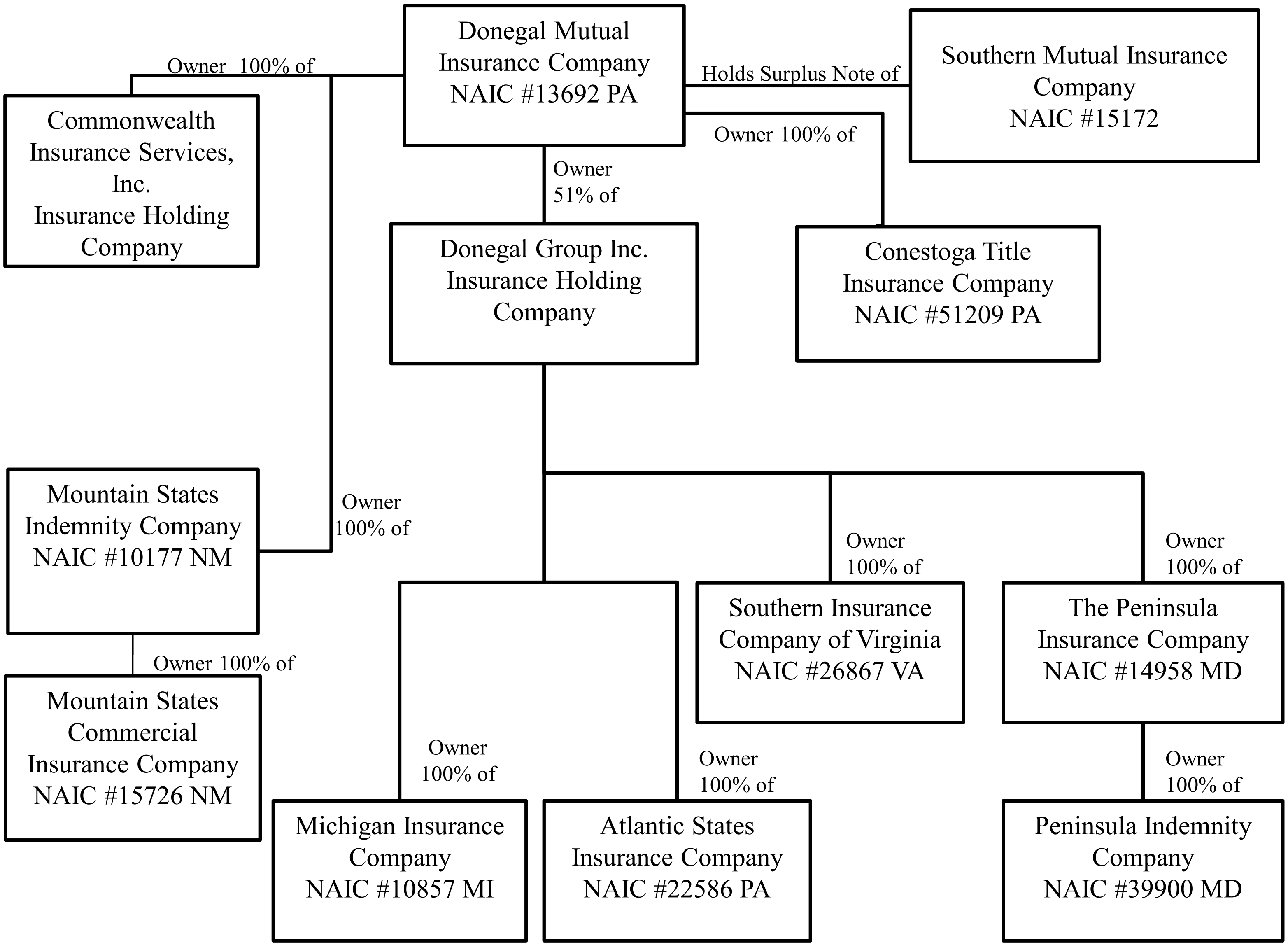
Barry C. Huber	Retired Lancaster, Pennsylvania
Kevin M. Kraft, Sr.	Funeral Director Clyde W. Kraft Funeral Home, Inc. Columbia, Pennsylvania
Jon M. Mahan	Managing Director, Investment Banking Division Stifel Nicolaus & Company, Incorporated Baltimore, Maryland
S. Trezevant Moore, Jr.	Executive Vice President First Key Mortgage, LLC Philadelphia, Pennsylvania
Donald H. Nikolaus	Retired Silver Spring, Pennsylvania
Richard D. Wampler, II	Principal – Retired Brown Schultz Sheridan & Fritz Camp Hill, Pennsylvania

Officers:

Kevin G. Burke	President and Chief Executive Officer
Jeffrey D. Miller	Executive Vice President and Chief Financial Officer
William A. Folmar	Senior Vice President, Claims
Cyril J. Greenya	Senior Vice President and Chief Underwriting Officer
Francis J. Haefner, Jr.	Senior Vice President, Commercial Lines Underwriting
Jeffrey A. Jacobsen	Senior Vice President, Personal Lines Underwriting
Richard G. Kelley	Senior Vice President, Head of Field Operations
Robert R. Long, Jr.	Senior Vice President, General Counsel
Sanjay Pandey	Senior Vice President, Information Technology and Chief Information Officer
Christina M. Hoffman	Senior Vice President, Chief Risk Officer
Chester J. Szczepanski	Senior Vice President and Chief Actuary
Robert G. Shenk	Senior Vice President, Claims
Vincent A. Viozzi	Senior Vice President, Investments
Daniel J. Wagner	Senior Vice President and Treasurer
R. Vince Black	Senior Regional Vice President

David B. Bawel	Vice President, Financial Reporting and Analysis
Jason M. Crumbling	Vice President and Controller
Karen L. Groff	Vice President and Assistant Treasurer
Sheri O. Smith	Vice President and Secretary
Noland R. Deas, Jr.	Regional Vice President

The Company is a wholly-owned subsidiary of DGI. At December 31, 2019, DGI was 51% owned by Donegal Mutual, with the remaining 49% publicly held and traded on the NASDAQ Exchange under the symbols DGICA and DGICB. At December 31, 2019, Donegal Mutual held approximately 43% and 84% of DGI's Class A and Class B shares, respectively. The following chart illustrates this relationship at December 31, 2019.


Donegal Mutual Insurance Company NAIC #13692 PA
Owner 100% of
Commonwealth Insurance Services, Inc. Insurance Holding Company
Holds Surplus Note of
Southern Mutual Insurance Company NAIC #15172
Owner 100% of
Owner 51% of
Donegal Group Inc. Insurance Holding Company
Conestoga Title Insurance Company NAIC #51209 PA
Owner 100% of
Mountain States Indemnity Company NAIC #10177 NM
Owner 100% of
Mountain States Commercial Insurance Company NAIC #15726 NM
Owner 100% of
Southern Insurance Company of Virginia NAIC #26867 VA
Owner 100% of
The Peninsula Insurance Company NAIC #14958 MD
Owner 100% of
Michigan Insurance Company NAIC #10857 MI
Owner 100% of
Atlantic States Insurance Company NAIC #22586 PA
Owner 100% of
Peninsula Indemnity Company NAIC #39900 MD

RELATED PARTY TRANSACTIONS

Expense Reimbursement Agreement

The Company, and certain of its affiliates, entered into an Amended and Restated Services Allocation Agreement which went into effect on December 1, 2010. The agreement provides for Donegal Mutual to perform services in the areas of underwriting, claims, reinsurance, investments, information services, and personnel and professional services.

The Company reimburses Donegal Mutual for these services monthly. Total annual reimbursements relating to this agreement during the period under review were $6,694,158, $7,406,665, $8,111,708, $8,302,171 and $7,545,230 for 2015, 2016, 2017, 2018, and 2019, respectively.

Tax Sharing Agreement

The Company's federal income tax return, pursuant to a tax sharing agreement, is consolidated with DGI, Atlantic States Insurance Company, Michigan Insurance Company, The Peninsula Insurance Company, and Peninsula Indemnity Company. The agreement provides for the terms and conditions for the calculation, payment and any subsequent adjustments of each party's tax liability.

Reinsurance and Retrocession Agreement

Effective July 1, 1996, the Company entered into a reinsurance and retrocession agreement with Donegal Mutual. This agreement provides that the Company will cede and Donegal Mutual will accept 100% of the Company's net losses incurred, including allocated loss adjusting expense incurred. Thereafter, Donegal Mutual will retrocede and the Company will accept 100% of those same net incurred losses assumed by Donegal Mutual. The agreement does not transfer risk; therefore, despite its name, the agreement is not a true reinsurance agreement. The primary purpose of the agreement is to allow the Company to obtain the same A.M. Best rating as Donegal Mutual. If a reinsurance agreement does not transfer insurance risk, all or part of the agreement shall be accounted for and reported utilizing deposit accounting. However, since the net effect of the transactions involved pursuant to this agreement were totally offset and no funds were exchanged between the parties, the transactions are not reflected on the Company's financial statements. This information was included by the Company in the Notes to Financial Statements section of its 2019 Annual Statement.

Dividends

During the period of this examination, the Company paid the following dividends to DGI:

2015	$875,000
2016	$1,000,000
2017	$4,500,000

The above dividends did not constitute extraordinary dividends and did not require prior approval from the Commission.

TERRITORY AND PLAN OF OPERATION

The Company is licensed in the Commonwealth of Virginia to transact the business of fire, miscellaneous property, farmowners’ multiple peril, homeowners' multiple peril, commercial multiple peril, ocean marine, inland marine, workers' compensation–employers’ liability, liability other than automobile, automobile liability, automobile physical damage, aircraft liability, air physical damage, fidelity, surety, glass, burglary and theft, boiler and machinery and water damage.

The Company is also licensed in Alabama, Delaware, District of Columbia, Georgia, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee and West Virginia. The primary concentration of business is in Virginia, Georgia and Tennessee The Company does not currently write business in the District of Columbia, New York, Ohio and West Virginia.

Applications for insurance are submitted through a network of independent agents in the Company’s operating area. Policies may be issued by the home office or by an agent. Commissions vary based on the line of business. Agents also participate in contingent commission plans, provided they meet minimum premium thresholds and fall within certain loss ratio parameters.

GROWTH OF THE COMPANY

The following data, obtained from annual statements and from examination reports, indicates the growth of the Company for the ten-year period ended December 31, 2019:

Year	Admitted Assets	Liabilities	Common Capital Stock	Gross Paid In and Contributed Surplus	Unassigned Funds
2010	$139,398,689	$75,789,059	$4,230,000	$46,767,586	$12,612,044
2011	137,669,606	76,793,513	4,230,000	46,767,586	9,878,507
2012	137,203,400	78,362,341	4,230,000	46,767,586	7,843,473
2013	132,039,250	69,336,818	4,230,000	46,771,387	11,701,045
2014	132,755,140	72,693,695	4,230,000	46,885,116	8,946,329
2015	139,175,768	77,432,907	4,230,000	47,053,021	10,459,840
2016	147,499,497	84,168,496	4,230,000	47,219,692	11,881,309
2017	149,878,790	95,375,209	4,230,000	47,359,049	2,914,532
2018	155,113,078	109,757,293	4,230,000	47,472,055	(6,346,270)
2019	172,219,542	117,813,974	4,230,000	52,551,362	(2,375,794)

	Premiums Earned	Loss and Loss Adjustment Expenses Incurred	Other Underwriting Expenses	Net Underwriting Gains or (Losses)
2010	$69,648,633	$56,691,045	$22,693,596	($9,736,008)
2011	71,564,030	60,621,920	22,849,626	(11,907,516)
2012	75,235,598	60,947,430	23,455,653	(9,167,485)
2013	65,934,291	45,656,372	19,210,081	1,067,838
2014	63,231,954	43,990,797	20,916,147	(1,674,990)
2015	67,232,204	45,524,442	21,956,660	(248,898)
2016	72,760,273	47,879,286	25,739,752	(858,765)
2017	81,925,121	61,775,902	28,272,340	(8,123,121)
2018	88,415,501	79,472,349	26,043,569	(17,100,417)
2019	89,091,911	61,498,017	25,373,077	2,220,817

REINSURANCE

As of December 31, 2019, the Company was a named reinsured on the following reinsurance agreements placed through Willis Re Inc., a reinsurance intermediary, except where noted. These agreements are described briefly as follows:

Type of Agreement	Business Covered	Company's Retention	Reinsurers' Limit of Liability
Property Per Risk Excess of Loss	Property	$1,000,000 any one risk each and every loss	100% of the ultimate net loss in excess of $1,000,000 any one risk in respect of each such loss; the limit of liability of the reinsurer is $9,000,000 any one risk any one loss, subject to a loss occurrence limit of $18,000,000
First Casualty Excess of Loss	Casualty (to include Multiple Peril, General Liability, Workers' Compensation and Automobile)	$2,000,000 each and every loss occurrence	The ultimate net loss in excess of $2,000,000 each and every loss occurrence up to $4,000,000 each and every loss occurrence
Second Casualty Excess of Loss	Casualty (to include Multiple Peril, General Liability, Workers' Compensation and Automobile)	$6,000,000 each and every loss occurrence	The ultimate net loss in excess of $6,000,000 each and every loss occurrence up to $9,000,000 each and every loss occurrence

Type of Agreement	Business Covered	Company's Retention	Reinsurers' Limit of Liability
Third Casualty Excess of Loss	Casualty (to include Multiple Peril, General Liability, Workers' Compensation and Automobile)	$15,000,000 each and every loss occurrence	The ultimate net loss in excess of $15,000,000 each and every loss occurrence up to $45,000,000 each and every loss occurrence
Workers' Compensation Excess of Loss	Workers' Compensation	First Layer $2,000,000 ultimate net loss each and every occurrence	$8,000,000 ultimate net loss each and every loss occurrence in excess of $2,000,000
		Second Layer $10,000,000 ultimate net loss each and every occurrence	$5,000,000 ultimate net loss each and every loss occurrence in excess of $10,000,000
First Property Catastrophe Excess of Loss	Property	$10,000,000 ultimate net loss each and every loss occurrence	100% of the ultimate net loss in excess of $10,000,000 each and every loss occurrence, up to $5,000,000 each and every loss occurrence

Type of Agreement	Business Covered	Company's Retention	Reinsurers' Limit of Liability
Second Property Catastrophe Excess of Loss	Property	$15,000,000 ultimate net loss each and every loss occurrence	100% of the ultimate net loss in excess of $15,000,000 each and every loss occurrence, up to $35,000,000 each and every loss occurrence
Third Property Catastrophe Excess of Loss	Property	$50,000,000 ultimate net loss each and every loss occurrence	The ultimate net loss in excess of $50,000,000 each and every loss occurrence, up to $50,000,000 each and every loss occurrence
Fourth Property Catastrophe Excess of Loss	Property	$100,000,000 ultimate net loss each and every loss occurrence	The ultimate net loss in excess of $100,000,000 each and every loss occurrence, up to $100,000,000 each and every loss occurrence

Effective July 1, 1996, the Company entered into a reinsurance and retrocession agreement with Donegal Mutual. This agreement provides for Donegal Mutual to accept 100% of the Company’s net losses incurred, including allocated loss adjusting expense incurred. Donegal Mutual then retrocedes and the Company accepts 100% of the net incurred losses assumed by Donegal Mutual. This agreement provides for no risk transfer.

The Company also has in place various facultative reinsurance agreements, each negotiated directly with a separate reinsurer. These agreements provide for specialty and commercial property coverage.

All of the above agreements contain an insolvency clause and, where applicable, a guarantee of the intermediary's credit.

FINANCIAL STATEMENTS

The following statutory financial statements present the financial condition of the Company for the period ending December 31, 2019. No examination adjustments were made to the statutory financial statements filed by the Company with the Bureau for the period ending December 31, 2019.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$127,330,784		$127,330,784
Real estate	1,341,687		1,341,687
Cash and short-term investments	10,982,364		10,982,364
Other invested assets	19,726	19,726	
Investment income due and accrued	844,771		844,771
Uncollected premiums and agents' balances in the course of collection	3,912,550	482,657	3,429,893
Deferred premiums, agents' balances and installments booked but deferred and not yet due	23,567,144		23,567,144
Amounts recoverable from reinsurers	1,255,443		1,255,443
	233,278		233,278
Net deferred tax asset	3,223,596		3,223,596
Guaranty funds receivable or on deposit	6,123		6,123
Electronic data processing equipment and software	1,351		1,351
Furniture and equipment	12,194	12,194	
	3,108		3,108
Totals	$172,734,119	$514,577	$172,219,542

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses		$54,105,077
Reinsurance payable on paid losses and loss adjustment expenses		(3,059)
Loss adjustment expenses		11,373,000
Commissions payable, contingent commissions and other similar charges		1,850,000
Other expenses		2,241,460
Taxes, licenses and fees		1,955,623
Unearned premiums		43,787,817
Advance premium		724,007
Dividends declared and unpaid:		
Policyholders		1,089,903
Ceded reinsurance premiums payable		409,653
Amounts withheld or retained by company for account of others		279,374
Payable for securities		1,119
Total liabilities		$117,813,974
Common capital stock	$4,230,000	
Gross paid in and contributed surplus	52,551,362	
Unassigned funds (surplus)	(2,375,794)	
Surplus as regards policyholders		54,405,568
Totals		$172,219,542

UNDERWRITING AND INVESTMENT EXHIBIT
STATEMENT OF INCOME

UNDERWRITING INCOME

Premiums earned	$89,091,911
Deductions:	
Losses incurred	$52,761,553
Loss expenses incurred	8,736,464
Other underwriting expenses incurred	25,373,077
Total underwriting deductions	$86,871,094
Net underwriting gain	$2,220,817

INVESTMENT INCOME

Net investment income earned	$3,554,240
Net realized capital gains	114,905
Net investment gain	$3,669,145

OTHER INCOME

Finance and service charges not included in premiums	$528,651
Aggregate write-ins for miscellaneous income	512
Total other income	$529,163
Net income before dividends and federal income taxes	$6,419,125
Dividends to policyholders	1,568,179
Net income before federal income taxes	$4,850,946
Federal income tax incurred	(210,531)
Net income	$5,061,477

RECONCILIATION OF CAPITAL AND SURPLUS FOR PERIOD UNDER REVIEW

	2015	2016	2017	2018	2019
Surplus as regards policyholders, December 31, previous year	$60,061,445	$61,742,861	$63,331,001	$54,503,581	$45,355,785
Net income	$2,301,009	$1,774,299	($3,375,434)	($9,822,457)	$5,061,477
Change in net unrealized capital gains or (losses)	(39,112)	63,185	(17,263)	(2,844)	16,910
Change in net deferred income tax	187,609	165,443	(1,368,070)	428,712	(1,103,221)
Change in nonadmitted assets	(60,995)	418,542	293,990	135,787	(4,690)
Surplus adjustments: Paid in					5,000,000
Dividends to stockholders	(875,000)	(1,000,000)	(4,500,000)		
Aggregate write-ins for gains or losses in surplus	167,905	166,671	139,357	113,006	79,307
Change in surplus as regards policyholders for the year	$1,681,416	$1,588,140	($8,827,420)	($9,147,796)	$9,049,783
Surplus as regards policyholders, December 31, current year	$61,742,861	$63,331,001	$54,503,581	$45,355,785	$54,405,568

CASH FLOW

Cash From Operations

Premiums collected net of reinsurance	$88,132,864
Net investment income	3,838,901
Miscellaneous income	529,163
Total	$92,500,928
Benefits and loss related payments	$48,172,660
Commissions, expenses paid and aggregate write-ins for for deductions	30,502,619
Dividends paid to policyholders	1,034,276
Federal income taxes paid	(3,527,891)
Total	$76,181,664
Net cash from operations	$16,319,264

Cash From Investments

Proceeds from investments sold, matured or repaid:	
Bonds	$22,048,293
Other invested assets	12,959
Miscellaneous proceeds	255,065
Total investment proceeds	$22,316,317
Cost of investments acquired (long-term only):	
Bonds	$38,689,739
Total investments acquired	$38,689,739
Net cash from investments	($16,373,422)

Cash From Financing and Miscellaneous Sources

Cash provided (applied):	
Capital and paid in surplus, less treasury stock	$5,000,000
Other cash provided	7,295
Net cash from financing and miscellaneous sources	$5,007,295
Net change in cash and short-term investments	$4,953,137

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments:	
Beginning of year	$6,029,227
End of year	10,982,364
Net change in cash and short-term investments	$4,953,137

ACKNOWLEDGMENT

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

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

Respectfully submitted,

T. Bradford Earley, Jr., CFE, CPCU, AIAF
Senior Insurance Examiner

DONEGAL
INSURANCE GROUP

1195 River Road
P.O. Box 302
Marietta, PA 17547-0302
(717) 426-1931
www.donegalgroup.com

June 17, 2021

David H. Smith, CFE, CPCU
Chief Examiner
State Corporation Commission
Commonwealth of Virginia Bureau of Insurance
1300 E. Main Street
Richmond, VA 23219

Dear Mr. Smith:

We are writing in response to your letter dated June 17, 2021, in reference to the draft Report of Examination of Southern Insurance Company of Virginia as of December 31, 2019.

We noted that the report contains no recommendations. We hereby acknowledge our acceptance of the report as issued.

If any questions arise, please feel free to contact us.

Sincerely,

Kevin G. Burke
President and Chief Executive Officer

Jeffrey D. Miller
Executive Vice President and
Chief Financial Officer