

ASSOCIATION EXAMINATION REPORT
on
ROCKINGHAM CASUALTY COMPANY
Harrisonburg, Virginia
as of
December 31, 2021

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 Rockingham Casualty Company as of December 31, 2021, 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 1st day of February 2023

Scott A. White
Commissioner of Insurance



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Richmond, Virginia
November 3, 2022

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

ROCKINGHAM CASUALTY COMPANY

Harrisonburg, 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 made by representatives of the State Corporation Commission's (Commission) Bureau of Insurance (Bureau) was as of December 31, 2018. This examination covers the period from January 1, 2019, through December 31, 2021.

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.

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 reported as of December 31, 2021.

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. The Company was granted a charter by the Commission on November 30, 1982, and licensed by the Bureau on December 1, 1983.

Effective November 1, 2013, a Mutual Holding Company system was formed under a Plan of Conversion approved by policyholders and the Bureau. Pursuant to the plan, Rockingham Mutual Group, Inc. (RMG) was formed as a mutual holding company, and Rockingham Group Inc. (RGI) was formed as a stock holding company subsidiary of RMG. Rockingham Mutual Insurance Company, the Company's direct parent, was converted to a stock company and its name was changed to Rockingham Insurance Company (RIC).

According to the charter, the purpose for which the Company was organized is to carry on and conduct the business of an insurance company, and undertake the issuance of coverage in the following classes of insurance:

Accident and sickness, fire, miscellaneous property, water damage, burglary and theft, glass insurance, boiler and machinery, animal, personal injury liability, workers compensation and employers' liability, fidelity, surety, credit, motor vehicle, aircraft, marine, legal services insurance, homeowners insurance, farmowners insurance, commercial multi-peril insurance, and contingent and consequential losses.

The Company is authorized by its charter, as amended on July 25, 2001, to issue 5,000 shares of common stock with a par value of \$200 per share.

MANAGEMENT AND CONTROL

According to the bylaws, management of the Company shall be vested in a board of directors (board) of not less than 5 nor more than 13 persons who shall be elected at the annual meeting of the stockholders. The directors shall be elected for a term of one year and shall serve until their successors are elected and qualified.

The bylaws provide that the directors shall elect the officers of the Company. The officers shall be a chairman of the board, a vice chairman of the board, a president, one or

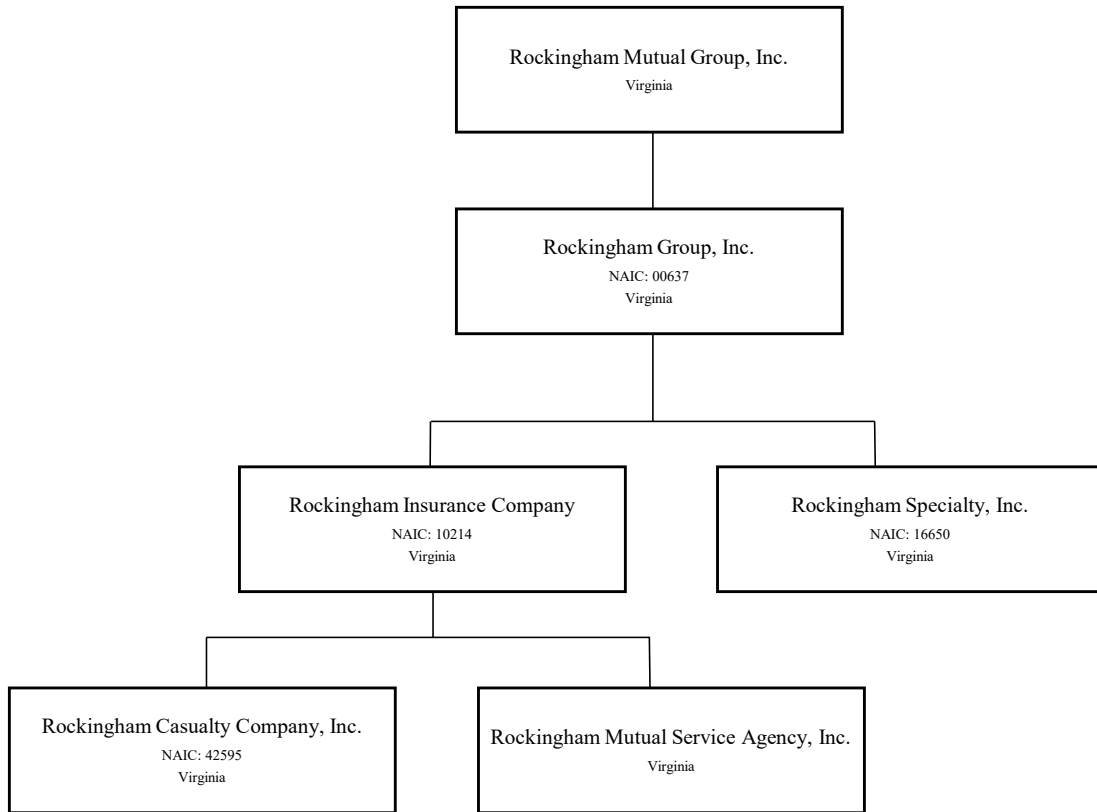
more vice presidents, a secretary, a treasurer, and a chief financial officer. The board may, if it desires, elect additional officers. The president, chairman, and vice-chairman must be directors but the other officers need not be directors. Any two or more offices may be held by the same persons except the offices of president and secretary and the offices of chairman and vice chairman of the board. At December 31, 2021, the board and officers of the Company were as follows:

<u>Directors</u>	<u>Principal Business Affiliation</u>
Gene Patrick Berry	Consultant Indianapolis, Indiana
Michelle Suzanne Cox	Retired Cross Junction, Virginia
Douglas Gene Driver	Retired Broadway, Virginia
Horace Rogers Higgins, III	Principal OneDigital Health & Benefits Charlottesville, Virginia
Anne Burns Keeler	Consultant Staunton, Virginia
Robert Lehman Lyon	President and Chief Executive Officer of the Company Harrisonburg, Virginia
Timothy Gerald O'Shea	Vice President Dayforce Benefits, Ceridian Corporation Richmond, Virginia
Todd Andrew Putney	Retired Roanoke, Virginia
Christopher Scott Runion	President Eddie Edwards Signs Harrisonburg, Virginia
Pamela Lynette Turner	Sr. Vice President, Corporate Strategy Compass Community Credit Union Trinidad, California

Officers

Timothy G. O'Shea	Chairman of the Board
Douglas G. Driver	Vice Chairman of the Board
Robert L. Lyon	President and Chief Executive Officer
John K. Schwertfuehrer	Chief Financial Officer and Treasurer
William E. Bayer	Vice President – Marketing
Deborah L. Van Horn	Vice President – Specialty Lines
Steven E. Kemp	Vice President – Farm Underwriting
Chad J. Covelli	Vice President – Admitted Lines
Marcia J. Engle	Vice President – Human Resources
Karl E. Hancock	Vice President - Claims
Lawrence R. Fortin	Vice President and Chief Information Officer

The Company is a wholly owned subsidiary of RIC. The following organizational chart illustrates this relationship as of December 31, 2021.



RELATED PARTY TRANSACTIONS

Services Agreement:

The Company has a services agreement in effect with its parent, RIC, and an affiliate, Rockingham Mutual Service Agency, Inc. (RMSA). Under the terms of the agreement, RIC will provide facilities and services to the Company and RMSA including, but not limited to, management, administration, claims operations, accounting, and personnel. RIC will also execute the payment of agent commissions and fees, and administer all reinsurance agreements.

In consideration for these services, RMSA and the Company will reimburse RIC for the actual cost of agent commissions and fees paid by RIC. The Company will also reimburse RIC for the Company's net cost of reinsurance premiums paid by RIC. Settlement of all services and expenses will be on an actual or allocated percentage basis with payments made to RIC within approximately 90 days after the end of the month to which they are applicable. During the period under review, the Company paid RIC \$6,984,602, \$8,095,869 and \$5,809,029 in 2019, 2020, and 2021, respectively.

Tax Sharing Agreement:

The Company is a party to a tax sharing agreement with RIC, Rockingham Specialty, Inc. (RSI) and RMSA, which provides for the filing of a consolidated federal income tax return. The income tax expense is allocated using the separate return method with current credit for net losses. Intercompany tax balances are settled annually in the fourth quarter.

Capital Contributions:

The Company paid a dividend of \$1.4 million to RIC on September 30, 2021.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to transact business in Virginia and Pennsylvania and is eligible to write surplus lines in 46 states and the District of Columbia. In Virginia, the Company is licensed to transact the business of auto liability, auto physical damage, fire, miscellaneous property and casualty, farmowners multiple peril, homeowners multiple peril, commercial multiple peril, inland marine, liability other than auto, fidelity, surety, glass, burglary and theft, boiler and machinery, animal, credit property, and ocean marine. In Pennsylvania, the Company is licensed to transact the business of auto liability, burglary and theft, inland marine, auto physical damage, personal property floater, boiler and machinery, glass, other liability, and property and allied lines.

The Company utilizes RIC's personnel and facilities. Business is marketed by exclusive and independent agents. The agents bind risks when applications are accepted in the field from qualified applicants. Policies are then issued from the home office. If an insured is subsequently found not to meet the Company's underwriting requirements, the policyholder may be notified that his coverage will be cancelled in accordance with policy language and state laws.

Claims in Virginia are adjusted by RIC's personnel, where practical, otherwise they are adjusted by independent adjusters. Claims in Pennsylvania are assigned to an independent adjuster near the insured's location. The Company also outsources certain claims on surplus lines policies to third-party administrators.

The Company pays expenses that can be directly attributed to it. Expenses applicable to more than one company in the group are pro-rated using the most appropriate methodology for the subject expense.

REINSURANCE

The Company and other members of the Rockingham Group had the following reinsurance agreements in force at December 31, 2021:

Ceded Reinsurance:

<u>Type of Agreement</u>	<u>Line of Business</u>	<u>Company's Retention</u>	<u>Reinsurers' Limits</u>
Multiple Line Excess of Loss (Core Program)	Property	\$250,000 any one risk any one occurrence	\$750,000 excess of \$250,000 any one net loss any one risk; \$2,250,000 any one occurrence
	Casualty	\$200,000 each loss occurrence	\$800,000 excess of \$200,000 each loss occurrence

For losses arising out of a combination of property and casualty under this agreement, the reinsurer shall be liable for the ultimate net loss over and above an initial ultimate net loss of \$200,000 each loss occurrence, subject to a limit of liability to the reinsurer of \$250,000 each loss occurrence.

<u>Type of Agreement</u>	<u>Line of Business</u>	<u>Company's Retention</u>	<u>Reinsurers' Limits</u>
Casualty Excess of Loss (Atlas General)	Commercial General Liability	\$250,000 each loss occurrence	\$750,000 excess of \$250,000 each loss occurrence
Quota Share (Atlas General)	Casualty	80%	20% of net liability (placed 78.5%); \$50,000 any one loss occurrence; annual aggregate limit is 200% of Company's ceded net written premium
Property Per Risk	Property	\$1,000,000 ultimate net loss, each loss	\$2,000,000 excess of \$1,000,000 ultimate net loss, each loss, each risk
Casualty Excess of Loss	Casualty	\$1,000,000 ultimate net loss, each loss occurrence	\$3,000,000 ultimate net loss excess of \$1,000,000 each loss occurrence
First Excess Catastrophe	Property	\$5,000,000 each loss occurrence	\$5,000,000 excess of \$5,000,000 each loss occurrence
Second Excess Catastrophe	Property	\$10,000,000 each loss occurrence	\$15,000,000 excess of \$10,000,000 each loss occurrence
Third Excess Catastrophe	Property	\$25,000,000 each loss occurrence	\$47,000,000 excess of \$25,000,000 each loss occurrence
Fourth Excess Catastrophe	Property	\$72,000,000 each loss occurrence	\$53,000,000 excess of \$72,000,000 each loss occurrence

<u>Type of Agreement</u>	<u>Line of Business</u>	<u>Company's Retention</u>	<u>Reinsurers' Limits</u>
Fifth Excess Catastrophe	Property	\$125,000,000 each loss occurrence	\$22,000,000 excess of \$125,000,000 each loss occurrence; \$22,000,000 in the aggregate for all loss occurrences during term of contract
Quota Share and Excess of Loss	Personal and Farm Umbrella Liability	10% of the first \$1,000,000 per occurrence	90% of the first \$1,000,000 per occurrence; 100% of \$4,000,000 excess of \$1,000,000 per occurrence
Quota Share (Ethos)	Property	70%	30% of gross liability, \$75,000 of any one loss occurrence; annual aggregate limit is \$6,000,000
Property Facultative (Atlas)	Property	\$3,000,000	\$7,000,000 ultimate net loss
Quota Share (iDemand)	Flood	10% of net liability	90% of net liability; to not exceed 90% of \$20,000,000 as respects any one loss occurrence; net written premium shall not exceed \$10,000,000 during the term of the agreement

<u>Type of Agreement</u>	<u>Line of Business</u>	<u>Company's Retention</u>	<u>Reinsurers' Limits</u>
Multiple Line Excess of Loss (Commercial Elite)	Property	\$300,000 each loss occurrence	\$700,000 excess of \$300,000 any loss occurrence; \$3,000,000 any one occurrence
	Casualty	\$300,000 each loss occurrence	\$700,000 excess of \$300,000 any loss occurrence; \$2,500,000 any one occurrence

For losses arising out of a combination of property and casualty under this agreement, the reinsurer shall be liable for the ultimate net loss over and above an initial ultimate net loss of \$300,000 each loss occurrence, subject to a limit of liability to the reinsurer of \$300,000 each loss occurrence.

<u>Type of Agreement</u>	<u>Line of Business</u>	<u>Company's Retention</u>	<u>Reinsurers' Limits</u>
Property Facultative (Commercial Elite)	Property	\$3,000,000	\$12,000,000 ultimate net loss
Property Facultative (Core Program)	Property	\$3,000,000	\$6,000,000 ultimate net loss
Quota Share and Excess of Loss	Commercial Umbrella Liability	5% of the first \$1,000,000 per occurrence	95% of the first \$1,000,000 per occurrence; 100% of \$4,000,000 excess of \$1,000,000 per occurrence

The Company secures individual facultative coverage on any Commercial Elite risks that exceed the automatic facultative limits.

The Company offers an endorsement to its commercial, farmowners, homeowners and dwelling fire policies coverage for equipment breakdown. This business is ceded 100% to the reinsurer.

The Company offers an endorsement to its commercial policies coverage for inland flood, employment practices liability, identity recovery, contractors' errors and omissions, and cyber liability. This business is ceded 100% to the reinsurer.

Certain agreements provide for deposit and minimum premiums, reinstatement premiums and/or specific ceding commissions. In some cases, contingent commissions or profits are to be calculated and paid. All agreements contain an insolvency clause. Any portion of the reinsurance credits for outstanding losses and loss adjustment expenses recoverable provided by the aforementioned agreements, and placed with unauthorized reinsurers, shall be, at the request of the Company, funded by the unauthorized reinsurer by a Letter of Credit or cash advance.

Assumed Reinsurance:

Intercompany:

The Company entered into a quota share reinsurance agreement with RIC effective January 1, 2010. This agreement provides for RCC to cede 100% of its ultimate net loss, net loss adjustment expense, net underwriting expense, and finance and service charges to the Company. This agreement was terminated effective December 31, 2019.

The Company entered into an intercompany pooling agreement with RSI and RIC effective January 1, 2020. This agreement provides for the Company to assume 100% of the covered business by RSI and RIC. The Company agrees to then cede, and the parties assume, the specified participation percentage.

Rockingham Insurance Company	46%
Rockingham Casualty Company	32%
Rockingham Specialty, Inc.	22%
	100%

Non-Affiliated:

The Company participates in a reciprocal catastrophe pool administered by the Mutual Reinsurance Bureau (MRB). Rights and obligations associated with participation in this pool are set forth in a contract between MRB and insurers specified in the interests

and liabilities agreements. Pool participants agree to reinsure MRB for losses under any of its aggregate and catastrophic excess contracts, known as "original agreements." The Company has assumed a 1.25% share of the interests and liabilities of the pool contract. MRB cedes to the Company its proportionate share of premiums received on each original agreement subject to the pool contract.

The Company is liable for its pro rata share of each and every loss occurring on the business covered by the pool agreement, not to exceed a maximum of \$60,000,000 on any one original agreement. The pool contract warrants that all original agreements are the top layers of each respective program. MRB's net liability on any one original agreement will not exceed \$60,000,000 any one occurrence when the original agreement is written on an occurrence basis or \$120,000,000 in the aggregate during any one agreement year when written on an aggregate basis.

NAMIC Insurance Company, Inc.:

The Company assumed reinsurance from the NAMIC Insurance Company, Inc. under a retrocessional agreement. The Company assumed 0.58337% of:

- (a) 50% of the first \$1,000,000 each claim, each policy, and in the aggregate where applicable of the primary insurer of directors and officers liability insurance, insurance company professional liability insurance, insurance agents and brokers errors and omissions liability insurance, insurance company trustees and fiduciaries liability insurance and professional liability for insurance related organizations; and
- (b) 85% of the next \$4,000,000 each claim, each policy, and in the aggregate where applicable, in excess of \$1,000,000 each claim, each policy, and in the aggregate where applicable of the primary insurer of directors and officers liability insurance, insurance company professional liability insurance, insurance agents and brokers errors and omissions liability insurance, insurance company trustees and fiduciaries liability insurance and professional liability for insurance related organizations.

The aggregate share of the Company's assumption shall not exceed 1.16675% of the net retained liability.

GROWTH OF THE COMPANY

The following data, obtained from Annual Statements filed with the Bureau and from examination reports, indicates the growth of the Company for the ten-year period ending December 31, 2021:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Common Capital Stock</u>	<u>Gross Paid In and Contributed Surplus</u>	<u>Unassigned Funds (Surplus)</u>
2012	\$29,600,002	\$2,643,811	\$1,000,000	\$7,000,000	\$18,956,191
2013	31,707,242	4,153,861	1,000,000	7,000,000	19,553,381
2014	34,981,825	6,896,922	1,000,000	7,000,000	20,084,903
2015	32,791,342	4,073,647	1,000,000	7,000,000	20,717,695
2016	30,724,994	1,577,874	1,000,000	7,000,000	21,147,120
2017	30,384,768	967,777	1,000,000	7,000,000	21,416,991
2018	36,062,712	6,273,312	1,000,000	7,000,000	21,789,400
2019	29,917,050	5,771,099	1,000,000	7,000,000	16,145,951
2020	61,112,812	37,396,882	1,000,000	7,000,000	15,715,930
2021	65,311,760	45,493,104	1,000,000	7,000,000	11,818,656

<u>Year</u>	<u>Premiums Earned</u>	<u>Loss and Loss Adjustment Expenses Incurred</u>	<u>Other Underwriting Expenses</u>	<u>Net Underwriting Gains or (Loss)</u>
2012	\$0	\$0	\$0	\$0
2013	0	0	0	0
2014	0	0	0	0
2015	0	0	0	0
2016	0	0	0	0
2017	0	0	0	0
2018	0	0	0	0
2019	0	0	0	0
2020	30,045,648	17,279,662	13,645,527	(879,541)
2021	36,708,121	24,221,094	15,888,045	(3,401,018)

FINANCIAL STATEMENTS

The following statutory financial statements present the financial condition of the company for the period ending December 31, 2021. No examination adjustments were made to the statutory financial statements filed by the Company with the Bureau for the period ending December 31, 2021.

ASSETS

	<u>Assets</u>	<u>Nonadmitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$14,407,011		\$14,407,011
Cash and short-term investments	12,770,424		12,770,424
Investment income due and accrued	70,176		70,176
Uncollected premiums and agents' balances in the course of collection	4,792,383	21,673	4,770,710
Deferred premiums, agents' balances and installments booked but deferred and not yet due	5,833,325		5,833,325
Amounts recoverable from reinsurers	594,167		594,167
Funds held by or deposited with reinsured companies	25,232,094		25,232,094
Current federal income tax recoverable	404,766		404,766
Net deferred tax asset	1,242,635	47,287	1,195,348
Guaranty funds receivable or on deposit	29		29
Electronic data processing equipment and software	1,463		1,463
Receivables from parent, subsidiaries, and affiliates	818		818
Aggregate write-ins for other than invested assets	31,429		31,429
Totals	<u>\$65,380,720</u>	<u>\$68,960</u>	<u>\$65,311,760</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses		\$13,916,484
Loss adjustment expenses		4,834,073
Commissions payable, contingent commissions and other similar charges		618,290
Other expenses		109,581
Taxes, licenses and fees		452,560
Unearned premiums		22,563,495
Advance premium		288,811
Ceded reinsurance premiums payable		1,881,815
Drafts outstanding		297
Payable to parent, subsidiaries, and affiliates		<u>827,698</u>
 Total liabilities		 \$45,493,104
 Common capital stock	 \$1,000,000	
Gross paid in and contributed surplus	7,000,000	
Unassigned funds (surplus)	<u>11,818,656</u>	
 Surplus as regards policyholders		 <u>19,818,656</u>
 Totals		 <u><u>\$65,311,760</u></u>

UNDERWRITING AND INVESTMENT EXHIBIT
STATEMENT OF INCOME

UNDERWRITING INCOME

Premiums earned	<u>\$36,708,121</u>
Deductions:	
Losses incurred	\$20,122,689
Loss expenses incurred	4,098,405
Other underwriting expenses incurred	<u>15,888,045</u>
Total underwriting deductions	<u>\$40,109,139</u>
Net underwriting gain	<u>(\$3,401,018)</u>

INVESTMENT INCOME

Net investment income earned	\$149,647
Net realized capital gains	<u>501</u>
Net investment gain	<u>\$150,148</u>

OTHER INCOME

Finance and service charges not included in premiums	<u>\$155,519</u>
Total other income	<u>\$155,519</u>
Net income before federal income taxes	(\$3,095,351)
Federal income tax incurred	<u>(404,903)</u>
Net income	<u><u>(\$2,690,448)</u></u>

RECONCILIATION OF CAPITAL AND SURPLUS
FOR PERIOD UNDER REVIEW

	<u>2019</u>	<u>2020</u>	<u>2021</u>
Surplus as regards policyholders, December 31, previous year	<u>\$29,789,400</u>	<u>\$24,145,951</u>	<u>\$23,715,930</u>
Net income	\$351,551	(\$1,405,583)	(\$2,690,448)
Change in net unrealized capital gains or losses	21,624		
Change in net deferred income tax	(16,624)	997,590	240,106
Change in nonadmitted assets		(22,028)	(46,932)
Dividends to stockholders	<u>(6,000,000)</u>	<u> </u>	<u>(1,400,000)</u>
Change in surplus as regards policyholders for the year	<u>(\$5,643,449)</u>	<u>(\$430,021)</u>	<u>(\$3,897,274)</u>
Surplus as regards policyholders, December 31, current year	<u><u>\$24,145,951</u></u>	<u><u>\$23,715,930</u></u>	<u><u>\$19,818,656</u></u>

STATEMENT OF CASH FLOW

Cash From Operations

Premiums collected net of reinsurance	\$42,121,682
Net investment income	190,559
Miscellaneous income	155,519
Total	<u>\$42,467,760</u>
Benefits and loss related payments	\$11,049,324
Commissions, expenses paid and aggregate write-ins for for deductions	18,307,440
Federal income taxes paid	884,617
Total	<u>\$30,241,381</u>
Net cash from operations	<u>\$12,226,379</u>

Cash From Investments

Proceeds from investments sold, matured or repaid:	
Bonds	\$3,007,198
Total investment proceeds	<u>\$3,007,198</u>
Cost of investments acquired (long-term only):	
Bonds	\$6,178,357
Total investments acquired	<u>\$6,178,357</u>
Net cash from investments	<u>(\$3,171,159)</u>

Cash From Financing and Miscellaneous Sources

Cash provided (applied):	
Dividends to stockholders	(\$1,400,000)
Other cash provided	1,525,879
Total	<u>1,525,879</u>
Net cash from financing and miscellaneous sources	<u>\$125,879</u>
Net change in cash and short-term investments	<u>\$9,181,099</u>

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments:	
Beginning of year	\$3,589,325
End of year	12,770,424
Net change in cash and short-term investments	<u>\$9,181,099</u>

SUBSEQUENT EVENT

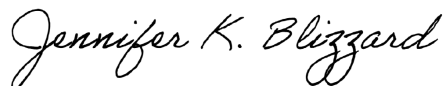
On July 28, 2022, the Board of Directors appointed Kevin Vance as Chief Risk Officer.

ACKNOWLEDGEMENT

The courteous cooperation extended by the Company's officers and employees during the course of the examination is gratefully acknowledged.

In addition to the undersigned, T. Bradford Earley, Jr., AIAF, CFE, CPCU and Mario A. Cuellar, CFE, Danielle T. Ellis, and Benjamin B. MacKercher, CFE of the Bureau participated in the work of the examination.

Respectfully submitted,

A handwritten signature in cursive script that reads "Jennifer K. Blizzard".

Jennifer K. Blizzard, AIM, AIAF, CFE
Insurance Principal Financial Analyst



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Harrisonburg, VA 22801

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January 26, 2023

David H. Smith, CFE, CPCU
Chief Examiner
Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
P.O. Box 1157
Richmond, VA 23218

Via E-Mail

Re: Rockingham Casualty Company
Examination Report as of December 31, 2021

Dear Mr. Smith:

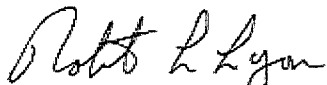
This is in response to your letter dated January 10, 2023, regarding the Rockingham Casualty Company Examination Report as of December 31, 2021 that was recently completed by the Virginia Bureau of Insurance.

We acknowledge receipt of the draft examination report and have no issues with the findings contained therein. Therefore, we do not wish to request a hearing before the State Corporation Commission.

I would like to express my thanks to the examination team for the efficient and professional manner in which they handled themselves while completing the examination fieldwork.

In terms of the final report, five copies should be sufficient for our needs.

Sincerely,



Robert L. Lyon
President and Chief Executive Officer

cc: Mr. Douglas G. Driver, Chairman of the Board of Directors
Ms. Anne B. Keeler, Chair of the Audit Committee
Mr. John K. Schwertfuehrer, Chief Financial Officer & Treasurer

Wherever you are, we're *here*.