

EXAMINATION REPORT
on
VIRGINIA FARM BUREAU
MUTUAL INSURANCE COMPANY
Richmond, Virginia
as of
December 31, 2020

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 Virginia Farm Bureau Mutual Insurance Company 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 15th day of June 2022

A handwritten signature in black ink, appearing to read 'Scott A. White', written over a horizontal line.

Scott A. White
Commissioner of Insurance



TABLE OF CONTENTS

Scope of the Examination 1

History 2

Management and Control 3

Related Party Transactions 6

Territory and Plan of Operation 7

Growth of the Company 9

Reinsurance 10

Financial Statements..... 13

Acknowledgment..... 19

Richmond, Virginia
May 13, 2022

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

Dear Sir:

Pursuant to your instructions and in accordance with the requirements of § 38.2-1317 of the Code of Virginia, an examination of the affairs and financial condition of the

VIRGINIA FARM BUREAU MUTUAL INSURANCE COMPANY

Richmond, Virginia

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

SCOPE OF THE EXAMINATION

The Company was last examined 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.

The examination was conducted by the Bureau on a coordinated basis, with the Commonwealth of Virginia as the NAIC lead state. The examination of the Corporation was conducted concurrently with the examination of the following insurers:

<u>Insurer</u>	<u>Domiciliary State</u>
Virginia Farm Bureau Fire and Casualty Insurance Company	Virginia
Virginia Farm Bureau Town and Country Insurance Company	Virginia
Countryway Insurance Company	New York

The services of Merlinos & Associates, Inc. were employed to provide an actuarial analysis as to the reasonableness of the Company's loss and loss adjustment expense reserves as of December 31, 2020. The services of Baker Tilly were employed to provide a report on the evaluation of the information system controls.

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 mutual property and casualty insurer. The Company was granted a charter by the Virginia State Corporation Commission (Commission) on November 28, 1949, and commenced business on September 15, 1950. The Company was organized without capital stock and is not for profit. According to the charter, the purpose for which the Company was formed, in part, is as follows:

To engage in and conduct the business of a mutual insurance company, and to that end to issue insurance policies as may be permitted by the laws of Virginia...

On August 10, 1994, the Company transferred \$4,500,000 in cash to Virginia Farm Bureau Town and Country Insurance Company (VFBTCIC) in exchange for all outstanding shares of common capital stock of VFBTCIC. On October 31, 1994, the Company transferred \$953,620 in cash, 100% of the common capital stock of VFBTCIC and 100% of the common capital stock of Virginia Farm Bureau Fire and Casualty Insurance Company (VFBFCIC) to Farm Bureau Holdings of Virginia, Inc. (Holdings) in exchange for 100% of the common capital stock of Holdings.

On May 11, 2011, the Company purchased 100% of the outstanding stock of Countryway Insurance Company (Countryway), a New York domestic, from United Farm

Family Mutual Insurance Company, an Indiana insurer. Countryway is licensed in 17 states and sells both personal and commercial products. The transaction was accounted for as a statutory purchase. The cost of the acquisition was \$25,433,106, resulting in goodwill of \$5,805,106, to be amortized over ten years. Per terms of the stock purchase agreement, the cost of the acquisition was reduced to \$24,262,593 in 2012 and the resulting goodwill was reduced to \$4,634,593. Goodwill amortization for 2020 was \$463,459.

On December 27, 2011, the Company issued a surplus note in the amount of \$30,000,000 to Southern Farm Bureau Life Insurance Company (SFBLIC) in exchange for cash. The Company may only pay principal and interest with the prior approval of the Bureau and only to the extent that the Company has sufficient policyholders' surplus to make such payment. In December 2018, the Company paid the outstanding principal and interest amounts on the surplus note of \$5,000,000 and \$344,178, respectfully.

MANAGEMENT AND CONTROL

The bylaws of the Company provide for its affairs to be managed by a Board of Directors consisting of one or more individuals, but the number of directors shall be the same as the number of elected directors of Virginia Farm Bureau Federation (Federation). None of the members of the Board of Directors need be a member or policyholder of the Company, but all must be members of the Board of Directors of the Federation. A majority of the members of the board shall constitute a quorum for the transaction of business.

The bylaws also provide that the Company's officers shall be a president, first vice president, executive vice president, secretary and a treasurer, and may include one or more vice presidents and such other officers as the board may deem necessary. Any two or more offices may be held by the same person except the offices of president and secretary.

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

<u>Directors</u>	<u>Business or Affiliation</u>	<u>County of Residence</u>
Wayne F. Pryor	Farmer/President of the Company	Goochland
James B. Bates	Farmer	Essex
Emily F. Edmondson	Farmer	Tazewell
Marvin L. Everett, Jr.	Farmer	Southampton
Lindy T. Fimon	Agriculture & Natural Resources Extension Agent-Lunenburg	Brunswick
Thomas E. Graves, Jr.	Farmer	Orange
David L. Hickman	Farmer	Accomack
Alice F. Hundley	Secretary	Essex
Jordan M. Jenkins, Jr.	Farmer	Lunenburg

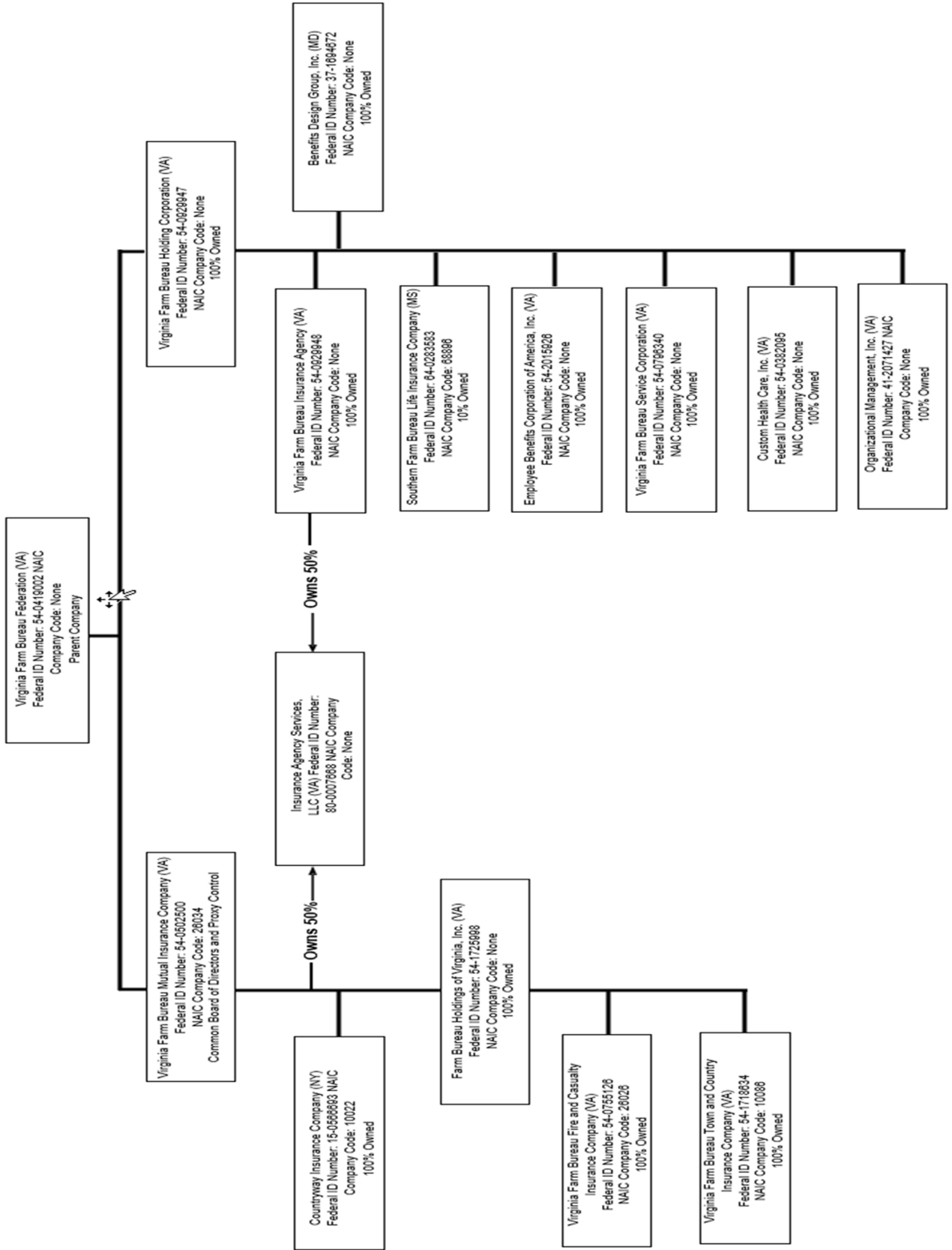
Jeannie L. Layton-Dudding	Agriculture & Natural Resources Extension Agent-Giles	Craig
Robert J. Mills, Jr.	Farmer	Pittsylvania
William F. Osl, Jr.	Farmer	Cumberland
Chapman L. H. Pemberton	Farmer	Hanover
Scott E. Sink	Farmer	Montgomery
Bruce N. Stanger	Farmer	Montgomery
Richard L. Sutherland	Farmer	Grayson
Peter A. Truban	Farmer	Shenandoah
Russell L. Williams II	Farmer	Rockbridge

OfficersTitle

Wayne F. Pryor	President, Administrative Officer and Chief Executive Officer
Darlene P. Wells	Executive Vice President and General Manager
Scott E. Sink	First Vice President
Kathleen M. Early	Secretary
Marc D. Follmer	Assistant Secretary
Robert F. Brown	Senior Vice President of Product Development and Actuarial
Diane Hudobenko	Senior Vice President of Human Resources
David A. Priddy	Senior Vice President of Accounting and Business Services and Treasurer
G. Christopher Kern	Assistant Treasurer
Patrick E. Caine	Chief Information Officer
Raymond W. Leonard	Vice President of Sales
Sam L. Rooks, Jr.	Vice President of Underwriting
Virginia A. Glenn	Vice President of Training and Field Operations
Laura P. Gannon	Vice President of Claims

The Company is a member of a holding company system as defined by the Code of Virginia. The Company is controlled by the Federation by means of a common board of directors and through proxy control. The Company owns 100% of the outstanding shares of Holdings, which owns all of the outstanding shares of VFBFCIC and VFBTCIC. The Company also owns 100% of the outstanding shares of Countryway. Virginia Farm Bureau Holding Corporation owns 10% of SFBLIC, thereby making SFBLIC a member of the holding company.

The following organizational chart illustrates this relationship at December 31, 2020:



RELATED PARTY TRANSACTIONS

The Company has separate administrative services agreements with VFBFCIC and VFBTCIC. Pursuant to the agreements, the Company provides accounting, financial, investment, actuarial, underwriting, claims and computer services to each entity. In consideration of the services rendered, the entities shall pay the Company a monthly service fee equal to the actual costs incurred by the Company in providing such services. The service fee shall be paid within 10 days of the receipt of the Company's accounting of the incurred expenses. VFBFCIC incurred expenses of \$18,382,780, \$23,729,695 and \$21,192,339 for 2018, 2019 and 2020, respectively. VFBTCIC incurred expenses of \$18,845,090, \$22,306,711 and \$19,403,468 for 2018, 2019 and 2020, respectively.

In 1994, the Company entered into a sale/leaseback agreement with the Federation for the Company's home office building. The Company sold the building to the Federation for \$16,250,000, and contemporaneously entered into a lease agreement with the Federation for the same amount. The term of this lease was for 30 years and was accounted for as a capital lease. The lease was converted to an operating lease in 2002 in order to comply with Statutory Accounting Principles. The conversion resulted in an increase to surplus of approximately \$4.3 million. The Company's lease payments for 2018, 2019 and 2020 were \$1,562,731 each year.

In 2018, 2019, and 2020, the Company paid \$1,208,234, \$1,110,674 and \$1,130,327, respectively, to the Federation to fund payments to certain county Farm Bureaus as compensation for providing office space and insurance-related services in their respective counties. The compensation is based on a percentage of premiums written by the Company in each county.

During 2002, the Company contributed \$1,000,000 toward the formation of Insurance Agency Services, LLC, representing a 50% interest in the membership of the limited liability company. The remaining 50% is owned by Virginia Farm Bureau Insurance Agency.

The Company has management and office services agreements with certain affiliated Virginia Farm Bureau companies. Pursuant to these agreements, the Company either provides services to or receives services in the normal course of its business. The companies are listed below, along with their respective fees for 2020:

Virginia Farm Bureau Federation	\$1,472,896
Virginia Farm Bureau Holding Corp.	273,041
Farm Bureau Holdings of Virginia, Inc.	2,028
Virginia Farm Bureau Service Corporation	760,528
Insurance Agency Services, LLC	116,997
Custom HealthCare, Inc.	106,513
Employee Benefits Corporation of America	338,926
Organizational Management, Inc.	2,705
Virginia Farm Bureau Insurance Agency	2,367
Countryway Insurance Company	1,386,518
Benefit Design Group	262,466
	<hr/>
Total	<u>\$4,724,985</u>

Effective January 1, 2007, the Company entered into a federal income tax allocation agreement with VFBFCIC and VFBTCIC. This agreement was amended in 2011 to include Countryway. The purpose of this agreement is to provide for the filing of consolidated federal income tax returns for the allocation of federal income tax liability and savings among the companies. The method of allocation between the companies is made primarily on a separate return basis. The intercompany tax balances are settled quarterly. The final settlement shall be made within 30 days after the filing of the consolidated income tax return.

TERRITORY AND PLAN OF OPERATION

The Company confines its operations to Virginia where it is licensed to transact the business of accident and sickness, fire, miscellaneous property, farmowners' multiple peril, homeowners' multiple peril, commercial multiple peril, ocean marine, inland marine, workers' compensation and employers' liability, liability other than automobile, automobile liability, automobile physical damage, aircraft liability, aircraft physical damage, fidelity, surety, glass, burglary and theft, boiler and machinery, animal and water damage insurance.

Business is produced by 204 agents, who are compensated based on the amount of premiums written plus bonuses which are dependent upon a combination of the growth and profitability of the agent's book of business plus the Company's net income before taxes. Office space and clerical help are furnished to the agents in their territories by county Farm Bureaus under a Memorandum of Agreement with the Federation, which are compensated by the Company based upon a percentage of premium income, or under a Joint Operations Agreement.

Beginning in 2004, the Company offered all 88 county Farm Bureaus (104 offices) the option to enter into a Joint Operations Agreement. Under that agreement, the Company would incur all operational costs of the office, including the employment of the

office staff, in lieu of compensation based on written premium. As of December 31, 2020, 75 of the 88 counties had entered into this agreement.

Risks are bound by the agents when applications are accepted in the field from qualified applicants, after which policies are issued from the Richmond 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 canceled.

Losses are reported to the county Farm Bureau through which the application was taken. Claims are confirmed and adjusted by the Company's salaried personnel where practicable, otherwise independent professional adjusters or Farm Bureau insurance companies in other states are used.

GROWTH OF THE COMPANY

The following data, obtained from Annual Statements filed with the Bureau and from this and previous 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>Surplus Note</u>	<u>Unassigned Surplus</u>
2011	\$330,653,708	\$194,175,057	\$30,000,000	\$106,478,651
2012	311,509,539	212,578,837	30,000,000	68,930,702
2013	338,929,679	214,241,968	30,000,000	94,687,711
2014	364,214,410	210,294,085	30,000,000	123,920,325
2015	380,700,755	210,710,602	20,000,000	149,990,153
2016	393,611,381	211,602,457	15,000,000	167,008,924
2017	402,725,361	209,082,972	5,000,000	188,642,389
2018	417,482,026	210,183,637		207,298,389
2019	444,866,021	201,854,826		243,011,195
2020	490,541,461	206,536,086		284,005,375

<u>Year</u>	<u>Premiums Earned</u>	<u>Loss and Loss Adjustment Expenses Incurred</u>	<u>Other Underwriting Expenses</u>	<u>Net Underwriting Gain or (Loss)</u>
2011	\$169,355,279	\$157,679,523	\$55,342,586	\$(43,666,830)
2012	172,128,791	131,945,696	64,281,998	(24,098,903)
2013	192,350,782	113,901,337	66,212,239	12,237,206
2014	190,799,165	104,658,779	64,426,853	21,713,533
2015	197,949,663	112,230,575	63,040,418	22,678,670
2016	198,114,861	119,791,882	65,724,681	12,598,298
2017	200,966,568	110,130,674	66,401,115	24,434,779
2018	207,049,263	131,749,363	69,103,188	6,196,712
2019	215,967,173	125,000,162	78,116,113	12,850,898
2020	221,124,590	124,088,082	73,481,325	23,555,183

REINSURANCE

The Company had the following reinsurance agreements in force at December 31, 2020. All of the agreements contain an insolvency clause.

Ceded:

<u>Type of Agreement</u>	<u>Class of Business</u>	<u>Company Retention</u>	<u>Reinsurers' Limits</u>
Property per Risk Excess of Loss	Property (except auto physical damage)	\$300,000 each risk	\$4,700,000
Facultative	Property	\$5,000,000	\$10,000,000
Excess of Loss	Property (Catastrophe)	\$5,000,000 10% participation on \$25,000,000 1 st layer	\$230,000,000 per occurrence; \$460,000,000 all occurrences
Excess of Loss	Property (Supplemental Catastrophe)	\$235,000,000	\$15,000,000 per occurrence; \$30,000,000 all occurrences
Excess of Loss	Property (Catastrophe -Terrorism)	\$5,605,000	\$11,210,000
Aggregate	Catastrophe and Auto Physical Damage	\$11,000,000	\$9,000,000
Excess of Loss	Liability	\$650,000	\$30,000,000; occurrence cap of \$1,200,000
	Workers' Compensation	\$600,000	\$30,000,000 (\$1,200,000 maximum employers' liability limit)

<u>Type of Agreement</u>	<u>Class of Business</u>	<u>Company Retention</u>	<u>Reinsurers' Limits</u>
Quota Share	Casualty (Umbrella Liability)	15% of first \$1,000,000	85% of first \$1,000,000; 100% up to \$19,000,000
Excess of Loss	Farm Pollution Liability (Claims Made)	\$500 each incident	\$1,000,000
Quota Share	Flood	None	100% of loss

Affiliate Agreements:

On December 19, 1997, the Company entered into separate Net Premiums Reinsurance Agreements with both VFBFCIC and VFBTCIC. These agreements amend any previous Net Premiums Reinsurance Agreements and provide for the reinsurance of 100% of the business, excluding any automobile business, written by VFBFCIC and VFBTCIC. The agreements were effective beginning with accident year 1998 and were approved by the Bureau.

As part of the purchase, the Company entered into a quota share reinsurance agreement with Countryway pursuant to which the Company will assume 100% of Countryway's losses, liabilities and expenses included within the definition of ultimate net loss and allocated loss adjustment expenses, in respect of policies issued on or after May 1, 2011. The Company and Countryway contemporaneously entered into a loss portfolio transfer agreement effective May 1, 2011. Pursuant to this agreement, Countryway will cede to the Company 100% of Countryway's reserves for ultimate net loss and allocated loss adjustment expenses with respect to policies issued and losses occurring prior to May 1, 2011.

Reinsurance Pooling Agreement:

Effective January 1, 1998, the Company entered into a Reinsurance Pooling Agreement with VFBFCIC and VFBTCIC for automobile policies. Each of the companies is an insured as well as a participant in the agreement. Pursuant to this agreement, each of the companies will cede 100% of their automobile business written and assumed, after deduction for any reinsurance that is ceded to all other companies, after the effective date of this agreement. Each participant will assume their proportionate share of the net premiums earned, net losses and loss adjustment expenses incurred, and underwriting expenses incurred that are ceded to the Pool, but shall not be liable for any amounts beyond said proportionate share, irrespective of the inability of other participants or reinsureds to

meet their respective obligations. For the 1998 accident year, each Participant assumed an initial retrocession from the Pool in the percentage as indicated below:

Virginia Farm Bureau Mutual Insurance Company	60%
Virginia Farm Bureau Fire and Casualty Insurance Company	20%
Virginia Farm Bureau Town and Country Insurance Company	20%

For the 1999 accident year and each subsequent accident year, each participant will assume a retrocession from the Pool in a percentage that will be determined by the Board of Directors of the participating companies in January of the applicable year. For the accident years 2018 through 2020, the Board elected to retain the percentages indicated above.

FINANCIAL STATEMENTS

The following statutory financial statements present the financial condition of the Company for the period ending 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.

ASSETS

	<u>Assets</u>	<u>Nonadmitted Assets</u>	<u>Net Admitted Assets</u>
Bonds	\$250,676,911		\$250,676,911
Preferred stocks	1,207,000		1,207,000
Common stocks	159,248,325		159,248,325
Properties held for the production of income	3,286,747		3,286,747
Properties held for sale	25,000		25,000
Cash and cash equivalents	28,637,769		28,637,769
Other invested assets	6,116,848		6,116,848
Investment income due and accrued	2,261,805		2,261,805
Uncollected premiums and agents' balances in course of collection	10,534,378	75,173	10,459,205
Deferred premiums, agents' balances and installments booked but deferred and not yet due	10,589,920	40,864	10,549,056
Amounts recoverable from reinsurers	4,129,000		4,129,000
Current federal income tax recoverable	6,726,796		6,726,796
Net deferred tax asset	2,965,196		2,965,196
Guaranty funds receivable or on deposit	4,923		4,923
Electronic data processing equipment	703,951	703,951	
Furniture and equipment	1,890	1,890	
Receivables from parent, subsidiaries and affiliates	2,906,149		2,906,149
Aggregate write-ins for other than invested assets	2,594,114	1,253,383	1,340,731
Totals	<u>\$492,616,722</u>	<u>\$2,075,261</u>	<u>\$490,541,461</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses		\$71,687,719
Reinsurance payable on paid losses and loss adjustment expenses		9,229,915
Loss adjustment expenses		8,665,220
Commissions payable, contingent commissions and other similar charges		2,297,679
Other expenses		19,620,694
Taxes, licenses and fees		1,657,863
Unearned premiums		83,535,189
Advance premium		2,837,936
Ceded reinsurance premiums payable		4,651,911
Funds held by company under reinsurance treaties		401,815
Amounts withheld or retained by company for account of others		746,538
Remittances and items not allocated		66,355
Drafts outstanding		362,683
Payable to parent, subsidiaries and affiliates		218,918
Aggregate write-ins for liabilities		<u>555,651</u>
 Total liabilities		 \$206,536,086
 Unassigned funds	 <u>\$284,005,375</u>	
 Surplus as regards policyholders		 <u>284,005,375</u>
 Totals		 <u><u>\$490,541,461</u></u>

UNDERWRITING AND INVESTMENT EXHIBIT
STATEMENT OF INCOME

UNDERWRITING INCOME

Premiums earned	<u>\$221,124,590</u>
Deductions:	
Losses incurred	\$110,697,557
Loss adjustment expenses incurred	13,390,525
Other underwriting expenses incurred	<u>73,481,325</u>
Total underwriting deductions	<u>\$197,569,407</u>
Net underwriting gain	<u>\$23,555,183</u>

INVESTMENT INCOME

Net investment income earned	\$8,344,648
Net realized capital losses	<u>(1,933,082)</u>
Net investment gain	<u>\$6,411,566</u>

OTHER INCOME

Net loss from agents' or premium balances charged off	(\$17,407)
Finance and service charges not included in premiums	<u>603,241</u>
Total other income	<u>\$585,834</u>
Net income before federal income taxes	\$30,552,583
Federal income taxes incurred	<u>5,883,494</u>
Net income	<u><u>\$24,669,089</u></u>

RECONCILIATION OF CAPITAL AND SURPLUS
FOR PERIOD UNDER REVIEW

	<u>2018</u>	<u>2019</u>	<u>2020</u>
Surplus as regards policyholders, December 31, previous year	<u>\$193,642,389</u>	<u>\$207,298,389</u>	<u>\$243,011,195</u>
Net income	\$10,250,910	\$15,682,746	\$24,669,089
Change in net unrealized capital gains	4,653,751	8,438,429	15,572,142
Change in net deferred income tax	(122,053)	(1,192,092)	784,333
Change in nonadmitted assets	401,653	2,729,834	1,101,882
Change in provision for reinsurance	(8,000)	8,000	
Change in surplus notes	(5,000,000)		
Aggregate write-ins for gains and losses in surplus	<u>3,479,739</u>	<u>10,045,889</u>	<u>(1,133,266)</u>
Change in surplus as regards policyholders for the year	<u>\$13,656,000</u>	<u>\$35,712,806</u>	<u>\$40,994,180</u>
Surplus as regards policyholders, December 31, current year	<u><u>\$207,298,389</u></u>	<u><u>\$243,011,195</u></u>	<u><u>\$284,005,375</u></u>

CASH FLOW**Cash From Operations**

Premiums collected net of reinsurance	\$221,528,605
Net investment income	10,306,521
Miscellaneous income	585,834
Total	<u>\$232,420,960</u>
Benefit and loss related payments	\$108,835,116
Commissions, expenses paid and aggregate write-ins for deductions	83,193,120
Federal income taxes paid	10,572,680
Total	<u>\$202,600,916</u>
Net cash from operations	<u>\$29,820,044</u>

Cash From Investments

Proceeds from investments sold, matured or repaid:	
Bonds	\$33,862,681
Stocks	5,728,825
Other invested assets	250,000
Total investment proceeds	<u>\$39,841,506</u>
Cost of investments acquired (long-term only):	
Bonds	\$54,341,446
Stocks	6,836,945
Other invested assets	414,340
Total investments acquired	<u>\$61,592,731</u>
Net cash from investments	<u>(\$21,751,225)</u>

Cash From Financing and Miscellaneous Sources

Cash provided (applied):	
Other cash provided	<u>\$644,326</u>
Net cash from financing and miscellaneous sources	<u>\$644,326</u>
Net change in cash and short-term investments	<u>\$8,713,145</u>

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

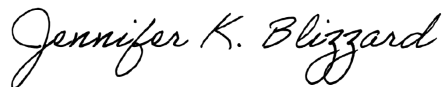
Cash and short-term investments:	
Beginning of year	\$19,924,624
End of year	<u>28,637,769</u>
Net change in cash and short-term investments	<u>\$8,713,145</u>

ACKNOWLEDGMENT

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, Christopher J. Collins, CFE, Mario A. Cuellar, CFE, T. Bradford Earley, Jr., CFE, CPCU, AIAF, and Danielle Ellis 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, CFE, AIAF, AIM
Principal Insurance Financial Analyst



June 14, 2022

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

Dear Mr. Smith:

Virginia Farm Bureau Mutual Insurance Company received and has reviewed the draft examination report as of December 31, 2020, which was dated May 13, 2022, and received via email June 10, 2022.

Please provide an electronic copy of the report to Ginger Lewis, Director of Financial Reporting, at ginger.lewis@vafb.com.

Sincerely,

A handwritten signature in black ink, appearing to read "Wayne F. Pryor".

Wayne F. Pryor, President
Virginia Farm Bureau Mutual Insurance Company