

Report of the Examination of
Green County Mutual Insurance Company
Monroe, Wisconsin
As of December 31, 2019

TABLE OF CONTENTS

	Page
I. INTRODUCTION.....	1
II. REINSURANCE.....	6
III. FINANCIAL DATA.....	9
IV. SUMMARY OF EXAMINATION RESULTS	15
V. CONCLUSION	22
VI. SUMMARY OF COMMENTS AND RECOMMENDATIONS.....	23
VII. ACKNOWLEDGMENT	24



February 5, 2021

Honorable Mark V. Afable
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, an examination has been performed as of
December 31, 2019, of the affairs and financial condition of:

GREEN COUNTY MUTUAL INSURANCE COMPANY
Monroe, Wisconsin

and the following report thereon is respectfully submitted:

I. INTRODUCTION

The previous examination of Green County Mutual (the company) was made in 2013 as of December 31, 2012. The current examination covered the five-year period beginning January 1, 2015, and ending December 31, 2019, and included a review of such subsequent transactions deemed essential to complete this examination.

The “Summary of Examination Results” contains elaboration on all areas of the company's operations. Special attention was given to the action taken by the company to satisfy the recommendations and comments made in the previous examination report.

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation with respect to the alternative or additional examination steps performed during the course of the examination.

In addition to auditing, the public accounting firm performs non-auditing services for the company, including federal income tax return preparation and annual statement preparation. On January 25, 2021, an exemption was granted by the Commissioner, pursuant to s. Ins 50.08 (5), Wis. Adm. Code, permitting the independent auditor to perform this non-audit work for the company.

The company was organized as a town mutual insurance company in February 1873, under the provisions of the then-existing Wisconsin Statutes. The original name of the company was Mutual Insurance Company of the Town of Jefferson. Subsequent amendments to the company's articles and bylaws changed the company's name to that presently used.

During the period under examination, there were no amendments to the articles of incorporation and no amendments to the bylaws.

The company is currently licensed to write property, including windstorm and hail, and nonproperty insurance. The company is currently licensed to write business in the following counties:

Columbia	Dane
Grant	Green
Iowa	Jefferson
Lafayette	Rock
Sauk	Walworth

A review was made of the policy and application forms currently used by the company. The company issues approved policies with or without endorsements for terms of one year with premiums payable on the advance premium basis. The company also charges a policy fee equal to \$30 on all policies except for farmowners policies which carry a \$40 fee. The company also charges an installment fee of \$3 per payment if the insured chooses not to pay on an annual basis.

Business of the company is currently acquired through 28 agents, four of whom are directors of the company. The company classifies its agents into two categories: captive agents (who are either directors or employees of the company or sell only the company's policies), and non-captive or independent agents (who sell policies for other insurance companies as well). Agents are presently compensated for their services as follows:

Type of Policy	Compensation
Shirley Goodman – all policies	10%
All other captive agents – all policies	15
Non-captive agents – all policies	15

Agents have the authority to adjust losses up to \$10,000. Losses in excess of this amount are adjusted by two captive agents. Adjusters receive \$25 for each loss adjusted plus the current IRS mileage reimbursement rate for travel allowance.

Policyholders may participate in the management and control of the company by attending and voting at all annual or special meetings of the members. No member may vote by proxy. The annual meeting of the company for the election of directors and special meetings of the company are held in accordance with its articles of incorporation.

Board of Directors

The board of directors consists of nine members divided into three classes. One class is elected at each annual meeting for a term of three years. Vacancies on the board may be filled by the directors for the interim to the next annual meeting when a director shall be chosen for the unexpired term.

The current board of directors consists of the policyholders listed below.

Name and Residence	Principal Occupation	Term Expires
Larry Bohnert Monroe, WI	Technician and Engineer	2021
Robert Bump Albany, WI	Retired Farmer	2023
Chad Hartwig* Monroe, WI	Monroe Police Officer	2023
Jason Kundert Monroe, WI	Executive Vice President and Commercial Loan Officer	2023
Tim Olmstead* Argyle, WI	Monroe Clinic Maintenance	2021
Thomas Rowe South Wayne, WI	Retired Agricultural Loan Officer	2022
Steven Ruegsegger* New Glarus, WI	Farmer	2022
Craig Shager* Monroe, WI	Company Manager and Real Estate Agent	2021

Name and Residence	Principal Occupation	Term Expires
Tom Stauffacher Monroe, WI	Investment Advisor	2022

*Directors who are also agents are identified with an asterisk.

Members of the board currently receive \$85 for each board meeting and the current IRS mileage reimbursement rate for travel expenses.

Section 612.13 (1m), Wis. Stat., requires:

- (1) If a town mutual has fewer than nine directors, no more than one director may be an employee or representative of the town mutual and;
- (2) Employees and representatives of a town mutual may not constitute a majority of its board.

The company is in compliance with these requirements.

Officers

Officers are elected by the board of directors from among its members and hold office for one year or until their successors are duly elected and qualified. Officers serving at the present time are as follows:

Name	Officer
Robert Bump	President
Steve Ruegsegger	Vice President
Craig Shager	Secretary
Larry Bohnert	Treasurer

Committees of the Board

The company's bylaws allow for the formation of certain committees by the board of directors.

The committees at the time of the examination are listed below:

Adjusting Committee	Investment Committee
Craig Shager, Chair	Robert Bump, Chair
Robert Bump	Craig Shager
Steve Ruegsegger	Larry Bohnert
Tim Olmstead	

Growth of Company

The growth of the company during the examination period as compiled from its filed annual statements was as follows:

Year	Net Premiums Earned	Policies In Force	Net Income	Admitted Assets	Policyholders' Surplus
2019	\$991,384	2,459	\$335,969	\$4,227,207	\$3,087,304
2018	970,766	2,404	210,856	3,750,290	2,720,289
2017	989,725	2,376	114,499	3,456,910	2,492,238
2016	955,400	2,380	102,977	3,236,341	2,263,275
2015	948,576	2,357	35,214	2,889,672	2,023,649

The ratios of gross and net premiums written to surplus as regards policyholders during the examination period were as follows:

Year	Gross Premiums Written	Net Premiums Written	Policyholders' Surplus	Writings Net	Ratios Gross
2019	\$1,800,097	\$1,024,765	\$3,087,304	33%	58%
2018	1,732,063	985,678	2,720,289	36	64
2017	1,684,868	958,611	2,492,238	38	68
2016	1,674,059	975,823	2,263,275	43	74
2015	1,627,339	950,787	2,023,649	47	80

For the same period, the company's operating ratios were as follows:

Year	Net Losses and LAE Incurred	Other Underwriting Expenses Incurred	Net Premiums Earned	Loss Ratio	Expense Ratio	Composite Ratio
2019	\$288,676	\$404,826	\$991,384	29%	40%	69%
2018	428,226	377,729	970,766	44	38	82
2017	570,154	415,764	989,725	58	43	101
2016	489,539	409,861	955,400	51	42	93
2015	619,132	379,565	948,576	65	40	105

During the period of the examination, the company's policyholders' surplus has been increasing steadily due to net income and net unrealized capital gain. The company reported net income for each year under the examination. The company has increased the number of policyholders from 2,357 as of year-end 2015 to 2,459 as of year-end 2019.

II. REINSURANCE

The examiners' review of the company's reinsurance portfolio revealed there is currently one ceding treaty with six coverage sections. The treaty contained a proper insolvency clause and complied with s. Ins 13.09 (3), Wis. Adm. Code, concerning maximum wind loss. Company retentions of risk complied with s. Ins 13.06, Wis. Adm. Code.

Reinsurer:	Wisconsin Reinsurance Corporation
Effective date:	January 1, 2020
Termination provisions:	Either party may terminate on any January 1 by giving at least 90 days' advance written notice to the other party

The coverages provided under this treaty are summarized as follows:

1. Type of contract: Class AX1 – Casualty Excess of Loss
 - Lines reinsured: All casualty or liability business
 - Company's retention: \$10,000 each and every loss occurrence including loss adjustment expenses
 - Coverage: 100% of each and every loss occurrence, including loss adjustment expenses, in excess of the company retention subject to the maximum policy limits of:
 - a. \$1,000,000 per occurrence, single limit, combined for bodily injury and property damage liability.
 - b. \$1,000,000 split limits, in any combination of bodily injury and property damage liability.
 - c. \$25,000 for medical payments, per person
 - d. \$25,000 for medical payments, per accident for Personal Lines.
 - Reinsurance premium: 50% of net premium written
 - Ceding commission: None
2. Type of contract: Class B1 – First Surplus
 - Lines reinsured: All property business
 - Company's retention: \$500,000 per risk per loss occurrence
 - Coverage: \$2,000,000 excess of \$500,000

Reinsurance premium:	The pro rata portion of all premiums, fees and assessments charged by the company corresponding to the amount of each risk ceded
Ceding commission:	25% of premium paid to the reinsurer
Profit commission	15% of the net profit
3. Type of contract:	Class C1 – First Per Risk Excess of Loss
Lines reinsured:	All property business
Company's retention:	\$60,000 per risk per loss occurrence
Coverage:	100% of \$90,000 excess of retention including loss adjusting expenses each and every loss
Reinsurance premium:	15% of net premium written
Ceding commission:	None
4. Type of contract:	Class C2 – Second Per Risk Excess of Loss
Lines reinsured:	All property business
Company's retention:	\$150,000 per risk per loss occurrence
Coverage:	100% of \$350,000 excess of retention including loss adjusting expenses each and every loss
Reinsurance premium:	5% of net premium written
Ceding commission:	None
5. Type of contract:	Class D1 – First Aggregate Excess of Loss
Lines reinsured:	All business written by the company
Company's retention:	65% of net premium written
Coverage:	100% of annual aggregate of the company's net losses, including loss adjustment expenses, exceeding 65% of net premium written, up to 100% of 65% of net premium written
Reinsurance premium:	7% of net premium written
Ceding commission:	None
6. Type of contract:	Class D2 – Second Aggregate Excess of Loss
Lines reinsured:	All business written by the company
Company's retention:	130% of net premium written

Coverage:	100% of annual aggregate losses, including loss adjustment expenses, exceeding 130% of net premium written, up to 100% of all net losses, including loss adjustment expenses
Reinsurance premium:	2% of net premium written
Ceding commission:	None

III. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the Commissioner of Insurance in the December 31, 2019, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Policyholders' Surplus."

**Green County Mutual Insurance Company
Statement of Assets and Liabilities
As of December 31, 2019**

Assets	Ledger	Nonledger	Not Admitted	Net Admitted
Cash in company's office	\$ 100	\$	\$	\$ 100
Cash deposited in checking	229,688			229,688
Cash deposited at interest	1,511,675			1,511,675
Bonds	1,108,476			1,108,476
Stocks and mutual fund investments	948,441			948,441
Real estate	148,918			148,918
Premiums, agents' balances and installments:				
In course of collection	53,918			53,918
Deferred and not yet due	168,943			168,943
Investment income accrued		7,608		7,608
Reinsurance recoverable on paid losses and LAE	4,560			4,560
Electronic data processing equipment	25,519			25,519
Other expense related assets:				
Reinsurance commission receivable	19,361			19,361
Furniture and fixtures	2,490		2,490	
Other nonadmitted assets:				
Prepaid dues	<u>4,100</u>	<u> </u>	<u>4,100</u>	<u> </u>
Totals	<u>\$4,226,189</u>	<u>\$7,608</u>	<u>\$6,590</u>	<u>\$4,227,207</u>

**Green County Mutual Insurance Company
Statement of Assets and Liabilities (cont.)
As of December 31, 2019**

Liabilities and Surplus

Net unpaid losses	\$ 196,535
Loss adjustment expenses unpaid	1,145
Commissions payable	29,100
Fire department dues payable	515
Federal income taxes payable	23,862
Unearned premiums	761,523
Reinsurance payable	99,858
Amounts withheld for the account of others	2,351
Payroll taxes payable (employer's portion)	1,233
Other liabilities:	
Expense related:	
Accounts payable	399
Accrued property taxes	4,105
Nonexpense related:	
Premiums received in advance	<u>19,277</u>
Total Liabilities	1,139,903
Policyholders' Surplus	<u>3,087,304</u>
Total Liabilities and Surplus	<u>\$4,227,207</u>

Green County Mutual Insurance Company
Statement of Operations
For the Year 2019

Net premiums and assessments earned		\$991,384
Deduct:		
Net losses incurred	\$244,183	
Net loss adjustment expenses incurred	44,493	
Net other underwriting expenses incurred	<u>404,826</u>	
Total losses and expenses incurred		<u>693,502</u>
Net underwriting gain (loss)		297,882
Net investment income:		
Net investment income earned	38,165	
Net realized capital gains (losses)	<u>4,910</u>	
Total investment gain (loss)		43,075
Other income (expense):		
Policy and installment fees	85,259	
Miscellaneous Income (Expense)	<u>171</u>	
Total other income (expense)		<u>85,430</u>
Net income (loss) before federal income taxes		426,387
Federal income taxes incurred		<u>90,418</u>
Net Income (Loss)		<u>\$335,969</u>

Green County Mutual Insurance Company
Reconciliation and Analysis of Surplus as Regards Policyholders
For the Five-Year Period Ending December 31, 2019

The following schedule is a reconciliation of surplus as regards policyholders during the last five years as reported by the company in its filed annual statements:

	2019	2018	2017	2016	2015
Surplus, beginning of year	\$2,720,289	\$2,492,238	\$2,263,275	\$2,023,649	\$1,954,388
Net income (loss)	335,969	210,856	114,499	102,977	35,214
Net unrealized capital gain or (loss)	37,636	17,195	114,464	136,649	34,047
Change in non-admitted assets	(6,590)				
Surplus, End of Year	<u>\$3,087,304</u>	<u>\$2,720,289</u>	<u>\$2,492,238</u>	<u>\$2,263,275</u>	<u>\$2,023,649</u>

Reconciliation of Policyholders' Surplus

The examination resulted in no adjustments to policyholders' surplus. The amount reported by the company as of December 31, 2019, is accepted.

IV. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

Comments and recommendations contained in the last examination report and the action taken on them by the company are as follows:

1. Book Value of Bonds—It is recommended that if the company invests in any variable rate corporate debt security such security must have the following characteristics:
 - a. the reference for setting the interest rate must be a U.S. Dollar London Interbank Offered Rate of a single specified duration; and
 - b. the interest rate must have a floor in excess of zero percent; and
 - c. the total outstanding principal amount of the security at the time of issuance must equal or exceed \$250 million.

For the avoidance of any doubt, in investing in any variable rate corporate debt security, the company:

- a. may assume that any U.S. Dollar London Interbank Offered Rate will exceed zero percent; and
- b. may invest in a security that specifies some increment of interest in excess of a U.S. Dollar London Interbank Offered Rate of a single specified duration; and
- c. may invest in a security that is leveraged relative to a U.S. Dollar London Interbank Offered Rate of a single specified duration, provided that there is no basis point reduction in the index provided by the interest rate formula (for example, 125% of the 3-month U.S. Dollar London Interbank Offered Rate is acceptable while 125% of the 3-month U.S. Dollar London Interbank Offered Rate minus 0.10% is not acceptable); and
- d. may not invest in a security that specifies some increment of interest less than a U.S. Dollar London Interbank Offered Rate of a single specified duration, unless such increment is expressed as a percentage of the index (for example, 80% of the 3-month U.S. Dollar London Interbank Offered Rate is acceptable while the 3-month U.S. London Dollar Interbank Rate minus 0.10% is not acceptable).

Action—Compliance.

2. Book Value of Bonds—It is further recommended that the company divest itself of any variable rate corporate debt security that does not meet the foregoing standards and provide this office with evidence of the disposal within 60 days of this report.

Action—Compliance.

3. Book Value of Bonds—It is recommended that the company maintain prospectuses for its current investments.

Action—Compliance.

4. Book Value of Bonds—It is recommended that the board of directors modify its written investment policy to specify, in accordance with the instructions included in this report, acceptable characteristics of the investments in variable rate corporate debt securities and provide this office with a copy of the revised investment policy within 60 days of the adoption of this report.

Action—Compliance.

5. Reinsurance Premium Recoverable—It is recommended that the company classify its Reinsurance Premium Recoverable in accordance with the Town Mutual Annual Statement Instructions.

Action—Compliance.

Current Examination Results

Corporate Records

The minutes of the annual meetings of policyholders and meetings of the board of directors and committees thereof, were reviewed for the period under examination and also for the subsequent period.

Biographical data relating to company officers and directors have been reported in accordance with the provisions of s. Ins 6.52, Wis. Adm. Code.

Agent Agreements

The company has executed formal written agreements with its agents. The agreements include similar language to the requirement indicating the agent will represent the company's interests "in good faith," although not the exact language. In addition, not all agreements included language requiring agents to maintain an errors & omissions policy.

It is recommended that the company execute formal written agreements with its agents that include language requiring the agent to (1) Represent the company's interests "in good faith," and (2) Maintain an errors and omissions policy at all times.

Board Committees/Charters

Effective July 21, 2018, the state of Wisconsin enacted the NAIC's Corporate Governance Annual Disclosure Model Act as s. 610.80, Wis. Stat., which requires insurers to describe their corporate governance framework in sufficient detail to allow the Office of the Commissioner of Insurance to assess the adequacy of the insurer's oversight function. A key component of corporate governance concerns whether the board of directors chooses to delegate decision-making authority to a board designated committee (comprised of a subset of the board).

Board designated committees are acceptable if they are allowed under the company's bylaws, created through a board resolution, and are supported by a formal board approved committee charter, which sets forth the committee's mission, decision-making authority, responsibilities, composition, frequency of meetings, meeting quorum requirements, and how committee findings are reported to the full board.

During the examination, it was noted that the company's bylaws allow for the creation of board designated committees; however, the company's use of board committees was unclear and was not formalized through a board resolution or committee charters.

It is suggested that in the event the company's board chooses to delegate decision-making authority to a committee, the committee be created through a board resolution (in accordance with the company's bylaws), and that the committee's purpose and responsibilities be clearly set forth in the form of a board approved committee charter, which sets forth the committee's mission, decision-making authority, responsibilities, composition, frequency of meetings, meeting quorum requirements, and how committee findings are reported to the full board.

Conflict of Interest

In accordance with a directive of the Commissioner of Insurance, each company is required to establish a procedure for disclosing to its board of directors any material interest or affiliation on the part of its officers, directors, or key employees which conflicts or is likely to conflict with the official duties of such person. A part of this procedure is the annual completion of a conflict of interest questionnaire by the appropriate persons. The company has adopted such a procedure for disclosing potential conflicts of

interest. Conflict of interest questionnaires were reviewed for the period under examination with no apparent conflicts being noted.

Fidelity Bond and Other Insurance

The company is afforded coverage under the terms of the following bonds or contracts and has complied with s. Ins 13.05 (6), Wis. Adm. Code, which sets forth the minimum requirements for fidelity bond coverage:

Type of Coverage	Coverage Limits
Fidelity bond	\$250,000
Workers compensation:	
Employee injury	Statutory
Employee liability:	
Each accident	\$100,000
Each employee	\$100,000
Policy limit total	\$500,000
Business package	
Property coverages:	
Building	\$337,893
Business personal property	\$78,000
Liability coverages:	
Liability and medical expenses each occurrence	\$1,000,000
Medical expense per person	\$5,000
Damage to premises rented to you	\$100,000
Products-completed operations aggregate	\$2,000,000
General aggregate limit (other than products-completed operations)	\$2,000,000
Insurance company professional liability and directors and officers liability	
Each claim	\$1,000,000
Aggregate limit	\$1,000,000
Directors and officers total per policy period	\$1,000,000

Underwriting

The company has a written underwriting guide. The guide covers all the lines of business that the company is presently writing.

The company has a formal inspection procedure for both new and renewal business. A sampling of new applications and renewal business is inspected by committee members who are independent of the risk under consideration and review.

Claims Adjusting

The company has an adjusting committee consisting of at least three directors as required by s. 612.13 (4), Wis. Stat. The function of this committee is to adjust or supervise the adjustment of losses.

Accounts and Records

The examiners' review of the company's records indicated that the company is in compliance with s. Ins 13.05, Wis. Adm. Code, which sets forth the minimum standards for the handling of cash and recording of cash transactions by town mutual insurance companies. The examiners noted the following:

1. A proper policy register is maintained.
2. A proper cash receipts journal is maintained.
3. A proper cash disbursements journal is maintained.
4. A proper general journal is maintained.
5. A proper general ledger is maintained.

An extensive review was made of income and disbursement items. Cash receipts were traced from source records and the proper recording and eventual deposit thereof ascertained. Negotiated checks issued during the period under examination were reviewed, test checked for proper endorsement, and traced to cash records. The verification of assets and determination of liabilities were made as of December 31, 2019.

The company is audited annually by an outside public accounting firm.

Claims Review

The examiners' review of claim files included open claims, paid claims, claims closed without payment, and claims that were denied during the examination period. The review indicated that claims are investigated and evaluated properly and that payments are made promptly and in accordance with policy provisions upon the submission of a proper proof of loss. In addition, the review of claims handling procedures and files revealed the following:

1. A proper loss register is maintained.
2. Claim files contained sufficient investigatory data and documentation to verify settlement payments or reserve estimates.
3. Proofs of loss were properly signed.

Business Continuity Plan

A business continuity plan identifies steps to be performed by a company in the event of business interruptions including, but not limited to the inability to access its computer, the loss of

information on its computer, the loss of a key employee, or the destruction of its office building. The company has developed a business continuity plan. The company's business continuity plan appears to be adequate.

Invested Assets

Section 610.23, Wis. Stat., requires insurers to hold all investments and deposits of its funds in its own name except that:

- (1) Securities kept under a custodial agreement or trust arrangement with a bank or banking and trust company may be issued in the name of a nominee of the bank or banking and trust company; and
- (2) Any insurer may acquire and hold securities in bearer form.

For securities not held under a custodial agreement or trust arrangement with a bank or banking and trust company, s. Ins 13.05 (4), Wis. Adm. Code, requires that:

Non-negotiable evidences of company investments such as registered bonds, certificates of deposits, notes, etc., shall be maintained in a safe or vault with adequate safety controls or in a safety deposit box in a bank. Negotiable evidences of company investments shall be maintained in a safety deposit box in a bank. Access to a company safety deposit box containing negotiable securities shall require the presence and signature of at least 2 officers, directors or employees of the company.

The company is in compliance with these requirements.

Investment Rule Compliance

The investment rule for town mutual insurers allows a company to invest in common stocks, common stock mutual funds, and other higher risk investments (referred to as "Type 2") provided that the town mutual has a sufficient amount of lower risk investments (referred to as "Type 1"). A town mutual may invest in Type 2 securities only if it already has sufficient Type 1 investments. Type 1 investments must equal or exceed the greater of items 1, 2, or 3.

1. Liabilities plus \$300,000	\$1,439,903
2. Liabilities plus 33% of gross premiums written	1,733,935
3. Liabilities plus 50% of net premiums written	1,652,286
4. Amount required (greater of 1, 2, or 3)	1,733,935
5. Amount of Type 1 investments as of 12/31/2019	<u>2,761,564</u>
6. Excess or (deficiency)	<u>\$1,027,629</u>

The company has sufficient Type 1 investments.

V. CONCLUSION

The company was organized as a town mutual insurance company in February 1873 under the provisions of the then-existing Wisconsin Statutes. The original name of the company was Mutual Insurance Company of the Town of Jefferson. Subsequent amendments to the company's articles and bylaws changed the company's name to that presently used.

During the period of the examination, the company's policyholders' surplus has been increasing steadily due to net income and net unrealized capital gain. The company reported net income for each year under the examination. The company has increased the number of policyholders from 2,357 as of year-end 2015 to 2,459 as of year-end 2019.

The company complied with all prior examination recommendations. The current examination resulted in one recommendation and one suggestion, as summarized in the following section, and no examination adjustments or reclassifications.

VI. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 17 - Agent Agreements—It is recommended that the company execute formal written agreements with its agents that include language requiring the agent to (1) Represent the company’s interests “in good faith,” and (2) Maintain an errors and omissions policy at all times.
2. Page 18 - Board Committees/Charters—It is suggested that in the event the company’s board chooses to delegate decision-making authority to a committee, the committee be created through a board resolution (in accordance with the company’s bylaws), and that the committee’s purpose and responsibilities be clearly set forth in the form of a board approved committee charter, which sets forth the committee’s mission, decision-making authority, responsibilities, composition, frequency of meetings, meeting quorum requirements, and how committee findings are reported to the full board.

VII. ACKNOWLEDGMENT

The courteous cooperation extended to the examiners by the company's personnel is hereby acknowledged.

In addition to the undersigned, Joshua Daggett of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Xiaozhou Ye". The signature is fluid and cursive, with a prominent initial "X" and a long, sweeping underline.

Xiaozhou Ye
Examiner-in-Charge