

Examination Warrant Number 14-00000-17582-R1

**Report of Examination of**  
**Patrons Mutual Fire Insurance Company of Indiana,**  
**Pennsylvania**  
**Indiana, PA**  
**As of December 31, 2014**

*For Informational Purposes Only*

# Patrons Mutual Fire Insurance Company of Indiana, PA

## TABLE OF CONTENTS

Subject	Page
Salutation .....	1
Scope of Examination .....	1
History.....	2
Management and Control:	
Surplus Requirements .....	2
Board of Directors.....	2
Officers .....	4
Corporate Records:	
Minutes .....	4
Articles of Agreement.....	4
By-Laws.....	4
Service and Operating Agreements .....	4
Reinsurance:	
Ceded .....	5
Assumed.....	6
Territory and Plan of Operation.....	6
Significant Operating Ratios and Trends.....	6
Pending Litigation.....	7
Financial Statements:	
Comparative Statement of Assets, Liabilities, Surplus and Other Funds.....	8
Comparative Statement of Income.....	9
Comparative Statement of Capital and Surplus .....	10
Comparative Statement of Cash Flow .....	11
Summary of Examination Changes .....	12
Notes to Financial Statements:	
Assets:	
Investments .....	12
Liabilities:	
Loss and Loss Adjustment Expense Reserves.....	13
Subsequent Events .....	13
Recommendations:	
Prior Examination .....	13
Current Examination.....	14
Conclusion .....	15

Harrisburg, Pennsylvania  
March 10, 2016

Honorable Joseph DiMemmo, CPA  
Deputy Insurance Commissioner  
Commonwealth of Pennsylvania  
Insurance Department  
Harrisburg, Pennsylvania

Dear Sir:

In accordance with instructions contained in Examination Warrant Number 14-00000-17582-R1, dated March 25, 2014, an examination was made of

**Patrons Mutual Fire Insurance Company of Indiana, Pennsylvania, NAIC  
Code: 17582**

a Pennsylvania domiciled single-state, mutual insurance company, hereinafter referred to as "Company." The examination was conducted at the Pennsylvania Insurance Department's ("Department") administrative office, located at Suite 4600, 301 5<sup>th</sup> Avenue, Pittsburgh, Pennsylvania 15222.

A report of this examination is hereby respectfully submitted.

**SCOPE OF EXAMINATION**

The Department has performed an examination of the Company, which was last examined as of December 31, 2009. This examination covered the five-year period from January 1, 2010 through December 31, 2014.

Work programs employed in the performance of this examination were designed to comply with the standards promulgated by the Department and the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook* ("Handbook").

The Handbook requires that the Department plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, evaluate system controls and procedures used to mitigate those risks, and review subsequent events. 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. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact, in accordance with

# Patrons Mutual Fire Insurance Company of Indiana, PA

-2-

40 P.S. § 323.5(a), and general information about the Company 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.

For each year during the period under examination, the Company was exempt from filing an audited financial statement prepared by a certified public accountant by meeting the criteria outlined in 31 PA Code § 147.13(e).

## HISTORY

The Company was incorporated on November 28, 1877, licensed by the Department on November 28, 1877 and commenced business on November 28, 1877.

The Company is currently authorized to transact those classes of insurance described in 40 P.S. § 382 (b)(1) Property and Allied Lines, (b)(2) Inland Marine and Physical Damage, (b)(3) Ocean Marine, (c)(2) Accident and Health, (c)(3) Glass, (c)(4) Other Liability, (c)(5) Boiler and Machinery, (c)(6) Burglary and Theft, (c)(7) Credit, (c)(8) Water Damage, (c)(9) Elevator, (c)(10) Livestock, (c)(11) Auto Liability, (c)(12) Mine and Machinery, and (c)(13) Personal Property Floater.

## MANAGEMENT AND CONTROL

### SURPLUS REQUIREMENTS

The Company's minimum surplus requirement to conduct the aforescribed business, pursuant to 40 P.S. § 386.1 is \$750,000. The Company has met all governing surplus requirements throughout the examination period.

### BOARD OF DIRECTORS

Management of the Company is vested in its Board of Directors ("Board"), which was comprised of the following members as of the examination date, December 31, 2014:

#### **Name and Address**

#### **Principal Occupation**

#### **Indiana County**

William L. Brickell  
Clymer, PA

Retired

David A Fairman  
Creekside, PA

President  
Fairman's Roof Trusses

## Patrons Mutual Fire Insurance Company of Indiana, PA

-3-

Joseph L. Fry Indiana, PA	Retired
Elizabeth A. Hastings Indiana, PA	Treasurer Patrons Mutual Fire Insurance Company
Robert W. Kunkle Blairsville, PA	Retired
Thomas E. Trimble Indiana, PA	Farmer and Vice President Patrons Mutual Fire Insurance Company
Donald J. Vite Indiana, PA	Retired

### Jefferson County

Emmin W. Fenstermaker Summerville, PA	Owner Fenstermaker Lumber
Sara B. Gaul Smicksburg, PA	Corporate Secretary Patrons Mutual Fire Insurance Company
Kirby A. Kendall Reynoldsville, PA	Printer Kendall's Kreations
Clyde E. McKee Punxsutawney, PA	President Patrons Mutual Fire Insurance Company
John J. Park Brookville, PA	Farmer and Vice President Patrons Mutual Fire Insurance Company
Dennis H. Stear Punxsutawney, PA	Farmer

The by-laws of the Company provide that the Board is to be comprised of thirteen directors. Seven of the directors are to be residents of Indiana County and six are to be residents of Jefferson County. Each year one of three classes of directors are elected to serve a three year term during the annual meeting of the policyholders. The Company has a conflict of interest policy and each director executes a conflict of interest statement upon election.

## OFFICERS

As of the examination date, December 31, 2014, the following officers were appointed and serving in accordance with the Company's by-laws:

Name	Title
Clyde E. McKee	President and Chief Executive Officer
Elizabeth A. Hastings	Treasurer and Chief Financial Officer
Sara B. Gaul	Corporate Secretary
John J. Park	Vice President
Thomas E. Trimble	Vice President

## CORPORATE RECORDS

### MINUTES

A compliance review of corporate minutes revealed the following:

- The annual meetings of the Company's policyholders were held in compliance with its by-laws.
- The policyholders elected directors at such meetings in compliance with the by-laws.
- The policyholders ratified the prior year's actions of the officers and directors.
- The Company's officers were appointed at the Annual Organizational Meeting of the Board of Directors.
- Quorums were present at all director meetings.
- All directors attended Board meetings regularly.

### ARTICLES OF AGREEMENT

There were no changes made to the Company's Articles of Agreement during the examination period.

### BY-LAWS

There were no changes made to the Company's by-laws during the examination period.

## SERVICE AND OPERATING AGREEMENTS

The Company was not a party to any service or operating agreements during the examination period that would have a significant impact on its operations.

## REINSURANCE

### CEDED

The Company is a party to four excess of loss contracts through its reinsurance intermediary, Guy Carpenter & Company, LLC (“Guy Carpenter”). The contracts had an effective date of January 1, 2014, and are set to renew annually. The Company’s total ceded premium for 2014 was \$503,000. The Company’s net amount recoverable for 2014 was \$228,000, which is approximately 9.2% of its surplus. As of December 31, 2014, the Company had \$12,849 in outstanding amounts due from its reinsurers.

The Company’s reinsurance contracts are with a pool of reinsurers each assuming a certain percentage of risk through the Company’s reinsurance intermediary, Guy Carpenter. All reinsurers are either licensed, qualified or certified in the Commonwealth of Pennsylvania (“Commonwealth”). The listing of the participating reinsurers, their percentages in the pool and a summary of each contract is provided below:

Reinsurers:	Allied World Insurance Company	19.000%
	American Agricultural Insurance Company	5.000%
	Hannover Rückversicherung AG	7.500%
	The TOA Reinsurance Company of America	16.500%
	Transatlantic Reinsurance Company	5.000%
	Regional Treaty Services Corporation:	
	American Agricultural Insurance Company	8.225%
	Berkley Insurance Company	5.875%
	Employers Mutual Casualty Company	24.675%
	Farmers Mutual Hail Insurance Company of Iowa	8.225%

The **Property First Surplus** contract covers 100% of \$300,000 in excess of \$30,000 on any one risk.

The **Casualty Excess of Loss** contract covers 100% of \$590,000 in excess of \$20,000, each loss occurrence.

The **Aggregate Excess of Loss** contract covers 95% of the Ultimate Net Loss over and above an Initial Net Loss equal to the greater of \$215,000 or 67.35% of Gross Net Earned Premium Income, subject to a limit of liability to the reinsurer of the lesser of \$946,865 or 95% of 207.65% of Gross Net Earned Premium Income.

The **Specialty Excess of Loss** contract covers 100% of \$500,000 in excess of \$500,000, each loss occurrence.

The Company’s reinsurance intermediary, Guy Carpenter, is licensed by the Department as required by 40 P.S. § 321.2(a) Reinsurance intermediaries; licensing. The Company’s reinsurance program is not operating pursuant to a properly executed written authorization between the Company and Guy Carpenter in accordance with 40 P.S. § 321.3.

# Patrons Mutual Fire Insurance Company of Indiana, PA

-6-

*It is recommended that the Company properly execute a written authorization with its reinsurance intermediary, Guy Carpenter, in accordance with 40 P.S. § 321.3.*

All reinsurance contracts contain appropriate insolvency and arbitration clauses. Additionally, all contracts transfer risk as outlined in SSAP 62.

## ASSUMED

The Company did not assume any business during the examination period.

## TERRITORY AND PLAN OF OPERATION

The Company is licensed only in the Commonwealth and writes primarily in the rural communities of Armstrong, Cambria, Clarion, Clearfield, Indiana, Jefferson and Westmoreland counties. All policies are written on a post assessment basis. The Company's writings are generated by seven agents. One of these agents is an employee of the Company, four agents are officers and/or directors of the Company, and two are independent agents.

Line of Business	Direct and Assumed Premium	Ceded Premium	Net Written Premium	Percentage of Total
<b>December 31, 2014</b>				
Fire	\$ 444,365	\$ 198,483	\$ 245,882	66.2%
Homeowners multiple peril	429,636	304,318	125,318	33.8%
Totals	<u>\$ 874,001</u>	<u>\$ 502,801</u>	<u>\$ 371,200</u>	<u>100.0%</u>

## SIGNIFICANT OPERATING RATIOS AND TRENDS

The underwriting ratios summarized below are shown on an earned/incurred basis, and encompass the five-year period covered by this examination.

	Amount	Percentage
Premiums earned	<u>\$ 1,970,844</u>	<u>100.0 %</u>
Losses incurred	\$ 273,455	13.9 %
Loss expenses incurred	352,264	17.9 %
Other underwriting expenses incurred	1,164,112	59.0 %
Net underwriting gain or (loss)	181,013	9.2 %
Totals	<u>\$ 1,970,844</u>	<u>100.0 %</u>

The Company reported the following net underwriting, investment, and other gains or losses during the period covered by this examination:

## Patrons Mutual Fire Insurance Company of Indiana, PA

-7-

	2014	2013	2012	2011	2010
Admitted assets	\$ 2,748,634	\$ 2,734,935	\$ 2,560,787	\$ 2,587,958	\$ 2,646,339
Liabilities	\$ 269,845	\$ 250,220	\$ 228,789	\$ 269,754	\$ 305,866
Surplus as regards policyholders	\$ 2,478,789	\$ 2,484,715	\$ 2,331,998	\$ 2,318,204	\$ 2,340,473
Gross premium written	\$ 874,001	\$ 890,509	\$ 909,853	\$ 932,306	\$ 943,842
Net premium written	\$ 371,200	\$ 388,916	\$ 377,106	\$ 383,516	\$ 450,106
Underwriting gain/(loss)	\$ (27,726)	\$ 207,423	\$ (3,910)	\$ (68,856)	\$ 74,082
Investment gain/(loss)	\$ 20,538	\$ 24,367	\$ 32,056	\$ 41,944	\$ 44,517
Net income	\$ (7,725)	\$ 160,836	\$ 28,146	\$ (24,051)	\$ 83,648

The Company's liabilities increased by \$19,625 from 2013. This change is due mostly to the increase in unpaid losses at year-end and an increase in the ceded reinsurance premiums payable. Surplus decreased by approximately \$5,926 from 2013. This decrease is due to the Company's net loss which was caused by increases in the Company's underwriting expenses and a significant loss incurred in 2014.

### PENDING LITIGATION

The Company does not retain legal counsel on a continuous basis. As of December 31, 2014, and through the date of this examination report, March 10, 2016, management of the Company represents that they are not aware of any pending or threatened legal proceeding against the Company that would be considered outside the normal course of business or would have a material adverse effect on the Company's financial condition.

### FINANCIAL STATEMENTS

The financial condition of the Company, as of December 31, 2014, and the results of its operations for the five-year period under examination, are reflected in the following statements:

- Comparative Statement of Assets, Liabilities, Surplus and Other Funds;
- Comparative Statement of Income;
- Comparative Statement of Capital and Surplus; and
- Comparative Statement of Cash Flow

Patrons Mutual Fire Insurance Company of Indiana, PA

-8-

Comparative Statement of Assets, Liabilities, Surplus and Other Funds  
As of December 31,

	2014	2013	2012	2011	2010
Bonds	\$ 148,346	\$ 146,548	\$ 338,568	\$ 611,153	\$ 680,260
Cash, cash equivalents, and short term investments	2,529,330	2,540,073	2,183,764	1,868,828	1,921,416
Subtotals, cash and invested assets	2,677,676	2,686,621	2,522,332	2,479,981	2,601,676
Investment income due and accrued	4,889	5,723	8,103	13,384	11,126
Amounts recoverable from reinsurers	12,849	42,591	1,192	65,433	33,537
Current federal and foreign income tax recoverable and interest thereon	53,220	0	29,160	29,160	0
Total	\$ 2,748,634	\$ 2,734,935	\$ 2,560,787	\$ 2,587,958	\$ 2,646,339
Losses	\$ 140,000	\$ 100,000	\$ 106,080	\$ 167,088	\$ 172,200
Loss adjustment expenses	37,633	37,488	37,826	38,000	38,000
Other expenses	28,500	28,500	28,500	28,500	28,500
Taxes, licenses and fees	(1,104)	(387)	(680)	(228)	(373)
Current federal and foreign income taxes	0	41,794	0	0	25,494
Ceded reinsurance premiums payable (net of ceding commissions)	39,920	14,868	29,825	0	(1,905)
Amounts withheld or retained by company for account of others	(2,104)	957	238	9,394	16,950
Aggregate write-ins for liabilities	27,000	27,000	27,000	27,000	27,000
Total liabilities	269,845	250,220	228,789	269,754	305,866
Unassigned funds (surplus)	2,478,789	2,484,715	2,331,998	2,318,204	2,340,473
Surplus as regards policyholders	2,478,789	2,484,715	2,331,998	2,318,204	2,340,473
Totals	\$ 2,748,634	\$ 2,734,935	\$ 2,560,787	\$ 2,587,958	\$ 2,646,339

For Informational Purpose Only

Patrons Mutual Fire Insurance Company of Indiana, PA

-9-

**Comparative Statement of Income  
For the Year Ended December 31,**

	2014	2013	2012	2011	2010
<b>Underwriting Income</b>					
Premiums earned	\$ 371,200	\$ 388,916	\$ 377,106	\$ 383,516	\$ 450,106
Deductions:					
Losses incurred	84,594	12,958	20,990	82,835	72,078
Loss expenses incurred	61,788	59,215	69,393	83,490	78,378
Other underwriting expenses incurred	252,544	109,320	290,633	286,047	225,568
Total underwriting deductions	<u>398,926</u>	<u>181,493</u>	<u>381,016</u>	<u>452,372</u>	<u>376,024</u>
Net underwriting gain or (loss)	<u>(27,726)</u>	<u>207,423</u>	<u>(3,910)</u>	<u>(68,856)</u>	<u>74,082</u>
<b>Investment Income</b>					
Net investment income earned	20,538	24,367	29,290	42,080	43,257
Net realized capital gains or (losses)	0	0	2,766	(136)	1,260
Net investment gain or (loss)	<u>20,538</u>	<u>24,367</u>	<u>32,056</u>	<u>41,944</u>	<u>44,517</u>
Net income before dividends to policyholders and before federal and foreign income taxes	(7,188)	231,790	28,146	(26,912)	118,599
Federal and foreign income taxes incurred	537	70,954	0	(2,861)	34,951
Net income	<u>\$ (7,725)</u>	<u>\$ 160,836</u>	<u>\$ 28,146</u>	<u>\$ (24,051)</u>	<u>\$ 83,648</u>

For Informational Purposes ONLY

Patrons Mutual Fire Insurance Company of Indiana, PA

-10-

**Comparative Statement of Capital and Surplus  
For the Year Ended December 31,**

	2014	2013	2012	2011	2010
Surplus as regards policyholders, December 31, previous year	\$ 2,484,715	\$ 2,331,998	\$ 2,318,204	\$ 2,340,473	\$ 2,256,366
Net income	(7,725)	160,836	28,146	(24,051)	83,648
Net unrealized capital gains or (losses)	1,799	(8,119)	(14,352)	1,782	459
Change in surplus as regards policyholder for the year	(5,926)	152,717	13,794	(22,269)	84,107
Surplus as regards policyholders, December 31, current year	\$ 2,478,789	\$ 2,484,715	\$ 2,331,998	\$ 2,318,204	\$ 2,340,473

For Informational Purposes Only

Patrons Mutual Fire Insurance Company of Indiana, PA

-11-

**Comparative Statement of Cash Flow  
For the Year Ended December 31,**

	2014	2013	2012	2011	2010
<b>Cash from Operations</b>					
Premiums collected net of reinsurance	\$ 396,252	\$ 373,959	\$ 406,931	\$ 385,421	\$ 340,011
Net investment income	21,372	25,648	34,571	39,822	44,666
Total income	417,624	399,607	441,502	425,243	384,677
Benefit and loss related payments	76,495	119,990	87,324	203,333	161,363
Commissions, expenses paid and aggregate write-ins for deductions	253,261	109,027	291,085	285,902	235,941
Federal and foreign income taxes paid (recovered)	95,551	0	0	51,793	0
Total deductions	425,307	229,017	378,409	541,028	397,304
Net cash from operations	(7,683)	170,590	63,093	(115,765)	(12,627)
<b>Cash from Investments</b>					
Proceeds from investments sold, matured or repaid:					
Bonds	0	185,000	356,000	400,000	125,000
Total investment proceeds	0	185,000	356,000	400,000	125,000
Cost of investments acquired (long-term only):					
Bonds	0	0	95,000	329,247	314,835
Total investments acquired	0	0	95,000	329,247	314,835
Net cash from investments	0	185,000	261,000	70,753	(189,835)
<b>Cash from Financing and Miscellaneous Services</b>					
Other cash provided (applied):					
Other cash provided or (applied)	(3,060)	719	(9,157)	(7,556)	10,603
Net cash from financing and miscellaneous sources	(3,060)	719	(9,157)	(7,556)	10,603
<b>Reconciliation of cash and short-term investments:</b>					
Net change in cash and short-term investments	(10,743)	356,309	314,936	(52,586)	(191,859)
Cash and short-term investments:					
Beginning of the year	2,540,073	2,183,764	1,868,828	1,921,416	2,113,275
End of the year	\$ 2,529,330	\$ 2,540,073	\$ 2,183,764	\$ 1,868,828	\$ 1,921,416

For Informational Purpose Only

**SUMMARY OF EXAMINATION CHANGES**

There were no examination changes to the preceding financial statements as filed with regulatory authorities over the review period.

**NOTES TO FINANCIAL STATEMENTS**

**ASSETS**

**INVESTMENTS**

As of December 31, 2014, the Company's invested assets were distributed as follows:

	Amount	Percentage
Bonds	\$ 148,346	5.5 %
Cash	2,529,330	94.5 %
Totals	<u>\$ 2,677,676</u>	<u>100.0 %</u>

The Company's bond and short-term investment portfolio had the following quality and maturity profiles:

NAIC Designation	Amount	Percentage
1 - highest quality	\$ 148,346	100.0 %
Totals	<u>\$ 148,346</u>	<u>100.0 %</u>

Years to Maturity	Amount	Percentage
2 to 5 years	114,457	77.2 %
6 to 10 years	9,515	6.4 %
11 to 20 years	24,374	16.4 %
Totals	<u>\$ 148,346</u>	<u>100.0 %</u>

Approximately 36.8% of the bond portfolio consists of U.S. Government Bonds. The remaining 63.2% of the bond portfolio is held in Industrial and Miscellaneous Bonds. Cash consisted of numerous certificates of deposit ("CDs") with various maturity dates, a money market account and a checking account.

The Company's Custodial Agreement with Wells Fargo Bank, N.A. does not meet the requirements in 31 PA Code § 148a.3.

*It is recommended that the Company hold its investments under a written custodial agreement with all terms and conditions as required in 31 PA Code § 148a.3.*

The Company has a written investment policy as required by 40 P.S. § 653b(b). The investment policy is reviewed and approved on an annual basis by the Board. The Company was not following its investment policy during the examination period or subsequently, which limits its investments to government backed securities (CDs, United States Treasuries, and Government

Revenue Bonds) and limits deposits in any one federally insured banking institution to the Federal Deposit Insurance Corporation insured limit which is currently \$250,000.

*It is recommended that the Company either comply with its current investment policy or update its investment policy to reflect its current investment portfolio.*

## LIABILITIES

### LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES

The Company reported reserves for losses and loss adjustment expenses ("LAE") of \$140,000 and \$37,633, respectively, in its 2014 Annual Statement.

For each year during the period under review, the Company was exempt from the requirement to file an actuarial opinion on the adequacy of its loss reserves as provided in the NAIC *Annual Statement Instructions – Property and Casualty*. This exemption was granted annually to the Company in correspondence received from the Department.

The Company's reserves were based upon reported claims with additional provisions for incurred but not reported losses. The Company does not discount its loss or LAE reserves.

Due to the small size of the Company, the examination staff limited its testing to a high-level review of the Company's loss reserve estimates. Based on the information reviewed, the examination staff obtained sufficient evidence to determine that the Company's loss and LAE reserve estimates at December 31, 2014 appear to be reasonable.

### SUBSEQUENT EVENTS

No significant subsequent events were noted during the course of the examination and up to the date of the examination report.

## RECOMMENDATIONS

### PRIOR EXAMINATION

The prior examination report contained the following recommendations:

1. It was recommended that the Company's Board approve its investment policy on an annual basis as required by 40 P.S. § 653b(b).

The Company has complied with this recommendation.

2. It was recommended that the Company post reserves for unallocated loss adjusting expenses that bear a closer relationship to historical payments.

Although the Company has not specifically complied with this recommendation, the Department examiners have determined that loss and LAE reserves carried by the Company are reasonable.

## CURRENT EXAMINATION

As a result of the current examination, the following recommendations are being made:

1. It is recommended that the Company properly execute a written authorization with its reinsurance intermediary, Guy Carpenter, in accordance with 40 P.S. § 321.3 (see "Ceded", page 5).
2. It is recommended that the Company hold its investments under a written custodial agreement with all terms and conditions as required in 31 PA Code § 148a.3 (See "Investments", page 12).
3. It is recommended that the Company either comply with its current investment policy or update its investment policy to reflect its current investment portfolio (See "Investments", page 13).

For Informational Purposes Only

Patrons Mutual Fire Insurance Company of Indiana, PA

-15-

CONCLUSION

As a result of this examination, the financial condition of the Company, as of December 31, 2014, was determined to be as follows:

	Amount	Percentage
Admitted assets	\$ 2,748,634	100.0 %
Liabilities	\$ 269,845	9.8 %
Surplus as regards policyholders	2,478,789	90.2 %
Total liabilities and surplus	\$ 2,748,634	100.0 %

Since the previous examination, made as of December 31, 2014, the Company's assets increased by \$124,661, its liabilities decreased by \$97,762, and its surplus increased by \$222,423.

This examination was conducted by George E. Horey, CFE.

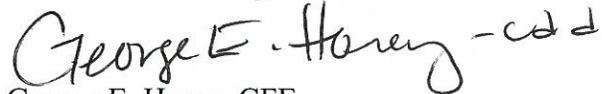
Respectfully,



Melissa Greiner  
Director  
Bureau of Financial Examinations



Shannon Hopkins, CFE  
Examination Manager



George E. Horey, CFE  
Examiner-in-Charge