



**EXAMINATION REPORT
OF**

**FLORIDA FARM BUREAU GENERAL
INSURANCE COMPANY**

NAIC Company Code: 21817

**Gainesville, Florida
as of
December 31, 2015**

**BY THE
FLORIDA OFFICE OF INSURANCE REGULATION**

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March 31, 2017

David Altmaier
Commissioner
Office of Insurance Regulation
State of Florida
Tallahassee, Florida 32399-0326

Dear Sir:

Pursuant to your instructions, in compliance with Section 624.316, Florida Statutes, Rule 690-138.005, Florida Administrative Code, and in accordance with the practices and procedures promulgated by the National Association of Insurance Commissioners (NAIC), we have conducted an examination as of December 31, 2015, of the financial condition and corporate affairs of

Florida Farm Bureau General Insurance Company
5700 SW 34th Street
Gainesville, Florida 32608

hereinafter referred to as the "Company." Such report of examination is herewith respectfully submitted.

SCOPE OF EXAMINATION

This examination covered the period of January 1, 2014 through December 31, 2015 and commenced with planning at the Office on June 28, 2016 to June 30, 2016. The fieldwork commenced on July 5, 2016 and concluded as of March 31, 2017. The Company was last examined by representatives of the Florida Office of Insurance Regulation (Office) covering the period of January 1, 2009 through December 31, 2013.

The examination was a multi-state coordinated examination conducted in accordance with the NAIC Financial Condition Examiners Handbook (Handbook). The Handbook requires that the examination be planned and performed to evaluate the 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 Statements of Statutory Accounting Principles (SSAP).

This examination report includes significant findings of fact, as mentioned in Section 624.319, Florida Statutes, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (for example, subjective conclusions or proprietary information), are not included within the examination report but separately communicated to other regulators and/or the Company.

SUMMARY OF SIGNIFICANT FINDINGS

Current Examination Findings

There were no material adverse findings, significant non-compliance findings or material changes in the financial statements for the examination period.

Prior Examination Findings

The following is a summary of material adverse findings, significant non-compliance findings or material changes in the financial statements in the Office's prior examination report as of December 31, 2013, along with resulting action taken by the Company in connection therewith.

Notification for Change of Officers

The Company did not notify the Office of the departure of the Company Actuary within the required forty-five (45) days, which was not in compliance with Section 628.261, Florida Statutes.

Resolution: The Company indicated that they would comply with all notifications regarding change in officers.

COMPANY HISTORY

General

The Company was incorporated in Florida on January 6, 1993 and commenced business on April 1, 1993.

The Company was authorized to transact the following insurance coverage(s) in Florida beginning on February 16, 1993, and continued to be authorized as of December 31, 2015:

Fire	Glass
Allied Lines	Commercial Automobile Liability
Homeowners Multiple Peril	Private Passenger Automobile Liability
Commercial Multiple Peril	Other Liability

Mobile Home Multiple Peril
Inland Marine
Burglary and Theft

Commercial Automobile Physical Damage
Private Passenger Automobile Physical Damage
Fidelity

Dividends

The Company did not declare or pay any dividends during the period of this examination.

Capital Stock and Capital Contributions

As of December 31, 2015, the Company's capitalization was as follows:

Number of authorized common capital shares	3,000,000
Number of shares issued and outstanding	3,000,000
Total common capital stock	\$3,000,000
Par value per share	\$1.00

The Company was one hundred percent (100%) owned by Florida Farm Bureau Casualty Insurance Company (Florida Casualty), which in turn was one hundred percent (100%) owned by Southern Farm Bureau Casualty Insurance Company (Southern Casualty), a Mississippi domiciled corporation. Southern Casualty was one hundred percent (100%) owned by Southern Casualty Holding Company (SCHC). SCHC was owned by six (6) Farm Bureau investment/holding corporations, which are owned/controlled by the Farm Bureau federations/organizations in the States of Arkansas, Colorado, Florida, Louisiana, Mississippi, and South Carolina.

Surplus Notes

The Company did not have any surplus notes during the period of this examination.

Acquisitions, Mergers, Disposals, Dissolutions and Purchase or Sales through Reinsurance

The Company had no acquisitions, mergers, disposals, dissolutions and purchase or sales through reinsurance during the period of this examination.

CORPORATE RECORDS

The recorded minutes of the Shareholders, Board of Directors (Board) and certain internal committees were reviewed for the period under examination. The recorded minutes of the Board documented its meetings and approval of Company transactions and events, in compliance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code, including the authorization of investments, as required by Section 625.304, Florida Statutes.

Conflict of Interest

The Company adopted a policy statement requiring periodic disclosure of conflicts of interest in accordance with the Handbook adopted by Rule 69O-138.001, Florida Administrative Code.

MANAGEMENT AND CONTROL

Management

The annual shareholder meeting for the election of directors was held in accordance with Section 628.231, Florida Statutes. Directors serving as of December 31, 2015 are shown on the following page.

Directors

Name	City, State	Principal Occupation, Company Name
Ronald Roy Anderson ¹	Ethel, Louisiana	Farmer and President, Louisiana Farm Bureau Federation
John Lawrence Hoblick, Sr. ²	De Leon Springs, Florida	Farmer and President, Florida Farm Bureau Federation
David Michael McCormick	Union Church, Mississippi	Farmer and President, Mississippi Farm Bureau Federation
Donald James Shawcroft	Alamosa, Colorado	Farmer and President, Colorado Farm Bureau
Harry Randal Veach	Manila, Arkansas	Farmer and President, Arkansas Farm Bureau Federation
David Melton Winkles, Jr. (a)	West Columbia, South Carolina	Farmer and President, South Carolina Farm Bureau

¹ Chairperson

² Vice Chairperson

(a) Replaced by Harry Legare Ott, Jr., as President South Carolina Farm Bureau, effective February 15, 2016.

In accordance with the Company's bylaws, the Board appointed the following Senior Officers:

Senior Officers

Name	City, State	Title
Steven Clay Murray	Gainesville, Florida	President & Chief Executive Officer
Steven Walter Ingram (a)	Madison, Mississippi	Secretary
Michael Anthony Hill	Alachua, Florida	Vice President Finance
Kimberly Payne Blackburn	Citra, Florida	Vice President Products & Agency/Brokerage
Bert Jay Gindy	Hawthorne, Florida	Vice President Compliance & Government Relations
Stephen Thomas Grabow	Gainesville, Florida	Vice President Claims
Marvin Stanley Smith (b)	Gainesville, Florida	Vice President Information Technology
Stephen Douglas Tanner	Gainesville, Florida	Vice President Human Resources & Administration
Mark Lane Thomas	Alachua, Florida	Vice President Underwriting & Training

(a) Retired and was replaced by Lydia Catherine Warren as Secretary, effective June 1, 2016.

(b) Resigned and was replaced by Jeffrey Joseph Ayoub as VP Information Technology effective May 16, 2016.

The Company's Board appointed internal committees. The Company maintained an audit committee, as required by Section 624.424(8)(c), Florida Statutes. The following are internal Board committees and their members as of December 31, 2015:

Audit Committee

Name	City, State	Title, Company Name
John Lawrence Hoblick, Sr. ¹	De Leon Springs, Florida	Director, Florida Farm Bureau General Insurance Company
Harry Randall Veach	Manila, Arkansas	Director, Florida Farm Bureau General Insurance Company
David Melton Winkles, Jr. (a)	West Columbia, South Carolina	Director, Florida Farm Bureau General Insurance Company
David Michael McCormick	Union Church, Mississippi	Director, Florida Farm Bureau General Insurance Company
Ronald Roy Anderson	Ethel, Louisiana	Director, Florida Farm Bureau General Insurance Company
Donald James Shawcroft	Alamosa, Colorado	Director, Florida Farm Bureau General Insurance Company

¹ Chairperson

(a) Replaced by Harry Legare Ott, Jr., as President South Carolina Farm Bureau effective February 15, 2016.

Investment Committee

Name	City, State	Title, Company Name
Dennis Ray Griffin ¹ (a)	Madison, Mississippi	Senior Vice President & Chief Financial Officer, Southern Farm Bureau Casualty Insurance Company
Robert Duff Wallace	Madison, Mississippi	President & Chief Executive Officer, Southern Farm Bureau Casualty Insurance Company
Judy Goodwin Blackburn	Jackson, Mississippi	Senior Vice President & Treasurer, Southern Farm Bureau Casualty Insurance Company
Michael Anthony Hill	Alachua, Florida	Vice President Finance, Florida Farm Bureau General Insurance Company
Thomas Herndon Arthur	Jackson, Mississippi	Vice President Investments, Southern Farm Bureau Casualty Insurance Company
Dave Bruce Stipe	Madison, Mississippi	Manager of Fixed Income Investments, Southern Farm Bureau Casualty Insurance Company

¹ Chairperson

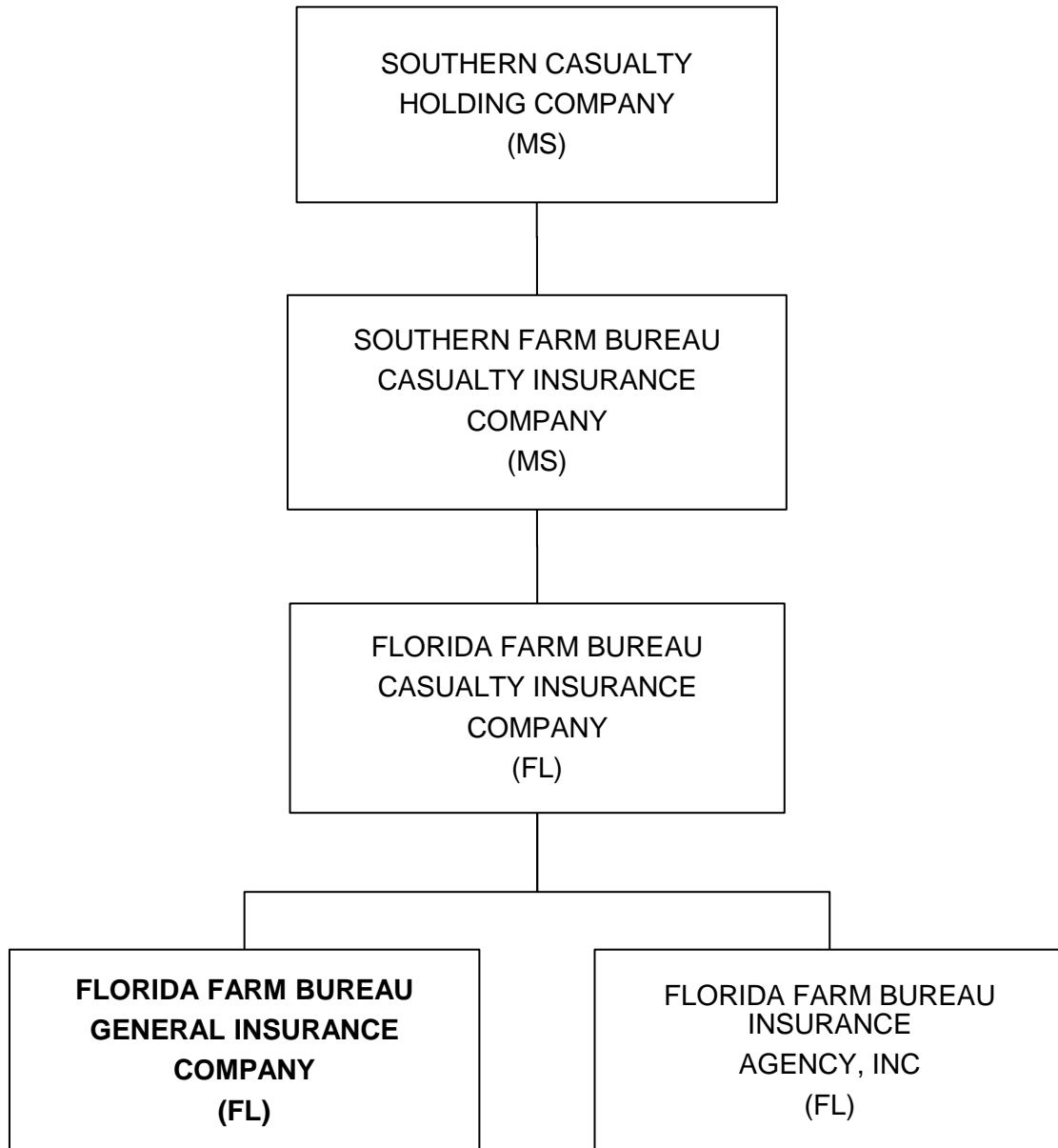
(a) Retired and replaced by Judy Goodwin Blackburn as Chief Financial Officer of Southern Casualty, effective May 16, 2016.

Affiliated Companies

The most recent Holding Company Registration Statement was filed with the Office on March 27, 2017, as required by Section 628.801, Florida Statutes and Rule 69O-143.046, Florida Administrative Code.

A simplified organizational chart as of December 31, 2015, reflecting the holding company system, is shown on the following page. Schedule Y of the Company's 2015 annual statement provided a list of all related companies of the holding company group.

Florida Farm Bureau General Insurance Company
Simplified Organizational Chart
December 31, 2015



The following agreements were in effect between the Company and its affiliates:

Multi-Line Reinsurance Agreement

Effective January 1, 2015, the Company entered into a Multi-Line Reinsurance Agreement with its parent, Florida Casualty. Premiums written net of any premiums ceded by the Company to the Florida Hurricane Catastrophe Fund (FHCF) were ceded to Florida Casualty. The Company also agreed to cede to Florida Casualty all assessments by virtue of participation in any pool arrangement, joint underwriting association, guaranty fund or similar arrangements.

Tax Allocation Agreement

The Company, Florida Casualty, Southern Casualty, and affiliates filed a consolidated federal income tax return. The method of allocation among companies was made primarily on a separate return basis with current credit for any net operating losses or other items utilized in the consolidated return. Intercompany tax balances were settled annually in the subsequent year.

Cost Sharing Agreement

Effective July 1, 2008, the Company and Florida Casualty entered into a Cost Sharing Agreement with Florida Farm Bureau Federation (Federation) and its affiliates. The companies agreed to provide operational support and services and incur costs shared by the Federation and its affiliates. The total expense allocated pursuant to this agreement in 2015 amounted to \$0.

Administrative Service Agreement

The Company and Florida Casualty entered into an Administrative Service Agreement with Florida Farm Bureau Enterprises, Inc. (Enterprises), an affiliate of Florida Farm Bureau Federation (Federation), wherein Enterprises agreed to provide certain office space and related services to the Company. The total expense allocated pursuant to this agreement in 2015 amounted to \$0.

Subsequent event: Effective January 1, 2016, the Company and Florida Casualty terminated the Cost Sharing and Administrative Service Agreements and entered into various new agreements with the Federation and its affiliates including service and cost sharing agreements, building and vehicle lease agreements.

Joint Expense Allocation Agreement

Effective February 13, 2009, the Company, entered into a Joint Expense Allocation Agreement with its parent, Florida Casualty. Joint expenses allocated under this agreement were those expenses, which were for the mutual benefit of both the Company and Florida Casualty. All joint overhead expenses incurred in operating the Company and Florida Casualty were allocated pursuant to the formula prescribed in one of the following four categories: loss adjustment expense, information system expense, other routing/reoccurring joint expenses and other expenses. Costs allocated to the Company and subsequently ceded to Florida Casualty amounted to \$13,043,246.

Licensing Agreement

Effective July 1, 2002, the Company and Florida Casualty entered into a Licensing Agreement with the Federation to use the “Farm Bureau” name and logo in connection with selling, placing and underwriting of property and casualty insurance products and services in the State of Florida. In return, the Company and Florida Casualty paid a royalty fee of eighty-two one hundredths percent (0.87%) per year on adjusted direct premiums written, less premiums collected from assigned risk pool and dividends declared by the licensees. Payments made by the Company under this arrangement for 2015 was \$0.

TERRITORY AND PLAN OF OPERATIONS

The Company was authorized to transact insurance only in the State of Florida.

Treatment of Policyholders

The Company established procedures for handling written complaints in accordance with Section 626.9541(1)(j), Florida Statutes. The Company maintained a claims procedure manual that included detailed procedures for handling each type of claim in accordance with Section 626.9541(1)(i)(3)(a), Florida Statutes.

REINSURANCE

The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, intermediary clause, transfer of risk, reporting and settlement information deadlines.

Reinsurance Assumed

The Company did not assume any reinsurance during the period of this examination.

Reinsurance Ceded

As of December 31, 2015, the Company ceded one hundred percent (100%) of all business written, less certain premium ceded to the FHCF, to Florida Casualty.

The reinsurance contracts were reviewed by the Company's appointed actuary and were utilized in determining the ultimate loss opinion.

ACCOUNTS AND RECORDS

The Company maintained its principal operational offices in Gainesville, Florida.

The Company and non-affiliates had the following agreements:

Custodial Agreement

The Company maintained a Custodial Agreement with Morgan Stanley Smith Barney effective June 5, 2012. The agreement complied with Rule 69O-143.042, Florida Administrative Code.

Independent Auditor Agreement

An independent CPA, KPMG LLP, audited the Company's statutory basis financial statements annually for the years 2014 and 2015, in accordance with Section 624.424(8), Florida Statutes. Supporting work papers were prepared by the CPA firm as required by Rule 69O-137.002, Florida Administrative Code.

INFORMATION TECHNOLOGY REPORT

David Mills, CISA, CGEIT, CRISC, MCSE, of Carr, Riggs & Ingram, LLC performed an evaluation of the information technology and computer systems of the Company. Results of the evaluation were noted in the Information Technology Report provided to the Company.

STATUTORY DEPOSITS

The following securities were deposited with the State of Florida as required by Section 624.411, Florida Statutes:

State	Description		Par Value	Market Value
FL	E. BATON ROUGH LA	5.25%	\$500,000	\$572,325
TOTAL STATUTORY DEPOSITS			\$500,000	\$572,325

FINANCIAL STATEMENTS

The examination does not attest to the fair presentation of the financial statements included herein. If an adjustment is identified during the course of the examination, the impact of such adjustment will be documented separately following the Company's financial statements. Financial statements, as reported and filed by the Company with the Office, are reflected on the following pages.

Florida Farm Bureau General Insurance Company

Assets

December 31, 2015

	Per Company	Examination Adjustments	Per Examination
Bonds	\$8,366,816		\$8,366,816
Cash and short-term investments	1,290,619		1,290,619
Investment income due and accrued	119,176		119,176
	<hr/>		
Totals	\$9,776,611	\$0	\$9,776,611
	<hr/> <hr/>		

Florida Farm Bureau General Insurance Company
Liabilities, Surplus and Other Funds
December 31, 2015

	Per Company	Examination Adjustments	Per Examination
Current federal and foreign income taxes	44,157		44,157
Total Liabilities	\$44,157	\$0	\$44,157
Common capital stock	\$3,000,000		\$3,000,000
Gross paid in and contributed surplus	3,000,000		3,000,000
Unassigned funds (surplus)	3,732,454		3,732,454
Surplus as regards policyholders	\$9,732,454	\$0	\$9,732,454
Total liabilities, surplus and other funds	\$9,776,611	\$0	\$9,776,611

Florida Farm Bureau General Insurance Company
Statement of Income and Capital and Surplus Account
December 31, 2015

Underwriting Income

Premiums earned	
Deductions:	
Losses incurred	\$0
Loss adjustment expenses incurred	0
Other underwriting expenses incurred	16,500
Aggregate write-ins for underwriting deductions	0
Total underwriting deductions	\$16,500
Net underwriting gain or (loss)	(\$16,500)

Investment Income

Net investment income earned	\$301,121
Net realized capital gains or (losses)	0
Net investment gain or (loss)	\$301,121

Other Income

Net gain (loss) from agents' or premium balances charged off	\$0
Finance and service charges not included in premiums	0
Aggregate write-ins for miscellaneous income	0
Total other income	\$0
Net income before dividends to policyholder and before federal and foreign income taxes	\$284,621
Dividends to policyholders	0
Net income, after dividends to policyholders, and before federal and foreign income taxes	\$284,621
Federal and foreign income taxes	78,336
Net income	\$206,285

Capital and Surplus Account

Surplus as regards policyholders, December 31 prior year	\$9,526,169
Net income	206,285
Change in net unrealized capital gains or (losses)	0
Change in net deferred income tax	68,110
Change in nonadmitted assets	(68,110)
Change in provision for reinsurance	0
Change in excess statutory over statement reserves	0
Surplus adjustments: Paid in	0
Aggregate write-ins for gains and losses in surplus	0
Examination adjustment	0
Change in surplus as regards policyholders for the year	<u>\$206,285</u>
Surplus as regards policyholders, December 31 current year	<u>\$9,732,454</u>

Florida Farm Bureau General Insurance Company
Reconciliation of Capital and Surplus
December 31, 2015

No adjustments were made to surplus as regards policyholders as a result of this examination.

Surplus as regards policyholders December 31, 2013 per Examination			\$9,250,286
	Gain in Surplus	Loss in Surplus	
Net Income (loss)	\$482,168		
Change in net deferred income tax	\$68,347		
Change in non-admitted assets		\$68,347	
Total Gains and Losses	\$550,515	\$68,347	
Net Increase/(Decrease) in surplus as regards policyholders			\$482,168
Surplus as regards policyholders December 31, 2015 per Examination			\$9,732,454

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses

The Company's appointed actuary, John Russell McCullough, FCAS, MAAA, rendered an opinion that the amounts carried in the balance sheet as of December 31, 2015 made a reasonable provision for all unpaid loss and loss expense obligations of the Company under the terms of its policies and agreements.

The Office's consulting actuaries, Matt Merlinos, FCAS, MAAA, and Robert P. Daniel, ACAS, MAAA, of Merlinos & Associates Inc., reviewed the loss and loss adjustment expense work papers provided by the Company and they were in concurrence with this opinion.

Capital and Surplus

The amount of capital and surplus reported by the Company of \$9,732,454, which exceeded the minimum of \$5,000,000 required by Section 624.408, Florida Statutes.

SUBSEQUENT EVENTS

Effective February 15, 2016, David Melton Winkles, Jr., Director, was replaced by Harry Legare Ott, Jr. Effective May 16, 2016, Marvin Stanley Smith, Vice President Information Technology, resigned and was replaced by Jeffrey Joseph Ayoub. Effective June 1, 2016, Steven Walter Ingram, Secretary, was replaced by Lydia Catherine Warren. Effective August 15, 2016, John Russell McCollough, appointed actuary, was replaced by Derek William Davey to certify all loss reserves on its annual statement for year 2016 and thereafter.

As a result of the 2014 limited scope examination of Southern Casualty, controls regarding related party agreements and transactions changed in 2016 and the process was centralized at Southern Casualty resulting in newly issued related party agreements.

CONCLUSION

The insurance examination practices and procedures as promulgated by the NAIC have been followed in ascertaining the financial condition of **Florida Farm Bureau General Insurance Company** as of December 31, 2015, consistent with the insurance laws of the State of Florida.

Per examination findings, the Company's surplus as regards policyholders was \$9,732,454, which exceeded the minimum of \$5,000,000 required by Section 624.408, Florida Statutes.

In addition to the undersigned, R. Dale Miller, CPA, CFE, CFF, Examiner-in-Charge, Andrea Harbison, CPA, Sharon Stuber, CPA, Taylor Phillips, CPA, Robin Brown, CFE, Elizabeth Duncan, CPA, Andrew Mole, CPA, and Kenneth Cordell, CPA, Participating Examiners of Carr, Riggs & Ingram, LLC, also participated in the examination. Members of the Office who participated in the examination include Jeffrey Rockwell, MBA, Financial Examiner/Analyst Supervisor, Examination Manager and Kyra Brown, MBA, APIR, Financial Examiner/Analyst Supervisor, Participating Examiner. Additionally, Gregory M. Fanoie, FCAS, MAAA and Robert P. Daniel, ACAS, MAAA, of Merlino & Associates Inc., and David Mills, CISA, CGEIT, CRISC, MCSE, Lead IT Specialist of Carr, Riggs & Ingram, LLC, are recognized for participation in the examination.

Respectfully submitted,

Brian Sewell, CFE, MCM
Chief Examiner
Florida Office of Insurance Regulation