



MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

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June 9, 2011

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Craig Johnson, President
Brierfield Insurance Company
6300 University Park
Sarasota, FL 34240

RE: Report of Examination as of December 31, 2009

Dear Mr. Johnson:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.

Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 1999), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department will open the report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY 
J. Mark Haire
Deputy Commissioner

MC/JMH/bs
Encls. Order w/exhibit

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI**

**IN RE: REPORT OF EXAMINATION OF
 BRIERFIELD INSURANCE COMPANY**

CAUSE NO. 11-6258

ORDER

THIS CAUSE came on for consideration before the Commissioner of Insurance of the State of Mississippi ("Commissioner"), or his designated appointee, in the Offices of the Commissioner, 1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999). The Commissioner, having fully considered and reviewed the Report of Examination together with any submissions or rebuttals and any relevant portions of the examiner's work papers, makes the following findings of fact and conclusions of law, to-wit:

JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999).

II.

That Brierfield Insurance Company is a Mississippi-domiciled company licensed to write Accident and Health; Automobile Physical Damage/Liability; Boiler and Machinery; Casualty/Liability; Fidelity; Fire/Allied Lines; Home/Farm Owners; Industrial Fire; Inland Marine; Plate Glass; Surety; Trip Accident and Baggage; and Workers' Compensation coverages.

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 1999), called for an examination of Brierfield Insurance Company and appointed Alex Quansnitschka, Examiner-In-Charge, to conduct said examination.

IV.

That on or about March 28, 2011, the draft Report of Examination concerning Brierfield Insurance Company for the period of January 1, 2007 through December 31, 2009 was submitted to the Department by the Examiner-In-Charge, Alex Quansnitschka.

V.

That on or about May 25, 2011, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 1999), the Department forwarded to the Company a copy of the draft report and allowed the Company a 15-day period to submit any rebuttal to the draft report. The Department received the Company's response to the report in a letter on or about May 31, 2011, and in response thereto, minor revisions were made to the report.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 1999), must consider and review the report along with any submissions or rebuttals and all relevant portions of examiner work papers and enter an Order: (1) adopting the Report of Examination as final or with modifications or corrections; (2) rejecting the Report of Examination with directions to reopen; or (3) calling for an investigatory hearing.

IT IS, THEREFORE, ORDERED, after reviewing the Report of Examination, the written submission, and all relevant examiner work papers, that the Report of Examination of Brierfield Insurance Company, attached hereto as Exhibit "A", should be and same is hereby adopted as final.


IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage pre-paid, return receipt requested.

IT IS FURTHER ORDERED that the Mississippi Department of Insurance shall continue to hold the content of this report as private and confidential for a period of ten (10) days from the date of this Order, pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 1999).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 1999), that within thirty (30) days of the issuance of the adopted report, Brierfield Insurance Company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

IT IS FURTHER ORDERED that Brierfield Insurance Company take the necessary actions and implement the necessary procedures to ensure that all recommendations contained in the Report of Examination are properly and promptly complied with.

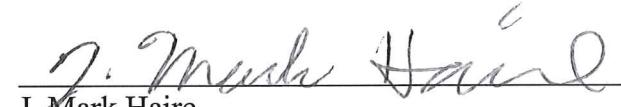
SO ORDERED, this the 9th day of June, 2011.


MIKE CHANEY
COMMISSIONER OF INSURANCE
STATE OF MISSISSIPPI

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Order and a copy of the final Report of Examination, as adopted by the Mississippi Department of Insurance, was sent by certified mail, postage pre-paid, return receipt requested, on this the 9th day of June, 2011, to:

**Mr. Craig Johnson, President
Brierfield Insurance Company
6300 University Park
Sarasota, FL 34240**



J. Mark Haire
Deputy Commissioner

J. Mark Haire
Deputy Commissioner
Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577



Mississippi Insurance Department

Report of Examination

of

BRIERFIELD INSURANCE COMPANY

**6300 University Park
Sarasota, Florida 34240**

As of December 31, 2009

**NAIC Group Code 474
NAIC Company Code 10993
NAIC ETS No. MS029-F3**

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**EXAMINER'S AFFIDAVIT AS TO STANDARDS AND
PROCEDURES USED IN AN EXAMINATION**

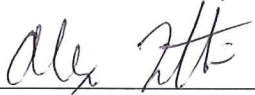
State of Mississippi,

County of Hinds,

Alex Quasnitschka, CFE, being duly sworn, states as follows:

1. I have authority to represent the State of Mississippi in the examination of Brierfield Insurance Company.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Brierfield Insurance Company was performed in a manner consistent with the standards and procedures required by the National Association of Insurance Commissioners and the Mississippi Insurance Department.

The affiant says nothing further.



Alex Quasnitschka, CFE

Subscribed and sworn before me by Donna Evans on this 2nd day of June, 2011.

(SEAL)



Notary Public

My commission expires _____ [date].





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MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

March 28, 2011

Honorable Mike Chaney
Commissioner of Insurance
Mississippi Insurance Department
1001 Woolfolk Building
501 North West Street
Jackson, Mississippi 39201

Honorable Joseph Torti, III,
Deputy Director and Superintendent of Insurance and Banking
Chairman, Financial Condition (E) Committee, NAIC
Rhode Island Department of Business Regulation
Division of Insurance Regulation
1511 Pontiac Avenue building, 69-2
Cranston, RI 02920-4407

Dear Sirs:

Pursuant to your instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2009, of the affairs and financial condition of:

BRIERFIELD INSURANCE COMPANY
COMPANY LICENSE # 9900035
NAIC COMPANY CODE 10993
6300 University Parkway
Sarasota, Florida 34240

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 et seq. and was performed both on-site in Sarasota, Florida at the main administrative office of Brierfield Insurance Company ("Company") and off-site. The report of examination is herewith submitted.

SCOPE OF EXAMINATION

This examination is a comprehensive risk-focused examination which covers the three-year period from January 1, 2007 to December 31, 2009 with an emphasis on controls in place and financial condition reported as of December 31, 2009. The prior exam was conducted for the period ending December 31, 2006. Fieldwork was completed on March 28, 2011.

The examination was conducted in accordance with the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook* (“Handbook”) and was planned and performed to evaluate the financial condition and identify prospective risks of Brierfield Insurance Company by obtaining information about the company, including corporate governance, identifying and assessing inherent risks within the company, and evaluating system controls and procedures used to mitigate those risks. The examination also included assessing principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with Statutory Accounting Principles and annual statement instructions, when applicable to domestic state laws and regulations. All accounts and activities of the Company were considered in accordance with the risk-focused examination process. A full scope market conduct exam was not performed; however, limited procedures were performed on certain areas of the Company’s market conduct activities.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

There were no comments or recommendations noted in the previous examination ending December 31, 2006. Furthermore, there were no changes made to the admitted assets, liabilities, or surplus balances reported by the Company for the year ended December 31, 2006. The surplus as regards policyholders, which totaled \$3,712,067 as of the examination date, was determined to be reasonably stated and in compliance with Miss. Code Ann. §83-19-31(1)(b).

HISTORY OF THE COMPANY

The Company was incorporated and licensed under the laws of the State of Mississippi on September 1, 1999 for the purpose of transacting property and casualty insurance pursuant to Miss. Code Ann. §83-19-1 et seq. (Rev. 1999). The Company’s initial capitalization consisted of FCCI Insurance Group, Inc. (“FIG”), with eighty percent (80%) ownership, and Mississippi Insurance Managers, Inc. (“MIM”), an unaffiliated managing general agent, with twenty percent (20%) ownership. FIG, an intermediate holding company, was wholly owned by FCCI Insurance Company (“FCCI”), a Florida domiciled property and casualty insurer. On December

31, 2008, FIG purchased MIM, making the Company a wholly owned subsidiary of FIG. The position of president for the Company was assumed by Gordon W. Jacobs on June 1, 2009 who also served as CEO of FCCI Mutual Insurance Holding Co. In December 2009, one hundred percent (100%) of MIM's stock in the Company was dividended to FIG, which now owned one hundred percent (100%) of the stock of the Company. Since the Company was controlled by FIG, the stock transfer was exempt from the filing requirements as defined by Miss. Code Ann. §83-6-24.

CORPORATE RECORDS

The recorded minutes of the shareholder, Board of Directors (“Board”), and certain internal committees were reviewed for the period under examination. The recorded minutes of the Board adequately documented its meetings and approval of Company transactions, including the authorization of investments and the review of its audit, actuarial and examination reports.

MANAGEMENT AND CONTROL

Board of Directors

The Articles of Incorporation and Bylaws vest the management and control of the Company's business affairs with the Board. The members of the duly elected Board, along with their place of residence, year elected/appointed, and principal occupation from January 1, 2007 to December 31, 2009 are included in the chart below:

Name and Residence	Year Elected/Appointed	Principal Occupation
Charles Robert Baumann Sarasota, FL	2004	Director/CPA, Kerkering, Barberio & Co.
Robert Weld Benjamin Sarasota, FL	2007	Vice President/Attorney, Williams, Parker, Harrison, Dietz & Co.
Timothy Joseph Clarke Sarasota, FL	2005	President/Marketing Consultant, Clarke Company (f/k/a Clarke Advertising & Public Relations)
Debra Horner Douglas Sarasota, FL	1999	Executive Vice President & Secretary FCCI Mutual Insurance Holding Co.
Robert Winthrop Flanders Sarasota, FL	1999	President/Business Owner, Quality Walls Enterprises
James Charles Galloway Columbus, MS	2001	Partner/President of Galloway Chandler & McKinney Insurance
Marvin Steven Haber Sarasota, FL	1999	Retired
Gordon William Jacobs Sarasota, FL	1999	President & CEO, FCCI Mutual Insurance Holding Company

Craig Allan Johnson Sarasota, FL	2006	Executive VP, Treasurer and CFO FCCI Mutual Insurance Holding Co.
Joseph Anthony Keene Sarasota, FL	2006	Executive Vice President FCCI Mutual Insurance Holding Co.
Thomas George Quaka Jackson, MS	1999	Regional Senior VP & Director, Brierfield Insurance Company
John Thomas Stafford Sarasota, FL	1999	Chairman of the Board FCCI Mutual Insurance Holding Co.
Ronald Paul Tubertini Ridgeland, MS	2001	Director of Financial Services, South Group Insurance Service
Rupert Lee Willis Sarasota, FL	2007	Executive Vice President FCCI Mutual Insurance Holding Co.
Roy Allan Yahraus Sarasota, FL	2007	Sales Manager, Seacoast Supply

Committees

The chart below denotes the Board committees and their members as of December 31, 2009:

Committee	Committee Members			
Investment	Haber	Baumann	Clarke	Benjamin
Marketing & Underwriting	Clarke	Flanders	Baumann	Yahraus
Internal Ops	Benjamin	Clarke	Haber	Yahraus
Claims & Reserving	Flanders	Clarke	Haber	Yahraus
Budget	Haber	Baumann	Flanders	Yahraus
Audit	Baumann	Flanders	Clarke	Benjamin
Compensation	Benjamin	Baumann	Flanders	Haber
Executive	Stafford	Jacobs		
Nominating	Clarke	Jacobs	Yahraus	

Officers:

Name	Year Elected/Appointed	Title
Gordon William Jacobs	2009	President
Debra Horner Douglas	2005	Secretary
Craig Allan Johnson	2006	Treasurer
Rupert Lee Willis	2007	Executive Vice President
Joseph Anthony Keene	2006	Executive Vice President
Christopher Samir Shoucair	2006	VP, Asst. Treasurer & Controller

Conflict of Interest

During the exam period, the Company had a policy statement requiring annual disclosure of conflicts of interest in accordance with the Handbook. These procedures were reviewed, and no exceptions to the Company's policies were noted.

Corporate Governance

The Examiner performed an assessment of the Company's corporate governance structure with reviews focused on the Board, Executive Management, Internal Audit, and Enterprise Risk Management ("ERM") Framework.

Based on the review of various Board documentation and meetings with Board members, the Company's Board monitored management effectively. A sufficient number of Board members with the necessary business and financial qualifications were noted. With the exception of the President and CEO, Board members are independent of the Company. While Board members ask questions and expect management to act upon their recommendations, the Board was actively engaged in the oversight of the Company while allowing management to run it. From review of the Board minutes, all Board members attended a minimum of 80% of the meetings, either in person or via conference call. The minutes reviewed showed active participation by members through discussion and subsequent voting on areas ranging from investment transactions to audit results.

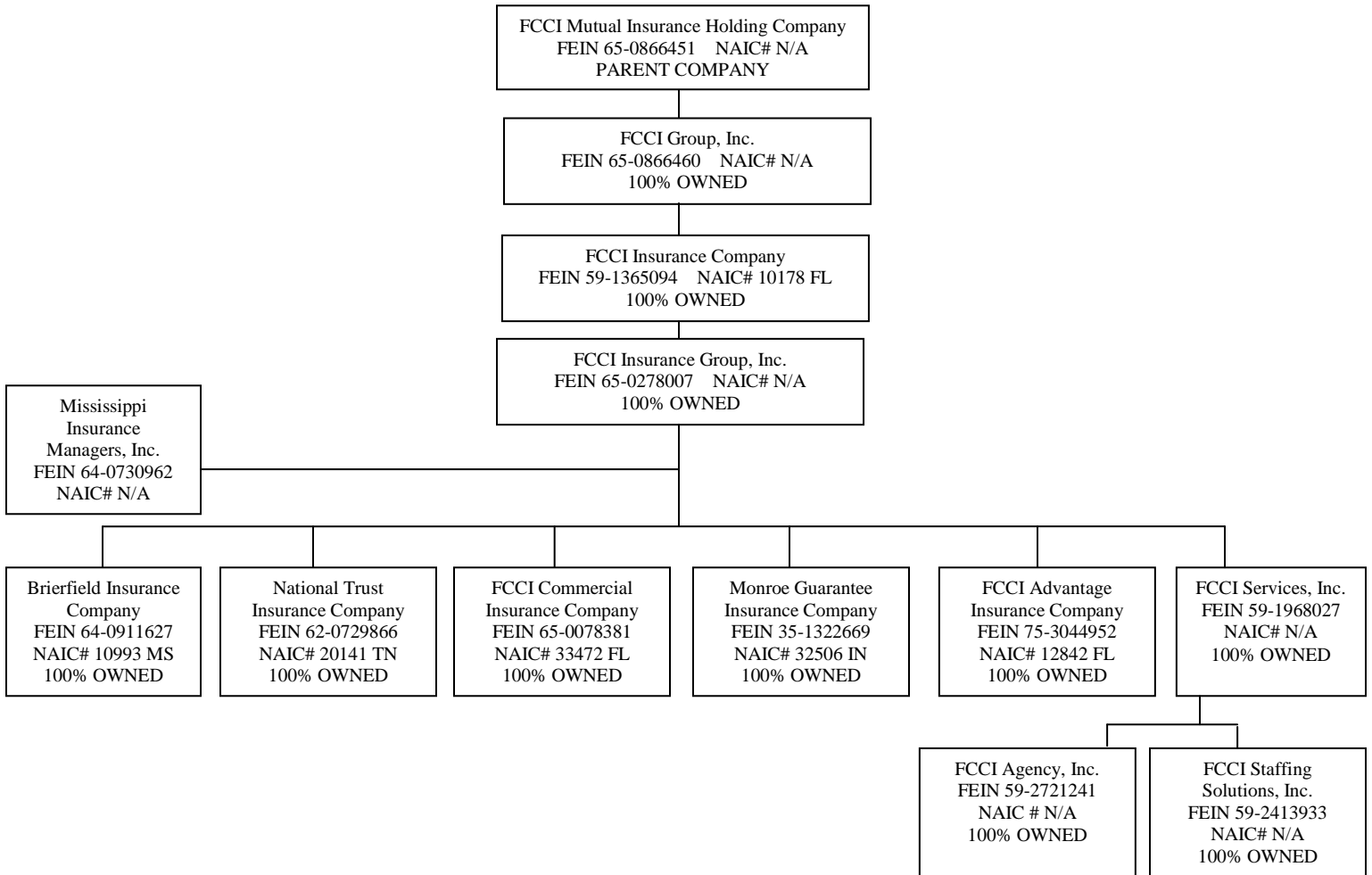
Based upon executive management interviews, the executives contribute to a satisfactory corporate governance environment. They are appropriately qualified and have sufficient knowledge of management in their respective business areas. There has been minimal turnover in middle management and no turnover in executive management. There is appropriate monitoring of financial results with a focus on internal controls; formal policies and procedures have been established for major tasks.

The Company outsourced their Internal Audit function to Protiviti until the 4th Quarter of 2009 when they changed to Ernst & Young to serve as their Internal Auditor. The Chief Auditor reports directly to the FCCI Audit Committee ("AC") Chairman with the AC comprised of independent directors. The Board and AC meeting minutes were reviewed noting evidence of detailed discussion during meetings regarding Internal Audit activities. Through the completion of the Internal Audit Assessment performed, the Internal Audit Department ("IAD") was noted to generally adhere to the standards promulgated by the Institute of Internal Auditors. As evidenced through reviews of the Board and Audit Committee minutes, as well as the Audit Committee Chairman interview, the IAD provides input on operating and financial reporting risks and internal controls. The IAD communicates significant findings to the AC, in most cases, during their formal meetings which occur most months of the year. Through the management interview process, it was noted that the Chief Auditor communicates in the interim with the AC Chairman outside the formal monthly Board/Committee meetings. These open lines of communication provide effective oversight of the Internal Audit function.

HOLDING COMPANY STRUCTURE

Organizational Chart

The Company's abridged organizational chart as of December 31, 2009 is noted below. This chart identifies the companies within the organization that the Company has entered into agreements with during the examination period.



AFFILIATED AND RELATED PARTY TRANSACTIONS

The Company is a member of an insurance holding company system as defined by Miss. Code Ann. §83-6-1. The latest holding company registration statement was filed with the Mississippi Insurance Department on May 7, 2010. The following agreements were in effect between the Company and its affiliates:

Tax Allocation Agreement

The Company, along with FCCI Insurance Company and its affiliates, file a consolidated federal income tax return. On December 31, 2009, the method of allocation between the Company and its parent was the “separate-entity” basis described in Internal Revenue Code (IRC) Section 1552(a) (2) and Treasury Regulation 1.552-1(a) (2) on the basis of the percentage of the total tax which each member, if computed on a separate return would bear to the total taxes for all members.

Management Services Agreement

The Company, along with its parents and affiliates, had a management services agreement with FCCI Services, Inc. (“FSI”), which provided insurance and general management services including, but not limited to: underwriting, premium formulation, collection services, accounting services, internal operations, personnel, information systems, marketing, facilities management, tax services, reinsurance services, corporate governance, and other services related to the effective management of FCCI Insurance business.

Capital Maintenance Agreement

As a condition of authorization to write workers’ compensation coverage under the Longshore and Harbor Workers’ Compensation Act and its extensions, the Department of Labor, Office of Workers’ Compensation Programs, Division of Longshore and Harbor Workers’ Compensation, required the Company to enter into a capital maintenance agreement with FCCI Insurance Company. The agreement requires FCCI and Company to maintain sufficient capital in the Company that will meet or exceed levels required by Mississippi law.

FIDELITY BOND AND OTHER INSURANCE

The Company’s ultimate parent, FCCI Mutual Insurance Holding Company, maintained fidelity bond coverage, which included the Company, up to \$5,000,000 with a \$50,000 deductible, which meets the suggested minimum as recommended by the NAIC.

The Company also was a named insured on a commercial property and general liability policy, workers compensation and employer’s liability policy, commercial umbrella liability policy, and business auto policy.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company and FCCI Services Inc, an affiliated company, along with certain affiliated insurance companies, were members of a retirement and savings plan ("401k Plan", a defined 401k contribution and profit sharing plan) in which all employees were eligible to participate. Certain members of the board of directors of FCCI Group Inc. ("FGI"), an upstream parent of the Company, entered into a deferred compensation plan, which included a deferred compensation payment of three times director's annual fees at retirement subject to certain vesting criteria. FGI had established for members of the board of directors and officers of FSI a Long-Term Incentive Plan ("Incentive Plan") that offered two types of performance-based incentive awards, a Full Value Performance Unit Award ("Performance Units") and a Performance Unit Appreciation Rights Award ("Appreciation Rights"). After satisfaction or lapse of the restrictions, terms and conditions established by the Incentive Plan with respect to a grant of Performance Units, the Incentive Plan participant would receive a cash payment equal to the number of vested Performance Units multiplied by a Company Value as of the Exercise Date as defined in the Incentive Plan. Appreciation Rights may be exercised subject to the terms of the Incentive Plan and upon exercise, the Incentive Plan participant will receive the number of vested Appreciation Rights exercised multiplied by the increase in Company Value as of the Exercise Date compared to the Company Value on the Grant Date.

TERRITORY AND PLAN OF OPERATION

The Company was authorized to transact property and casualty insurance in the States of Alabama, Arkansas, Mississippi and Tennessee. To date, the Company had written premium only in the State of Mississippi.

GROWTH OF COMPANY

All premiums are ceded to FCCI Insurance Company. The underwriting loss relates to expenses which are in excess of ceded reinsurance commissions. This served as the primary driver for the decrease in net income. The increase in total assets was primarily driven by increases to bonds and deferred tax assets. Increase to commissions payable and reinsurance payable on paid losses offset by a decrease in amounts payable to its parent drove the overall liabilities increase. The 5.6% increase in surplus was primarily attributable to net income for the year generated by net investment income. The Company reported a surplus of \$7.1 million as of December 31, 2009 and a NAIC Risk Based Capital ("RBC") ratio of 34,029.8%.

Profitability of the Company

The following table shows the profitability trend (in dollars) of the Company for the period of operations, as reported in the Annual Statements filed:

	2009	2008	2007
Premiums Earned	(\$651,512)	\$ -	\$ -
Net Underwriting Gain/(Loss)	(280,001)	3,957,869	(372,302)
Net Income	331,797	2,877,660	163,747
Total Assets	10,472,969	9,318,539	9,138,374
Total Liabilities	<u>3,362,109</u>	<u>2,582,566</u>	<u>5,275,035</u>
Surplus as Regards Policyholders	\$7,110,860	\$6,735,973	\$3,863,339

Loss Experience

There were no significant changes to the Company's loss experience.

REINSURANCE

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

Loss Portfolio Transfer Reinsurance Contract

The Company received approval in March 2009 from the Mississippi Department of Insurance to enter into a Loss Portfolio Transfer ("LPT") contract with FCCI, having an effective date of January 1, 2009, under which its claim reserve liabilities as of December 31, 2008 were ceded to FCCI. The financial statements reflect the implementation of the LPT using prospective reinsurance accounting in accordance with *Statement of Accounting Principles No. 62 – Property and Casualty Reinsurance*.

Quota Share Reinsurance Agreement

The Company ceded risk on a quota-share basis. The Company ceded 100% of written premium to an upstream parent, FCCI Insurance Company. In this agreement, the reinsurer, FCCI Insurance Company, accepts a 100% quota-share under policies in-force beginning January 1, 2005 and on new and renewal policies becoming effective after January 1, 2005. The contract was amended effective January 1, 2009 to eliminate profit commissions. 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 maintains its principal operational offices in Sarasota, Florida. The Company's accounting records were maintained on a computerized system and balance sheet accounts were verified with the line items of the annual statement submitted to the Mississippi Insurance Department. The Company contracted with an external independent CPA firm to perform the annual audit of its financial statements.

Custodial Agreement

The Company had a custodial agreement with The Northern Trust Company, dated July 1, 2005.

STATUTORY DEPOSITS

The following security was deposited with the State of Mississippi as required by Miss. Code Ann. §83-19-31(2):

<u>State</u>	<u>Description</u>	<u>Book Value</u>	<u>Fair Value</u>
Mississippi	U.S. Treasury Note	\$556,008	\$588,115

The following securities were deposited with other States and Jurisdictions:

Arkansas	U.S. Treasury Note	\$269,903	\$293,808
U.S. Dept of Labor	U.S. Treasury Note	\$497,635	\$537,930
Total Statutory Deposits		\$1,323,546	\$1,419,853

FINANCIAL STATEMENTS

The following pages contain financial statements showing the Company's financial position as of December 31, 2009, and the results of its operations for the year then ended as determined by this examination. Adjustments, if any, made as a result of the examination are noted in the section of this report captioned, "Comparative Analysis of Changes in Surplus."

BRIERFIELD INSURANCE COMPANY
STATEMENT OF ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2009

ASSETS

	<u>December 31, 2009</u>
Bonds	\$10,243,098
Cash	41,507
Investment Income Due and Accrued	121,549
Funds Held by or deposited with Reinsurers	7,474
Net Deferred Tax Asset	54,826
Aggregate Write-ins or other than invested assets	4,515
Total Net Admitted Assets	\$10,472,969

LIABILITIES, SURPLUS AND OTHER FUNDS

	<u>December 31, 2009</u>
Reinsurance Payable	\$1,475,171
Commissions Payable	1,991,157
Taxes, Licenses and Fees	172,642
Current Federal and Foreign Income Tax	107,263
Advance Premium	33,476
Ceded Reins. Premium Payable	(426,286)
Remittances and Items not Allocated	8,686
Total Liabilities	\$3,362,109
Aggregate Write-ins for Surplus Funds	\$44,728
Common Capital Stock	1,000,000
Gross Paid and Contributed Surplus	4,000,000
Unassigned Funds	2,066,132
Surplus as Regards Policyholders	\$7,110,860
Total Liabilities and Surplus	\$10,472,969

**BRIERFIELD INSURANCE COMPANY
SUMMARY OF OPERATIONS
DECEMBER 31, 2009**

	<u>December 31, 2009</u>
<u>Underwriting Income</u>	
Premiums Earned	(\$651,512)
DEDUCTIONS	
Losses Incurred	(579,753)
Loss Adjustment Expense	(71,760)
Other Underwriting Expenses	280,002
Total Underwriting Deductions	(371,511)
Net Underwriting (Loss)	(\$280,001)
<u>Investment Income</u>	
Net Investment Income Earned	\$339,186
Net Realized Capital Gains	107,995
Net Investment Gain	\$447,181
<u>Other Income</u>	
Net Loss from Agents' or Premium Balances Charged Off	(\$76,962)
Finance and Service Charges not Included in Premium	163,095
Total Other Income	\$86,133
Net Income Before Dividends to Policyholders, After Capital Gains, and Before Taxes	\$253,313
Dividends to Policyholders	\$0
Net Income After Dividends to Policyholders, After Capital Gains, and Before Taxes	253,313
Federal and Foreign Income Taxes	(78,484)
Net Income	\$331,797

BRIERFIELD INSURANCE COMPANY
RECONCILIATION OF SURPLUS AS REGARDS POLICYHOLDERS
For Examination Period; January 1, 2007 – December 31, 2009

	2007	2008	2009
Surplus as Regards Policyholders, Beginning of Year	\$3,712,067	\$3,863,339	\$6,735,973
Net Income	163,747	2,877,660	331,797
Change in Non-admitted Assets	45,974	(132,276)	78,940
Change in Net Deferred Income Tax	(58,449)	127,250	(35,850)
Surplus as Regards Policyholders, End of Year	\$3,863,339	\$6,735,973	\$7,110,860

**RECONCILIATION OF EXAMINATION CHANGES TO SURPLUS AND OTHER
FUNDS**

There were no changes made to the admitted assets, liabilities, or surplus balances reported by the Company for the year ended December 31, 2009. The surplus as regards policyholders, which totaled \$7,110,860 as of the examination date, was determined to be reasonably stated and in compliance with Miss. Code Ann. §83-19-31(1)(b).

MARKET CONDUCT ACTIVITIES

A full market conduct examination was not performed; however, targeted areas of the Company's market conduct activities were examined in accordance with the NAIC's *Market Conduct Handbook* with no significant exceptions noted. The particular areas reviewed were as follows:

Operations/Management

The Company has policies and procedures in place regarding protection and disclosure of nonpublic personal information of customers, former customers, and consumers who are not customers. The Company has maintained compliance with applicable Mississippi Statutes and Regulations.

Complaint Handling

The Company maintained a complaint log during the period under examination. Complaints were reviewed with regard to satisfactory and timely responses with no exceptions noted. No inappropriate business practices or policyholder abuses were noted.

Producer Licensing

The agents writing business for the Company in the State of Mississippi during the period under examination were compared to the licenses issued by the Mississippi Insurance Department with no exceptions noted. Further, the Company's managing general agent was appropriately licensed by the Department.

COMMENTS ON FINANCIAL STATEMENTS

Liabilities

Losses and Loss Adjustment Expenses

An outside actuarial firm appointed by the Board of Directors rendered an opinion that the amounts carried in the balance sheet as of December 31, 2009, made a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its policies and agreements. The Department's independent actuary from the firm of RSM McGladrey, Inc., reviewed the unpaid loss and loss adjustment expense obligations carried in the Company's balance sheet as of December 31, 2009, and concurred with this opinion.

Capital and Surplus

The amount reported by the Company of \$1,000,000 in Capital and \$6,110,860 Surplus exceeds the minimum required by Miss Code Ann. §83-19-31(1)(b).

COMMITMENTS AND CONTINGENCIES

There were no commitments and contingencies noted by the examiner during the period under examination.

SUBSEQUENT EVENTS

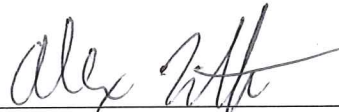
On February 1, 2010, the Company filed Amended and Restated Articles of Association with the Mississippi Secretary of State's Office reducing the number of Directors from fifteen (15) to eight (8).

On March 17, 2011, the Chairman of the Board of FIG announced that Craig Johnson will become the new President & Chief Executive Officer of FIG succeeding Gordon W. Jacobs who will retire on June 3, 2011.

ACKNOWLEDGMENTS

In addition to the undersigned, Cathie A. Stewart, Director-CFE; Michael C. Dubin, FCAS MAAA, Consulting Actuary; Jared Rubinstein, Participating Examiner; Philip E. McMurray, CISA, IT Manager; and Margaret C. Spencer, Managing Director-CFE, all of RSM McGladrey, Inc. participated in the examination.

Respectfully submitted,



Alex Quasnitschka, CFE
Examiner-In-Charge
RSM McGladrey, Inc.