



MISSISSIPPI INSURANCE DEPARTMENT

501 N. WEST STREET, SUITE 1001  
WOOLFOLK BUILDING  
JACKSON, MISSISSIPPI 39201  
www.mid.ms.gov

June 18, 2015

MAILING ADDRESS  
Post Office Box 79  
Jackson, Mississippi 39205-0079  
TELEPHONE: (601) 359-3569  
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MIKE CHANEY  
Commissioner of Insurance  
State Fire Marshal

MARK HAIRE  
Deputy Commissioner of Insurance

RICKY DAVIS  
State Chief Deputy Fire Marshal

**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, 2013**

Dear Mr. Johnson:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), 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. 2011), 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

A handwritten signature in blue ink, appearing to read "Christina J. Kelsey", written over a horizontal line.

Christina J. Kelsey  
Senior Attorney

MC/CJK/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. 15-6872**

**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. 2011). 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. 2011).

**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. 2011), called for an examination of Brierfield Insurance Company and appointed R. Dale Miller, Examiner-In-Charge, to conduct said examination.

### IV.

That on or about May 15, 2015, the draft Report of Examination concerning Brierfield Insurance Company for the period of January 1, 2010 through December 31, 2013 was submitted to the Department by the Examiner-In-Charge, R. Dale Miller.

### V.

That on or about May 29, 2015, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), 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 Company responded to the draft on or about June 12, 2015.

## CONCLUSIONS OF LAW

### VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2011), 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. 2011).

**IT IS FURTHER ORDERED**, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), 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 18<sup>th</sup> day of June 2015.



*J. Mark Haire*  
\_\_\_\_\_  
J. MARK HAIRE  
DEPUTY 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 18<sup>th</sup> day of June 2015, to:

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



Christina J. Kelsey  
Senior Attorney

Christina J. Kelsey  
Senior Attorney  
Counsel for the Mississippi Department of Insurance  
Post Office Box 79  
Jackson, MS 39205-0079  
(601) 359-3577  
Miss. Bar No. 9853



# **Mississippi Insurance Department**

**Report of Examination**

**of**

**BRIERFIELD INSURANCE COMPANY**

**as of**

**December 31, 2013**

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

State of Mississippi,

County of Madison,

R. Dale Miller, being duly sworn, states as follows:

1. I have authority to represent the Mississippi Insurance Department in the examination of Brierfield Insurance Comapny as of December 31, 2013.
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.

R Dale Miller  
R. Dale Miller, CPA, CFE, CFF  
Examiner-in-charge

Subscribed and sworn before me by R. Dale Miller on this 29<sup>th</sup> day of May, 2015.

April D. McDonald  
Notary Public



My commission expires October 10, 2016 [date].



**MIKE CHANEY**  
Commissioner of Insurance  
State Fire Marshal

**MARK HAIRE**  
Deputy Commissioner of  
Insurance

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April 30, 2015

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

Dear Commissioner Chaney:

Pursuant to your instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2013, of the affairs and financial condition of:

**BRIERFIELD INSURANCE COMPANY**  
1020 Highland Colony Parkway, Suite 800  
Ridgeland, MS 39157

License #	NAIC Group #	NAIC #	FEETS#	ETS#
9900035	474	10993	10993-MS-2013-6	MS129-M11

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 *et seq.* and was performed in Ridgeland, Mississippi, at the statutory home office of the Company, and the main administrative office of Sarasota, Florida. The report of examination is herewith submitted.

## **SCOPE OF EXAMINATION**

We have performed our full-scope financial examination of Brierfield Insurance Company (“Company” or “Brierfield”). The last exam was completed as of December 31, 2009. This examination covers the period January 1, 2010 through December 31, 2013.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners Handbook* (“Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the 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. An examination also includes assessing the 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 regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

## **COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION**

There were no comments and/or recommendations deemed necessary for inclusion in the previous examination report.

## **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 ownership structure 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. In December 2009, one hundred percent (100%) of MIM’s stock in the Company was dividdened to FIG.

The Company received approval in March 2009 from the Mississippi Insurance Department (“MID”) to enter into a Loss Portfolio Transfer contract with an effective date of January 1,

2009, with FCCI, under which its claim reserve liabilities as of December 31, 2008 were ceded to FCCI.

## **CORPORATE RECORDS**

Articles of Incorporation, Bylaws and amendments thereto were reviewed and duly applied in other sections of this report where appropriate. 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**

### **Stockholders**

As of December 31, 2013, the Company had issued and outstanding all 1,000,000 shares of its authorized common capital stock with a par value of \$1.00 per share. The common capital stock was 100% owned by FIG. During the examination period, the Company paid \$0 in dividends to its stockholder.

### **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, at December 31, 2013, were as follows:

<b>Name and Residence</b>	<b>Year Elected/Appointed</b>	<b>Principal Occupation</b>
Charles Robert Baumann Sarasota, FL	2004	CPA, Shareholder, Kerkering, Barberio & Co.
Robert Weld Benjamin Sarasota, FL	2007	Vice President/Attorney, Williams, Parker, Harrison, Dietz & Co.
John Joseph Cox Sarasota, FL	2012	President, Halfacre Construction Company
Robert Winthrop Flanders Sarasota, FL	1999	President/Business Owner, Quality Walls Enterprises
Gordon William Jacobs Sarasota, FL	1999	Retired, Former Insurance Executive

Craig Allan Johnson Sarasota, FL	2011	President & Chief Executive Officer, FCCI Mutual Insurance Holding Company
John Thomas Stafford Sarasota, FL	1999	Former Banking Executive Chairman of the Board, FCCI Mutual Insurance Holding Co.
Roy Allan Yahraus Sarasota, FL	2007	Former Business Executive, Partner RNR and CRY of Sarasota, Inc.

### **Committees**

Listed below are the Board committees and their members as of December 31, 2013:

<b>Budget</b>	<b>Audit</b>	<b>Compensation</b>	<b>Investment</b>
Gordon W. Jacobs, Chairman	Charles R. Baumann, Chairman	Robert W. Benjamin, Chairman	Robert W. Benjamin, Chairman
Charles R. Baumann	Robert W. Flanders	Charles R. Baumann	Charles R. Baumann
Robert W. Flanders	Gordon W. Jacobs	Robert W. Flanders	John J. Cox
Roy A. Yahraus	Robert W. Benjamin	Gordon W. Jacobs	Gordon W. Jacobs

<b>Marketing &amp; Underwriting</b>	<b>Internal Operations</b>	<b>Claims &amp; Reserving</b>	<b>Building</b>
Gordon W. Jacobs, Chairman	Roy A. Yahraus, Chairman	Robert W. Flanders, Chairman	John T. Stafford, Chairman
Robert W. Flanders	John J. Cox	Charles R. Baumann	Craig A. Johnson
Charles R. Baumann	Gordon W. Jacobs	Gordon W. Jacobs	Robert W. Flanders
Roy A. Yahraus	Robert W. Benjamin	Roy A. Yahraus	John J. Cox

<b>Nominating</b>	<b>Executive</b>
John J. Cox, Chairman	John T. Stafford, Chairman
Robert W. Flanders	Craig A. Johnson
Craig A. Johnson	

### **Officers**

<b>Name</b>	<b>Year Elected/Appointed</b>	<b>Title</b>
Craig Allan Johnson	2011	President

Thomas Augustine Koval	2011	Secretary
Christopher Samir Shoucair	2011	Treasurer
Rupert Lee Willis	2007	Executive Vice President
Joseph Anthony Keene	2006	Executive Vice President
Michelle Marie Jalbert	2011	Vice President

### **Conflict of Interest**

The Company had formal procedures whereby disclosure was made to the Board of any material interest or affiliation on the part of any officer or director that was, or would likely be, a conflict with the official duties of such persons. Written statements were signed annually by all officers and members of the Board.

### **Corporate Governance**

The risk-focused surveillance approach requires examiners to consider the insurer's corporate governance and established risk management processes. This evaluation included assessing the "tone-at-the-top", board of directors and management oversight and understanding and conveyance of the necessity of internal controls to employees. Strong corporate governance encompasses a clearly defined vision of ethics, appropriate goals, effective strategy, effective implementation of the strategy, and appropriate reporting systems emphasizing feedback and transparency.

The Company does not have any employees. All administration and management of the Company is performed by employees of its parent and /or affiliates through a Management Services Agreement.

The Board's involvement and oversight along with its independence from management was considered during the course of our examination. Other key variables in our consideration of the Board's involvement included but were not limited to factors such as: (1) the frequency of Board meetings, (2) the type of information communicated to the Board prior to meetings and the topics discussed along with the depth and quality of discussions and (3) key communication channels to and from management to the Board along with the overall "tone at the top". Information regarding the Board members, committees and other related information can be found in the Management and Control section of this report.

The appropriateness of the organizational structure, and its ability to provide the necessary information flow to manage activities were considerations in obtaining our understanding of the organizational structure of the Company and its affiliates. This included consideration of the entity's structure and its ability to communicate information upstream, downstream and across all business activities. Management's competence was also considered in the overall assessment of corporate governance. In our review of this area; we considered factors such as (1) experience

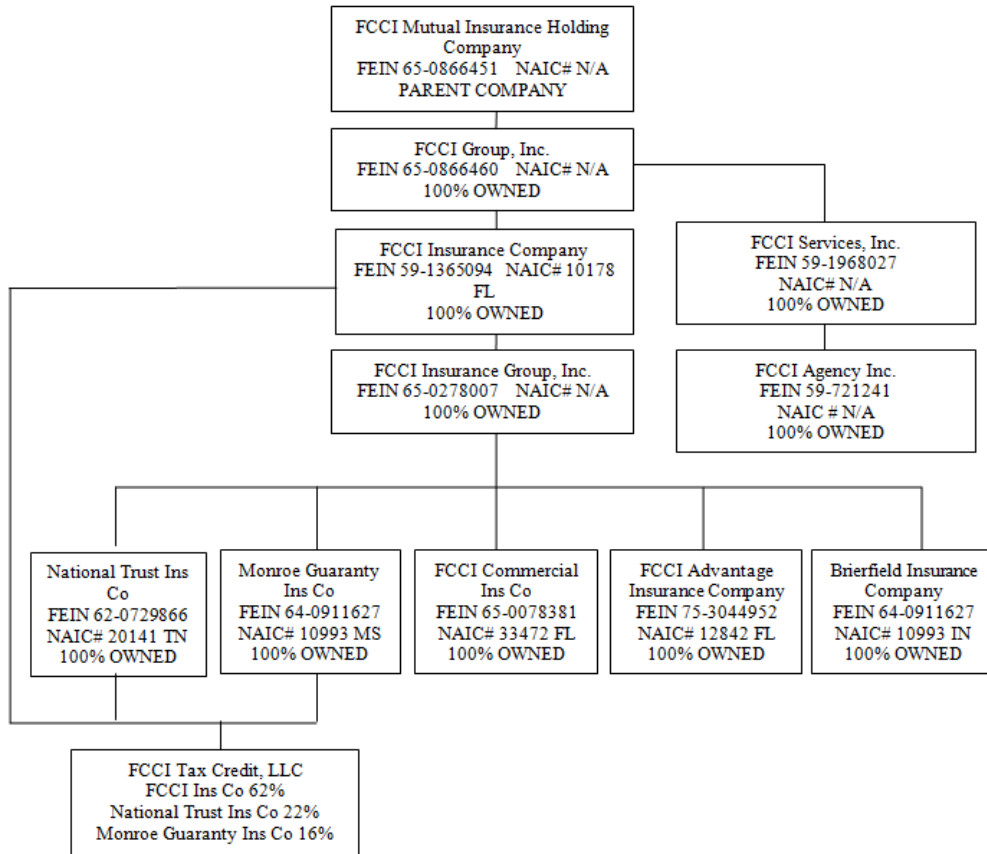
level within of key management, (2) management turnover and (3) previous experience of key management.

FCCI Group, Inc., outsourced their Internal Audit (“IA”) function to Ernest & Young. The Chief Auditor reported directly to the FCCI Audit Committee (“AC”) Chairman and the AC Committee was comprised of independent directors. The Board and AC meeting minutes were reviewed noting evidence of detailed discussion during meetings regarding IA activities. The IA Department provided input on operating and financial reporting risks and as well as internal controls. The Chief Auditor had a direct line of communication for feedback, questions and guidance with the AC Chairman.

## HOLDING COMPANY STRUCTURE

The Company is a member of an insurance holding company system as defined by Miss. Code Ann. §83-6-1. The Company was required to file with the MID, Holding Company Registration Statements in accordance with Miss. Code Ann. §83-6-5 and §83-6-9. These filings set forth material changes in structure, identity or relationships of affiliates and any material transactions by and between the Company and its affiliates.

### Organizational Chart



## **Affiliated and Related Party Transactions**

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, 2013, 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. The Company incurred expenses for these service of \$6,788,521, \$5,907,247, \$5,566,632 and \$5,401,410 in 2013, 2012, 2011 and 2010, respectively.

### **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 the 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 FSI, 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.

Also, certain members of the Board of Directors of FCCI Group Inc. ("FCCI Group"), an upstream parent of the Company, entered into a deferred compensation plan, which included a deferred compensation payment of three times the director's annual fees at retirement subject to certain vesting criteria.

Additionally, FCCI Group 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.

Costs for retirement and deferred compensation plans are allocated to the Company based on the direct written premiums and the level of claims transactions to the totals for the consolidated company.

## **TERRITORY AND PLAN OF OPERATION**

The Company is licensed in the States of Alabama, Arkansas, Florida, Georgia, Mississippi and Tennessee but only issued business in the State of Mississippi through the examination date. In August 2014, the Company began writing business in the state of Florida.

## **GROWTH OF COMPANY**

Following is selected financial information as reported by the Company within the filed annual statements.

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Change in surplus	243,555	253,930	341,217	228,373
Net cash from operations	542,002	583,717	559,775	519,045
Net income	236,166	242,274	379,332	213,393
Investment yield	2.5%	2.8%	3.4%	3.4%
Gross Premiums written to surplus	404.7%	386.5%	371.8%	380.5%

## **REINSURANCE**

The Company has a reinsurance program in place that is intended to reduce overall risks, including exposure to large losses and catastrophic events. The reinsurance agreements reviewed complied with NAIC standards with respect to the standard insolvency clause, arbitration clause, transfer of risk, reporting, and settlement information.

### **Quota Share Reinsurance Agreement**

The Company has a 100% quota share reinsurance contract with FCCI Insurance Company (“FCCI”), an upstream parent through which the Company ceded 100% of the premiums written and earned and all loss and loss adjustment expenses incurred in excess of the Company’s retention on or after January 1, 2005.

The reinsurance contract with FCCI included a provision for ceded commission income equal to 100% of operating expenses incurred. The Company recognized ceded commission income of \$11,184,881, \$10,344,219, \$10,233,517 and \$9,889,914 in 2013, 2012, 2011 and 2010, respectively, under this provision.

The Company’s net reinsurance recoverable, including unearned premiums, at December 31, 2013, 2012, 2011 and 2010 was \$39,625,147, \$39,840,491, \$42,835,774 and \$44,052,565, respectively, and are presented as a reduction to direct and assumed loss and unearned premium reserves on the balance sheet. These amounts are due from FCCI and are unsecured.

The quota share agreement provides the Company the right to purchase facultative reinsurance on any of its policies which the Company utilizes from time to time.

The following table summarizes the effect of reinsurance on net premiums written for the period of this examination:

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Direct premiums	\$ 32,910,974	\$ 30,560,152	\$ 28,481,632	\$ 27,853,825
Assumed premiums	186,233	103,129	71,942	74,906
Ceded premiums to affiliate	(32,988,570)	(30,545,149)	(28,481,549)	(27,923,544)
Ceded premiums to nonaffiliates	(108,637)	(118,132)	(72,025)	(5,187)
Net premiums	\$ -	\$ -	\$ -	\$ -

## 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 an annual audit of its financial statements.

## STATUTORY DEPOSITS

The Company's statutory deposits with the State of Mississippi complied with Miss. Code Ann. §83-19-31(2). The following chart displays the Company's total statutory deposits as held by the various states at December 31, 2013.

<b>Description</b>	<b>State Deposited</b>	<b>Carrying Value</b>	<b>Fair Value</b>
U.S. Treasury Note	Mississippi	550,190	552,646
Total held in Mississippi		550,190	552,646
State Bond	Arkansas	259,087	286,688
U.S. Treasury Note	Florida	219,928	213,960
U.S. Treasury Note	Georgia	100,557	102,821
U.S. Treasury Note	U.S. Department of Labor	506,352	476,525
Total Held in all Other States or Jurisdictions		1,085,924	1,079,994
<b>Total of all States &amp; Jurisdictions</b>		<b>1,636,114</b>	<b>1,632,640</b>

**BRIERFIELD INSURANCE COMPANY  
FINANCIAL STATEMENTS  
EXAMINATION AS OF DECMEBER 31, 2013**

**Introduction**

The following financial statements reflect the same amounts reported by the Company and consist of a Statement of Net Admitted Assets, Liabilities, Surplus and Other Funds - Statutory at December 31, 2013, a Statement of Income - Statutory for the year ended December 31, 2013, and a Reconciliation of Surplus as Regards Policyholders - Statutory for the examination period ended December 31, 2013.

**BRIERFIELD INSURANCE COMPANY**  
**STATEMENT OF NET ADMITTED ASSETS, LIABILITIES,**  
**SURPLUS AND OTHER FUNDS - STATUTORY**  
**DECEMBER 31, 2013**

**Admitted Assets**

Bonds	\$ 11,892,525
Cash	145,078
Investment income due and accrued	126,122
Funds held by or deposited with reinsurers	2,009
Net deferred tax asset	50,738

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<b>Total admitted assets</b>	<b>\$ 12,216,472</b>
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**Liabilities and Surplus**

Reinsurance payable	1,646,968
Commissions payable	948,076
Taxes, licenses and fees	358,291
Current federal and foreign income tax	48,281
Advance premium	75,829
Ceded reinsurance premium payable	960,038
Remittances and items not allocated	1,054

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<b>Total liabilities</b>	<b>4,038,537</b>
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Common capital stock	1,000,000
Gross paid and contributed surplus	4,000,000
Unassigned Funds	3,177,935

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<b>Surplus as regards policyholders</b>	<b>8,177,935</b>
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<b>Total liabilities and surplus</b>	<b>\$ 12,216,472</b>
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**BRIERFIELD INSURANCE COMPANY  
STATEMENT OF INCOME - STATUTORY  
FOR YEAR ENDED DECEMBER 31, 2013**

**Underwriting income**

Other underwriting expenses incurred	\$ 60,703
Net underwriting gain (loss)	(60,703)

**Investment income**

Net investment income earned	297,422
Net investment gain (loss)	297,422

**Other Income**

Net gain (loss) from agents' or premium balances charged off	(138,966)
Finance and service charges not included in premiums	184,625
Total other income	45,659

Net Income before dividends to policyholders, after capital gains and before taxes	282,378
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Dividends to policyholders	-
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Net income after dividends to policyholders, after capital gains and before taxes	282,378
Federal and foreign income taxes incurred	46,212

<b>Net income</b>	<b>\$ 236,166</b>
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**BRIERFIELD INSURANCE COMPANY  
RECONCILIATION OF SURPLUS AS REGARDS POLICYHOLDERS -  
STATUTORY  
FOR EXAMINATION PERIOD ENDED DECEMBER 31, 2013**

	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Surplus as regards policyholders, beginning of year	\$7,934,380	\$7,680,450	\$7,339,233	\$7,110,860
Net income	236,166	242,274	379,332	213,393
Change in net deferred income tax	5,058	6,826	(41,868)	64,056
Change in nonadmitted assets	2,331	4,830	3,753	(49,076)
Surplus as regards policyholders, end of year	\$8,177,935	\$7,934,380	\$7,680,450	\$7,339,233

**BRIERFIELD INSURANCE COMPANY**  
**RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS**  
**DECEMBER 31, 2013**

There were no changes made to the admitted assets, liabilities, or surplus balances reported by the Company for the year ended December 31, 2013. The surplus as regards policyholders, which totaled \$8,177,935 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:

### **Policyholder Service**

The Company maintained complaint documentation during the period under examination. All complaints appeared to have been appropriately resolved and no policyholder abuse was noted.

### **Producer Licensing**

The Company was appropriately licensed to issue its products and agents writing business for the Company appeared to have been properly licensed and appointed.

### **Claims Handling**

Claim files were reviewed for general indicators of policyholder treatment concerns. No significant areas of concerns noted.

## **COMMITMENTS AND CONTINGENT LIABILITIES**

There were no commitments or other contingent liabilities noted during this examination.

## **SUBSEQUENT EVENTS**

On February 27, 2014, the Board amended the Company's bylaws. The amendment was approved by the MID on June 18, 2014, and was effective August 1, 2014. The primary purpose of the amendment was to provide consistency for all the companies that are within the FCCI Mutual Holding Company group.

During the third quarter of 2014, the Company began writing business in the state of Florida.

## **COMMENTS AND RECOMMENDATIONS**

The examination did not identify any material comments and/or recommendations deemed appropriate for inclusion in the examination report.

## ACKNOWLEDGMENT

The examiners representing the Mississippi Insurance Department and participating in this examination were:

Supervising Examiner	Joseph R. May, CPA, CFE, CMA, CIE
Examiner-in-Charge	R. Dale Miller, CPA, CFE, CFF
IT Specialist	Francois Houde, CPA, CA, CFE, CISA, AES
Actuary Specialist	Robert Daniel, ACAS, MAAA
Examiner	Cole Durant, CPA
Examiner	Andrea Harbison, CPA
Examiner	Kendall McCrary

The courteous cooperation of the officers and employees responsible for assisting in the examination is hereby acknowledged and appreciated.

Respectfully submitted,



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R. Dale Miller, CPA, CFE, CFF  
Examiner-in-charge