EXHIBIT A

STATE OF TENNESSEE

DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION

OF

HAULERS INSURANCE COMPANY, INC.

(NAIC # 31550)
(NAIC Group Code 0123)

COLUMBIA, TENNESSEE

AS OF

DECEMBER 31, 2016

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Columbia, Tennessee
May 23, 2018

Honorable Julie Mix McPeak
Commissioner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, Tennessee 37243

Dear Commissioner:

Pursuant to your instructions and in accordance with the Tennessee Code Annotated ("Tenn. Code Ann.") § 56-1-408, regulations, and resolutions adopted by the National Association of Insurance Commissioners (NAIC), a full-scope financial examination and market conduct review as of December 31, 2016, has been made of the condition and affairs of:

HAULERS INSURANCE COMPANY, INC.
NAIC # 31550
1101 New Highway 7
Columbia, TN 38401

hereinafter generally referred to as the "Company" or "Haulers" and a report thereon is submitted as follows:

INTRODUCTION

This examination was arranged by the Tennessee Department of Commerce and Insurance (TDCI or "Department") under rules promulgated by the NAIC. The examination commenced on August 17, 2017, and was conducted by duly authorized representatives of the TDCI. This examination was called through the NAIC's Financial Examination Electronic Tracking System (FEETS). This examination was coordinated with the State of Missouri which had domiciled companies within the Shelter Mutual Insurance Company Group ("Shelter Group"), NAIC Group Code 0123. Further description of the coordination effort between the states is discussed below under the heading "Scope of Examination."

SCOPE OF EXAMINATION

The last examination of the Company was made as of December 31, 2012. This examination covers the period January 1, 2013, through December 31, 2016, and includes any material transactions and/or events occurring subsequent to the examination date which were noted during the course of examination.

The Company is a member of the Shelter Group. The following are all of the insurance companies and their respective domiciliary states within the group, as of December 31, 2016:

Shelter Mutual Insurance Company (Missouri)
Shelter General Insurance Company (Missouri)
Shelter Life Insurance Company (Missouri)
Shelter Reinsurance Company (Missouri)
AmShield Insurance Company (Missouri),
Haulers Insurance Company, Inc. (Tennessee)

The Missouri Department of Insurance, Financial Institutions, and Professional Registration (DIFP) performed concurrent examinations of its five (5) Missouri-domiciled insurers as of December 31, 2016. The Missouri DIFP was the lead state in the coordinated examinations. The TDCI relied on some work performed by the Missouri DIFP examiners.

The examination was conducted in accordance with rules and procedures as prescribed by the statutes of the State of Tennessee, and in accordance with the NAIC *Financial Condition Examiners Handbook* ("Handbook"), as deemed appropriate. The examination was planned and performed to evaluate the financial condition of the Company as of December 31, 2016. The examination sought to identify prospective risks by obtaining information about the Company, including its corporate governance, by identifying and assessing inherent risks within the Company, and by evaluating system controls and procedures used to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation and management's compliance with statutory accounting principles and annual statement instructions.

During planning, all accounts and balances were considered to determine which key activities and accounts would be examined. The key activities included in the examination were: Investments; Pricing/Underwriting; Reserving/Claims; Reinsurance Ceded; Capital and Surplus, Related Party and Expense Allocation.

The Company's 2016 annual statement was compared with or reconciled to the corresponding general ledger account balances.

An information technology specialist from Lewis & Ellis, Inc. was utilized in the examination review of the Company's information technology. An examination of the Company's information technology general controls (ITGC) was conducted. The examination included a review of management and organizational controls, logical and physical security controls, system and program development controls, contingency planning controls, service provider controls, operations controls, processing controls, e-commerce controls, and network and internet controls.

A separate market conduct review was also performed concurrently with the financial examination. See "Market Conduct Activities."

The Company's parent, Shelter Mutual Insurance Company ("Shelter Mutual"), maintains an internal audit (IA) department, which is charged with performing the IA function for all companies within the holding company system. The examiners reviewed the processes tested and requested the workpapers for specific processes which had been identified as significant to the key activities and sub-activities being examined. The workpapers were provided and were utilized, where appropriate.

The actuarial firm of Lewis & Ellis, Inc. was utilized in the examination review of the Company's loss reserves.

Faulker Mackie & Cochran, P.C. was the certified public accountant (CPA) and independent auditor for the Company for all years under examination. The CPA's workpapers were reviewed for the 2016 audit and copies were incorporated into the examination, as deemed appropriate.

The Company provided a letter of representation certifying that management has disclosed all significant matters and records.

COMPLIANCE WITH PREVIOUS EXAMINATION FINDINGS

The examination included a review to determine the current status of the comments and recommendations included in the previous report of examination, dated June 3, 2014, which covered the period from January 1, 2008, through December 31, 2012. Below is a description of the recommendations:

Recommendation #1

The Company's actuary did not perform an analysis of ceded IBNR or calculation of ceded IBNR. Future actuarial reports should contain an analysis of ceded IBNR, and the Company should consider the materiality of any ceded reserve when determining to carry or not carry ceded IBNR in the annual statement. This recommendation was properly corrected.

It is recommended that the Company comply with Tenn. Code Ann. § 56-1-509(g) by preparing annual statements in accordance with the NAIC Accounting Practices and Procedures Manual.

Corrective Action

This recommendation was properly corrected by the Company amending its actuarial report to contain an analysis of ceded incurred but not reported (IBNR), and considering the materiality of any ceded reserve for purposes of reporting IBNR in the annual statement.

Recommendation #2

The Company's annual statement did not show incurred but not reported (IBNR) for defense cost and containment (DCC). Schedule P in the Annual Statement should separate IBNR between loss and DCC in columns 15 and 19 of Schedule P.

It is recommended that the Company comply with Tenn. Code Ann. § 56-1-509(g) by preparing annual statements in accordance with the NAIC Accounting Practices and Procedures Manual.

Corrective Action

Based on a review of the 2016 Schedule P, the above recommendation was properly addressed.

Recommendation #3

The Company did not provide the TDCI prior notice of dividends for 2011 and 2012.

It is recommended that the Company report all dividends to the TDCI pursuant to Tenn. Code Ann. § 56-11-105(d).

Corrective Action

During this examination, no dividends were declared.

COMPANY HISTORY

The Company was incorporated on June 9, 1986, pursuant to the provisions of the Tennessee General Corporation Act. The original charter, which was approved by the TDCI on June 6, 1986, established a for-profit corporation with a principal office located at 1101 New Highway 7, Columbia, Tennessee. The Company was originally formed to operate as a pure captive insurance company. The primary stated purpose of the Company was to make all types and forms of insurance permitted by the Tennessee Captive Insurance Act then in existence, or as may be amended, on risks, hazards, and liabilities of its parent, subsidiary companies of its parents, companies affiliated and/or associated with its parent, and other legal entities whose purposes and operation are similar to the parent.

The charter provided for an initial capitalization of a maximum of twenty thousand (20,000) shares of common stock at a par value of $40.00 per share. The corporation would not commence business until consideration of $750,000 had been received.

By declaration of its sole incorporator on June 12, 1986, the Company accepted a subscription from General Trucking Company, Inc. for six thousand (6,000) shares. The Company also accepted a subscription from James H. Walker for four thousand (4,000) shares. The total consideration for these ten thousand (10,000) shares was $750,000, of which $400,000 was designated as paid-in capital and $350,000 was designated as gross paid-in and contributed surplus.

On July 7, 1987, the Company amended its charter to change its primary purpose to make all types and forms of property, vehicle, casualty and surety insurance, as defined by Tenn. Code Ann. § 56-2-201.

This amendment, which was approved by the TDCI on July 6, 1987, also changed the par value of the common stock from $40.00 to $61.00 per share. All shares originally issued at a par value of $40.00 were surrendered for new shares with a par value of $61.00. The Company transferred $210,000 from gross paid in and contributed surplus to paid in capital. The Company issued an additional seven thousand, one hundred (7,100) shares during 1987. The total consideration for these seven thousand, one hundred (7,100) shares was $1,114,764, of which $433,100 was designated as paid-in capital and $681,664 was designated as gross paid-in and contributed surplus.

Effective February 5, 1988, the Company amended its charter to increase the maximum number of authorized shares to five hundred thousand (500,000). Each of the shares outstanding was reclassified into ten (10) shares with a par value of $6.00 per share. Paid-in capital was decreased by $17,100 and gross paid-in and contributed surplus was increased by a like amount. An additional forty-seven thousand, two hundred ninety (47,290) shares were issued from that point through December 31, 1992. The total consideration for these forty-seven thousand, two hundred ninety (47,290) shares was $749,333, of which $283,380 was designated as paid-in capital and $465,953 was designated as gross paid-in and contributed surplus. This amendment was approved by the TDCI on January 22, 1988.

On September 29, 1995, the Company amended its charter to change the par value of its common stock to $10.00 per share; TDCI approved on that same date. All original shares with a par value of $6.00 per share were surrendered in exchange for new shares of like number with a par value of $10.00 per share. The Company transferred $920,160 from gross paid-in and contributed surplus to paid-in capital.

The Company's Bylaws were amended on October 20, 2005.

During 2005, the Company reclassified funds of $2 million from unassigned funds to gross paid-in and contributed surplus to meet capitalization requirements in the State of Ohio where the Company sought licensure. The reclassification was in accordance with NAIC Accounting Practices and Procedures No. 72 and was approved by the TDCI on April 28, 2005.

Shelter Mutual filed a Form A on May 8, 2008, seeking approval from the TDCI to acquire the Company. The Form A was approved effective June 23, 2008. On June 30, 2008, Shelter Mutual purchased all issued and outstanding stock of the Company. The stated value of the transaction was $50,705,595.

The Company's charter and bylaws were amended on June 30, 2008.

At December 31, 2016, the Company had authorized capital stock of five hundred thousand (500,000) shares of common stock with a par value of $10.00 per share, of which three hundred thousand (300,000) shares were issued and outstanding for a capital paid up of $3,000,000. The Company is directly owned by Shelter Mutual, a mutual holding company domiciled in the State of Missouri.

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

The Company's Bylaws state that the business and affairs of the corporation shall be directed and controlled by a Board of Directors ("Board"), who shall be elected at the annual meeting of the shareholders.

The Company's Bylaws state that the business and affairs of the Company are managed by a Board composed of nine (9) individuals. A majority of Directors constitutes a quorum. Directors serve until the next annual meeting of the shareholders, and thereafter, until a successor has been elected. Directors need not be residents of the State of Tennessee or shareholders of the Company. However, there are certain age limits established for a person to serve as a Director.

The following persons were duly elected by the shareholders on February 25, 2016, and were serving as Directors, as of December 31, 2016:

Name	Principal Occupation
Don A. McCubbin (1)	Retired, former Executive VP, SMIC
Rick L. Means (1)	President and Chief Executive Officer, SMIC
J. David Moore	Retired, former President and CEO, SMIC
Stephen E. Erdel	Chairman and CEO, Central Bank of Boone County
Deborah L. Douglas	President, Douglas Group
H. Baker Kurrus	Former Superintendent, Little Rock School District
Madison M. Moore	Executive Vice President, SMIC
Andres Jimenez	Retired, former Chairman and CEO, Mapfre Re
David R. Monday	Retired, former Partner, PWC

(1) Mr. McCubbin will retire; and Mr. Means was elected Chairman, effective July 1, 2018. Randa C. Rawlins was elected to replace Mr. McCubbin as a Director, effective July 1, 2018.

The Company's Bylaws require that an annual meeting of the shareholders be held for the purpose of electing directors and for such other business.

Officers

The following Officers were duly elected by the Board on February 25, 2016, and were serving as Officers of the Company, as of December 31, 2016:

Name	Title
Rick L. Means (2)	President and Chief Executive Officer
Randa Rawlins (3)	Senior Vice President and Secretary
Teresa Magruder	Treasurer, Executive Vice President
Paul K. LaRose	Assistant Secretary (Board)
Christina M. Workman	Vice President of Accounting and Assistant Treasurer
Rockne Corbin	Senior Vice President
J. Steven Wilkinson	Assistant Secretary
Lloyd Montgomery	Vice President of Alternate Channels
David N. Abbott	Vice President of Investments

(2) Mr. Means' title is Chief Executive Officer only, effective January 1, 2018.
(3) Ms. Rawlins was elected Executive Vice President, effective January 1, 2018.

Committees

The Company's Board is required by the Bylaws to designate two (2) committees: an Audit Committee and an Investment Committee.

Members of the Audit Committee as of December 31, 2016, were:

Deborah L. Douglas, Chair
H. Baker Kurrus
David R. Monday

Members of the Investment Committee as of December 31, 2016, were:

Rick L. Means, Chair
S. Daniel Clapp
Deborah L. Douglas
Stephen E. Erdel
Don A. McCubbin
J. David Moore
Madison M. Moore

Additionally, the Company's Board elected an Executive & Compensation Committee. Members of the Committee as of December 31, 2016 were:

Don A. McCubbin, Chair
Stephen E. Erdel
Andres Jimenez
Rick L. Means
David R. Monday

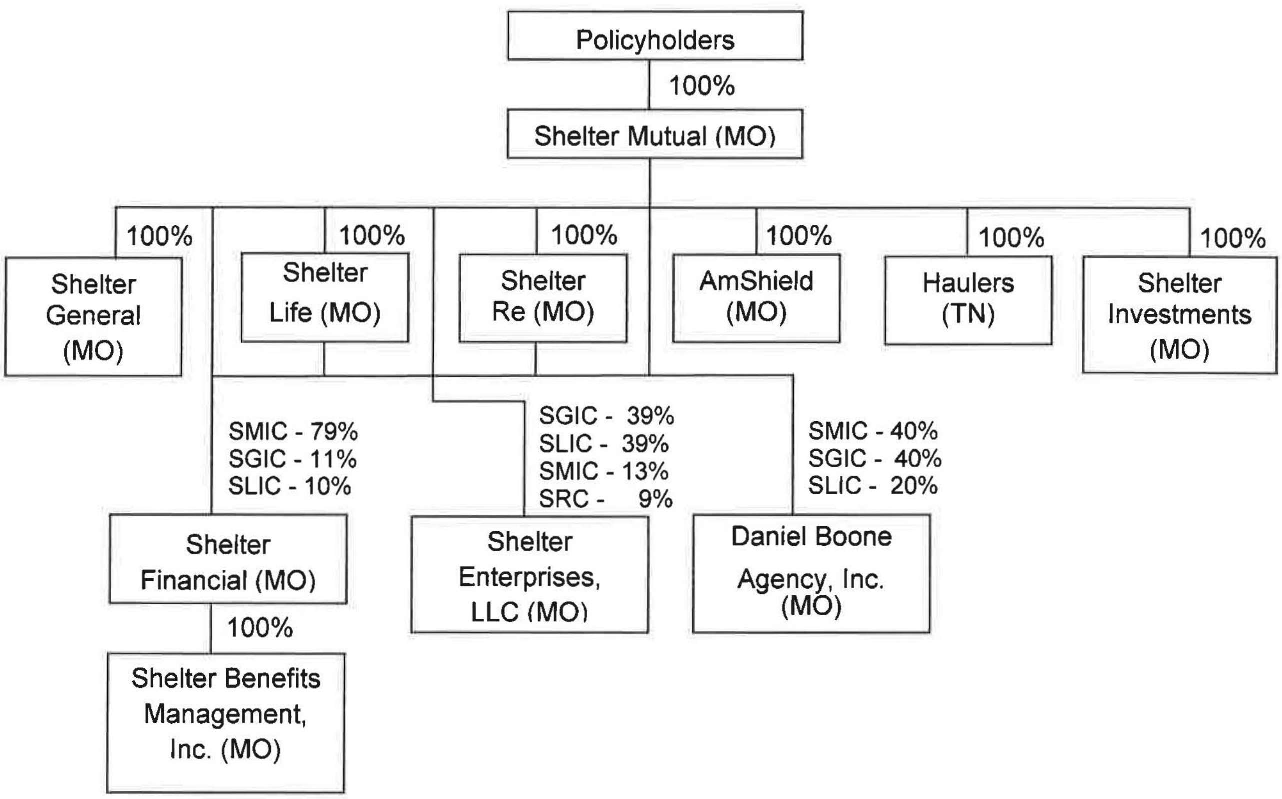
Some of the administrative and executive functions of the Company are performed by staff employed through its parent, Shelter Mutual, and provided to the Company under a management agreement, as described in the section "Agreements with Parent and Affiliates" in this report.

CONTROL

The Company is a member of an insurance holding company system as defined by Tenn. Code Ann. § 56-11-101(7), and as such, is subject to the Insurance Holding Company System Act of 1986, set forth in Tenn. Code Ann. §§ 56-11-101, *et seq*. The Company files a holding company registration statement annually, as required by Tenn. Code Ann. § 56-11-105.

Organizational Chart

The following organizational chart shows all of the insurance companies and their respective domiciliary states within the Shelter Group, as of December 31, 2016:



CONFLICTS OF INTEREST AND PECUNIARY INTERESTS

The Company is required to comply with Tenn. Code Ann. § 56-3-103 prohibiting officers and directors of insurance companies from having a pecuniary interest in the investment or disposition of funds of a domestic insurance company. The Company has adopted a Code of Ethics policy which requires compliance with laws and regulations applicable to its business. The policy requires all directors, officers, and employees to conduct business of the Company on the highest standards of ethics and personal conduct and to be free from both real and perceived conflicting interests and relationships. The policy further requires that all directors and management employees annually report all information required to be reported herein and such other information as may be relevant to determine the existence or likely development of a significant conflict of interest.

The annual conflict of interest disclosure statements filed by the Company's directors, officers, and responsible employees were reviewed. No exceptions were noted.

DIVIDENDS

During the period of examination, the Company did not declare nor pay any dividends to its shareholders.

CORPORATE RECORDS

The minutes of meetings of the Company's shareholders, Board, and committees were reviewed for the period under examination. They were complete as to necessary detail and appear to adequately reflect the acts of the respective bodies. The review of the minutes indicates that all investment transactions were approved by the Board pursuant to Tenn. Code Ann. § 56-3-408(b)(1).

Charter

The Charter in effect at December 31, 2016, is the Company's Amended and Restated Charter that was dated June 30, 2008, and has not changed during the exam period.

Bylaws

The Bylaws of the Company in effect at December 31, 2016, are the Company's Amended and Restated Bylaws that were adopted by the Board on February 22, 2013. There were only minor changes made to the Company's Bylaws from the version previously in effect.

The Bylaws set rules for an annual shareholders' meeting at which a Board is elected, the Board elects officers, and general rules for borrowing money, payment of dividends, and other pertinent items are addressed. The Bylaws are such as generally found in corporations of this type and contain no unusual provisions. They provide for the regulation of the business and for the conduct of the affairs of the Company, the Board and its shareholders.

AGREEMENTS WITH PARENT AND AFFILIATES

The Company had three (3) agreements with its parent and affiliated companies in effect, as of December 31, 2016. The following are summaries of the agreements in effect, as of the examination date:

Management Agreement with Shelter Mutual

Under the terms of a management agreement between the Company, Shelter Mutual, and Shelter Benefits Management, Inc. (SBMI), Shelter Mutual provides investment services, tax services, information services, printing services, training services, legal services, planning and research services, internal audit services, claims services, and underwriting services. The agreement was effective January 1, 2009. The agreement was filed on December 12, 2008. The agreement was approved by the TDCI on February 13, 2009.

Management Services Agreement with SBMI

Effective April 1, 2013, the Company entered into a management services agreement with SBMI. According to the terms and provisions of the agreement, SBMI agreed to provide the Company with services related to the management of the Company's human resources and employee benefits.

The Company failed to follow Tenn. Code Ann. § 56-11-106(a)(2), which requires the Form D submission with the TDCI prior to entering the Agreement. On July 3, 2014, the Company filed Form D for the Agreement. The Agreement was determined to satisfy the requirements of Tenn. Code Ann. § 56-11-106(a)(1). TDCI approved this Agreement on July 31, 2014. See "Comments and Recommendations" section in this report.

Tax Allocation Agreement with Shelter Mutual and Affiliates

The Company is party to a tax allocation agreement, as amended, between Shelter Mutual and all of its subsidiaries. Under terms of the agreement, the Company files a consolidated tax return. Each party pays taxes and receives refunds in the manner as if filing a non-consolidated return, with current credit for net operating losses or other items utilized in the consolidated tax return. The subsidiaries will pay their share of tax payments to Shelter Mutual within ten (10) days following any tax payments made by

Shelter Mutual. Shelter Mutual will refund any amount due to the subsidiaries within ten (10) days after filing the consolidated return.

The agreement was retroactively effective June 30, 2008. The agreement and Addendum No. 1 were filed on September 23, 2008. Addendum No. 1 added the Company as a party to the tax allocation agreement. The TDCI approved the agreement on February 13, 2009.

FIDELITY BOND AND OTHER INSURANCE

The Company is listed as a named insured on a financial institution bond carried by its parent, Shelter Mutual, and its subsidiaries. Other insurance policies were reviewed and the Company is listed as a named insured on the following insurance coverages maintained by the Company, as of December 31, 2016:

Fiduciary Liability	Employment practices liability
Umbrella Excess	General and Business Liability
Cyber Coverage	Aircraft Liability and Physical Damage
Auto Coverage	Earth Movement
Workers Compensation	

The Company's financial institution coverage exceeds the minimum amount suggested in the NAIC Handbook. The bonds and policy coverages were inspected and appear to be in-force as of the date of this examination. All of the above policies were issued by companies licensed to transact business in the State of Tennessee or by authorized surplus lines insurers.

EMPLOYEE BENEFITS AND PENSION PLANS

As of December 31, 2016, the following benefits were available to the Company's employees:

401(k) Plan

The Company offers a defined contribution plan. The Company matches dollar-for-dollar up to four percent (4%) of employee's compensation, and fifty percent (50%) of the next two percent (2%).

Medical and Other Coverage

Medical coverage is provided to employees. Dependent coverage is available. Dental and vision plans are available on a voluntary basis.

Disability and Life

The Company offers short-term and long-term disability, and term life insurance on a voluntary basis.

TERRITORY AND PLAN OF OPERATIONS

Territory

As of December 31, 2016, and as of the date of this examination report, the Company was licensed to transact business in eighteen (18) states. Certificates of Authority were valid in each state. As shown on Schedule T of the 2016 annual statement, the Company wrote direct premiums of $39,182,784, which is summarized below:

SCHEDULE T – PREMIUMS WRITTEN

State or District	Direct Written Premiums
Alabama	$2,216,566
Georgia	7,353,013
Illinois	19,449
Indiana	2,514,886
Missouri	7,130,443
South Carolina	1,662,112
Tennessee	13,523,009
Virginia	4,763,306
Totals	$39,182,784

Plan of Operations

The Company writes private and commercial auto liability, physical damage, fire, private and commercial multiple peril coverage. All policies are direct billed, produced and serviced through over seven hundred (700) independent agents located primarily in rural and suburban areas.

GROWTH OF COMPANY

The following exhibit depicts certain aspects of the growth and financial history of the Company for the period subject to this examination, according to its annual statements as filed with the TDCI:

Year	Admitted Assets	Liabilities	Capital and Surplus	Net Underwriting Gain (Loss)	Net Income (Loss)
2016	$74,225,412	$35,155,262	$39,070,150	($2,301,260)	$1,125,404
2015	$73,990,124	$36,048,456	$37,941,668	($3,937,596)	$335,032
2014	$71,233,947	$33,665,216	$37,568,731	($1,415,540)	$1,687,283
2013	$65,711,079	$29,929,492	$35,761,587	($3,912,708)	($32,723)

LOSS EXPERIENCE

The loss experience of the Company during the examination period, according to its annual statements as filed with the TDCI, was as follows:

Year	Earned Premiums	Losses Incurred	LAE Incurred	Loss Ratio
2016	$37,289,563	$25,011,799	$3,069,963	75.3%
2015	$35,968,790	$26,187,424	$2,902,186	80.9%
2014	$34,594,879	$22,363,894	$3,008,003	73.3%
2013	$32,047,068	$23,119,943	$2,766,448	80.8%

REINSURANCE AGREEMENTS

Assumed Reinsurance

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

Ceded Reinsurance

The Company had reinsurance agreements in effect with Shelter Reinsurance Company ("Shelter Re"), an affiliate and authorized reinsurer.

The Property Catastrophe Excess of Loss agreement at the date of this examination was effective January 1, 2016, through January 1, 2017. Under terms of the agreement, the Company retained $500,000 of any one (1) loss occurrence, and Shelter Re's limit was $500,000 of any one (1) loss occurrence on the first layer. The Company retained $1,000,000 of any one (1) loss occurrence, and Shelter Re retained

$2,000,000 of any one (1) loss occurrence on the second layer. Aggregate coverage by Shelter Re was up to $4,000,000 during the 12-month term.

The Company is a party to a per risk Multi-Line Excess of Loss agreement with Shelter Re. The agreement at the date of this examination was effective January 1, 2016, through January 1, 2017. Under terms of the agreement, the Company retained $200,000, and Shelter Re's limit was $800,000 on the first layer of each loss, and each and every risk. The Company retained $1,000,000, and Shelter Re reinsured $1,000,000 on the second layer of each loss, and each and every risk. Total limit to Shelter Re's exposure was set at $2,600,000 with respect to all net losses.

The reinsurance agreement contained acceptable provisions of reporting responsibility of the ceding entity, payment terms, premium taxes, termination clauses and ceding clauses. The Company's reinsurance agreements transferred risk in accordance with Statement of Statutory Accounting Principles (SSAP) No. 62R and NAIC guidelines.

However, the reinsurance agreements in place during the exam period were not approved pursuant to Tenn. Code Ann. § 56-11-106(a)(2)(C). See "Comments and Recommendations" section in this report.

The Company's reinsurance program changed subsequent to the exam date, and is described under caption "Subsequent Events".

LITIGATION AND CONTINGENT LIABILITIES

The Company was involved in certain legal matters resulting from normal operations. As stated by the Company's management, the outcome of such actions should not have a material effect on the financial position of the Company.

The Company disclosed its commitment as relates to rental lease expenditures through 2020 in Note 15 to the annual statement. The amount was not deemed to be material in total. There were no other contingent commitments and guarantees identified that would have an adverse effect upon the Company.

STATUTORY DEPOSITS

In compliance with Tenn. Code Ann. § 56-2-104, the Company maintained deposits with the jurisdictions or custodians named below, as of December 31, 2016.

The following are deposits with states where special deposits are for the benefit of all policyholders, claimants, and creditors of the Company:

Jurisdiction	Description of Security	Book/Adjusted Carrying Value	Fair Value	Par Value (Dollars)
Missouri Department of Insurance	Mo St Hwys & Trans Rev 5.000%, Due 2-1-20 CUSIP # 60636WQL2	$215,361	$221,264	$200,000
Tennessee Department of Insurance	Bartlett TN Ref-Wtr & Swr 2.250%, Due 9-1-25 CUSIP #069383V95	248,431	246,625	250,000
	Cleveland TN Go 3.75%, Due 6-1-20 CUSIP #186523AL0	503,542	525,285	500,000
	Hamilton Co TN Go 3.0%, Due 3-1-21 CUSIP #407324Y55	319,366	324,646	320,000
	Memphis TN Arena Proj Rev 5.0%, Due 11-1-22 CUSIP #586123DR9	206,379	216,726	200,000
	Tennessee St Ref – Ser B 3.500%, Due 8-1-22 CUSIP #880541PS0	260,000	268,229	260,000
Subtotal		$1,753,079	$1,802,775	$1,730,000

The following are deposits with jurisdictions where special deposits are **not** for the benefit of all policyholders, claimants, and creditors of the Company:

Jurisdiction	Description of Security	Book/Adjusted Carrying Value	Fair Value	Par Value (Dollars)
Georgia Department of Insurance	US Treasury Bond 6.250%, Due 8-15-23 CUSIP #912810EQ7	$91,811	$106,184	$85,000
North Carolina Department of Insurance	First American Treasury CUSIP #31846V419	225,001	225,001	225,001
	NC ST Ref Ser D 3.000%, Due 6-1-19 CUSIP #658256S52	103,306	103,889	100,000
Virginia Department of Insurance	Cumberland TN Utility Dist 2.00%, Due 9-1-24 CUSIP #230808CP0	201,054	197,372	200,000
Subtotal		621,172	632,446	610,001
Grand Total		**$2,374,251**	**$2,435,221**	**$2,340,001**

Deposits with said jurisdictions or custodians were verified by direct correspondence with the custodians of such deposits.

The North Carolina deposit is non-admitted by the Company pursuant to Tenn. Code Ann. § 56-1-405 (Assets Allowable as Credits), due to the Company having a deposit, but not writing any business in the state. The deposit is not available for the payment of claims, and is therefore non-admitted.

ACCOUNTS AND RECORDS

Tenn. Comp. R. & Regs. 0780-01-65-.08(4), states that no partner or other person responsible for rendering a report by a CPA firm may act in that capacity for more than five (5) consecutive years. The Company is audited annually by Faulker Mackie & Cochran, P.C., and is in compliance with this regulation.

During the course of the examination, certain balances were tested and amounts were traced from the Company's trial balance to the annual statement. All of the Company's investment securities were confirmed with the custodian of such securities as of the date of this examination. All annual statements for the period under examination were reviewed for completeness and adequacy of disclosure. The Company's risk-based capital filings were reviewed. These test checks and reviews revealed no material discrepancies.

The Company's primary books and records are located at 1101 New Highway 7, Columbia, TN 38401.

MARKET CONDUCT ACTIVITIES

A market conduct review was made of the Company, as of December 31, 2016, in conjunction with this examination. The following market conduct areas were reviewed:

Operations and Management Standards

Company anti-fraud initiatives were examined to determine if they are reasonably calculated to prevent, detect, or mitigate fraudulent insurance acts. Company procedures and policies relating to privacy were reviewed to determine compliance with Tenn. Code Ann. § 56-8-104(19) and was found to be in full compliance.

Complaint Handling Standards

The Company maintains a complaint register, as required by various state Unfair Trade Practices Acts, and the register and the accompanying files are maintained for a minimum of five (5) years, in accordance with statutory requirements. The Company's complaint procedures and complaint register were examined in accordance with requirements of Tenn. Code Ann. § 56-8-104(11) and the NAIC *Market Regulation Handbook,* and were found to be in compliance.

Marketing and Sales Standards

Advertising items consist of Company's brochures available to independent insurance agents. Advertising items were examined in accordance with Tenn. Code Ann. § 56-8-104(1) and the NAIC *Market Regulation Handbook* and were found to be in compliance.

Producer Licensing Standards

Tenn. Code Ann. §§ 56-6-103, *et seq.*, requires the Company sell their products and services through producers who are properly licensed and appointed by the Company. In the examination of producer licensing, a random sample of producers was selected and their state issued licensure and appointment by the Company was verified. As a result of examination, no issues or concerns were identified.

In addition, a random sample of terminated producers was selected. It was determined that the Company is not notifying the TDCI timely of the termination of producers. Tenn.

Code Ann. § 56-6-117(b) states that "An insurer or authorized representative of the insurer that terminates the appointment, employment, or contract with a producer for any reason not set forth in § 56-6-112 shall notify the commissioner within thirty (30) days following the effective date of the termination, using a format prescribed by the commissioner." Out of twenty (20) terminated producers that were selected for review, five (5) termination notices were submitted to the TDCI after the 30-day requirement mandated by Tenn. Code Ann. § 56-6-117(b). See "Comments and Recommendation" section, later in the report.

Underwriting, Rates and Policy Forms

In the examination of the Company's underwriting procedures and policy administration, files for open and closed policies were reviewed in accordance with Tenn. Code Ann. § 56-8-104, Tenn. Comp. R. & Regs. 0780-01-34, and established Company guidelines. In the examination of these contracts, there were no instances of unfair methods of competition or unfair or deceptive acts found. Underwriting procedures and policy administration conducted by the Company appear to be in compliance with established Company guidelines.

A log of the policy forms that were used by the Company during the period of examination was reviewed. All forms were noted, without exception, as having been filed with the TDCI prior to their use, in accordance with Tenn. Code Ann. § 56-7-2311(a). The filings are consistent in form and included appropriate documents. For the forms used in other states, most of the Company's forms are based on Insurance Services Office ("ISO") forms.

Claims Review

In the examination of claims handling practices, the Company's efficiency of handling, accuracy of payment, adherence to contract provisions, and compliance with applicable statutes and rules were examined. In conducting the examination, random samples were selected from claims with benefits payments and claims denied by the Company. The Company's claims, including denied claims, were properly documented and handled in accordance with the Company's policy provisions and applicable statutes and rules. No issues or concerns were identified.

SUBSEQUENT EVENTS

During the examination, a review of subsequent events was performed. The following subsequent events were noted:

The Company entered into a stop loss reinsurance agreement, effective January 1, 2017, with Shelter Mutual. Shelter Mutual will assume ninety-five percent (95%) of the Company's losses in excess of a fifty-seven and five one-hundredths percent (57.5%) loss ratio, up to a maximum liability of $30,000,000 for each agreement year. The Company cedes premium to Shelter Mutual equal to five percent (5%) of Haulers' net earned premiums for each agreement year. On October 10, 2016, the Company filed Form D for the stop loss agreement with Shelter Mutual, effective January 1, 2017, pursuant to Tenn. Code Ann. §56-11-106. This filing was not disapproved.

Effective May 19, 2017, the Company, along with its affiliates, entered into a Revolving Line of Credit Agreement with Shelter Mutual, whereby Shelter Mutual may advance to the Company up to $2,000,000 in funds, to be repaid at any time without pre-payment penalty, with the entire outstanding balance to be repaid within five (5) years from the date of the advance. At the time of this report, no balance was outstanding under this facility.

On May 25, 2018, the Company filed an application with the TDCI for redomestication with the Missouri DIFP requesting approval to redomesticate from Tennessee to Missouri. The application is currently under review with TDCI.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, and a statement of income as of December 31, 2016, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2016 Annual Statement.

ASSETS

	Assets	Non-Admitted Assets	Net Admitted Assets
Bonds	$61,968,087	$328,306	$61,639,781
Real estate:			
Properties occupied by company	876,147		876,147
Cash and short-term investments	2,228,709		2,228,709
Investment income due or accrued	540,174		540,174
Premiums and considerations:			
Uncollected premiums and agents balances in the course of collection	1,650,993		1,650,993
Deferred premiums not yet due	6,785,808		6,785,808
Amounts recoverable from reinsurers	61,168		61,168
Current federal income tax recoverable	281,841		281,841
Net deferred tax asset	157,477		157,477
Furniture and equipment	184,815	184,815	
Aggregate write-ins for other assets	70,489	67,175	3,314
Totals	$74,805,708	$580,296	$74,225,412

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses		$19,996,064
Loss adjustment expenses		1,414,314
Commissions payable, contingent commissions		149,283
Other expenses		293,704
Taxes, licenses, and fees		301,495
Unearned premiums		12,386,661
Advance premiums		468,765
Ceded reinsurance premiums payable		95,851
Amounts withheld by company for account of others		9,491
Payables to parent, subsidiaries, and affiliates		39,634
Total Liabilities		$35,155,262
Common capital stock	$3,000,000	
Gross paid-in and contributed surplus	2,882,872	
Unassigned funds (surplus)	33,187,278	
Surplus as regards policyholders		39,070,150
Totals		$74,225,412

STATEMENT OF INCOME

Premiums earned	$37,289,563	
Losses Incurred	25,011,799	
Loss adjustment expenses incurred	3,069,963	
Other underwriting expenses incurred	11,509,061	
Net Underwriting Gain		(2,301,260)
Net investment income	2,006,175	
Net realized capital loss	(63,590)	
Total Net Investment Gain		1,942,585
Finance and service charge not in premiums	1,854,346	
Aggregate write-ins for miscellaneous income	7,150	
Total Other Income		1,861,496
Net gain from operations before dividends to policyholders and federal income taxes		1,502,821
Net gain from operations after dividends to policyholders and before federal income taxes		1,502,821
Federal and foreign income taxes incurred		377,417
Net Income		$1,125,404

CAPITAL AND SURPLUS ACCOUNT

	2016	2015	2014	2013
Surplus as regards policyholders December 31, previous year	$37,941,668	$37,568,731	$35,761,587	$35,298,997
Net income or (loss)	1,125,404	335,032	1,687,283	(32,723)
Change in net unrealized capital gains or (losses)	(21,611)	4,328	(717)	(1,741)
Change in net deferred income tax	70,040	(13,214)	101,854	404,439
Change in non-admitted assets	(45,351)	46,791	18,724	92,615
Net change in capital and surplus for the year	1,128,482	372,937	1,807,1411	462,590
Surplus as regards policyholders December 31, current year	$39,070,150	$37,941,668	$37,568,731	$35,761,587

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

Surplus as regards policyholders $39,070,150

Surplus as regards policyholders, as established by this examination, is the same as what was reported by the Company in its 2016 annual statement. There were no changes made to any asset or liability items as a result of our examination performed as of December 31, 2016.

COMMENTS AND RECOMMENDATIONS

The following list presents a summary of comments and recommendations noted in this report:

Comments

There were no comments noted during the completion of this examination.

Recommendations

1. The Company failed to follow Tenn. Code Ann. § 56-11-106(a)(2), which requires a Form D submission with the TDCI prior to entering into the management services agreement with SBMI. On July 3, 2014, the Company filed Form D for the agreement. The agreement was determined to satisfy the requirements of Tenn. Code Ann. § 56-11-106(a)(1). TDCI approved this agreement on July 31, 2014.

   It is recommended that the Company comply with Tenn. Code Ann. § 56-11-106(a)(2) by filing Form D at least thirty (30) days prior to entering into any transactions within a holding company system.

2. The Company failed to follow Tenn. Code Ann. § 56-11-106(a)(2)(C), which requires that reinsurance agreements with affiliated parties are filed with the TDCI. No Forms D were submitted for reinsurance agreements in effect as of December 31, 2016.

   It is recommended that the Company comply with Tenn. Code Ann. § 56-11-106(a)(2)(C) by filing Form D at least thirty (30) days prior to entering into any transactions within a holding company system.

3. The Company failed to follow Tenn. Code Ann. § 56-6-117(b) which requires "An insurer or authorized representative of the insurer that terminates the appointment, employment, or contract with a producer for any reason not set forth in § 56-6-112 shall notify the commissioner within thirty (30) days following the effective date of the termination, using a format prescribed by the commissioner." From a review of a sample of terminations, there were numerous instances where the Company did not file notification with the TDCI in a timely manner.

   It is recommended that the Company comply with Tenn. Code Ann. § 56-6-117(b) by implementing a more stringent process around identification of terminated agents, and implement timely submission of notifications with the TDCI within thirty (30) days of an agent's termination.

CONCLUSION

Rules and procedures as prescribed by the statutes of the State of Tennessee and the customary insurance examination practices and procedures, as promulgated by the NAIC, have been followed in connection with the verification and valuation of assets and the determination of liabilities of Haulers Insurance Company, Inc.

In such manner, it was found that, as of December 31, 2016, the Company had admitted assets of $74,225,412 and liabilities, exclusive of capital and surplus, of $35,155,262. Thus, there existed for the additional protection of the policyholders, the amount of $39,070,150 in the form of common capital stock, aggregate write-ins for other than special surplus funds, gross paid in and contributed surplus, and unassigned funds. Tenn. Code Ann. §§ 56-2-114 and 56-2-115 require an insurer of this Company's type to maintain a minimum capital of $1,000,000 and a minimum surplus of $1,000,000. For this examination, as of December 31, 2016, the Company maintains capital and surplus in amounts sufficient to satisfy the requirements of Tenn. Code Ann. §§ 56-2-114 and 56-2-115.

The courteous cooperation of the officers and employees of the Company, extended during the course of the examination, is hereby acknowledged.

In addition to the undersigned, David Palmer, CFE, MCM, Examiner, Mario Ascic, Examiner, and Lindsey Pittman, CISA, CFE, MCM, IT Examiner, of the contracting firm, Lewis and Ellis, Inc., Allen, Texas, and Gregory Wilson, FSCA, MAAA of Lewis and Ellis, Inc., participated in this examination.

Respectfully submitted,

Katerina Bolbas, CFE, MCM
Examiner-in-Charge
Lewis & Ellis, Inc.
Representing the State of Tennessee

A. Jay Uselton, CFE
Insurance Examiner, EIC
State of Tennessee

AFFIDAVIT

The undersigned deposes and says that she has duly executed the attached examination report of Haulers Insurance Company, Inc. located in Columbia, Tennessee, dated May 23, 2018, and made as of December 31, 2016, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says she is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of her knowledge, information, and belief.

Katerina Bolbas, CFE, MCM
Examiner-in-Charge
Lewis & Ellis, Inc.
Representing the State of Tennessee

FLL DL B4112 500?
8778

State Fla

County ST Johns

Subscribed to and sworn before me

this 21 day of 6, 2018

Norbert Tuseo
(NOTARY)

My Commission Expires: 10/27/21

NOTARY PUBLIC STATE OF FLORIDA
NORBERT TUSEO
Commission # GG 119000
Expires October 27, 2021
Bonded Thru Budget Notary Services

AFFIDAVIT

The undersigned deposes and says that he has duly executed the attached examination report of Haulers Insurance Company, Inc. located in Columbia, Tennessee, dated May 23, 2018, and made as of December 31, 2016, on behalf of the Tennessee Department of Commerce and Insurance. Deponent further says he is familiar with such instrument and the contents thereof, and the facts therein set forth are true to the best of his knowledge, information, and belief.

A. Jay Uselton, CFE
Insurance Examiner, EIC

State Tennessee

County Davidson

Subscribed to and sworn before me

this 22nd day of June, 2018

(NOTARY)

My Commission Expires: March 8, 2021

JILL A. WILDER
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
COMMISSION EXPIRES 3-8-2021

EXHIBIT B

HICI™
HAULERS INSURANCE COMPANY, INC
A Shelter Insurance® Company

P. O. Box 270
Columbia, TN 38402-0270
www.haulersinsurance.com

June 26, 2018

E. Joy Little
Director of Financial Examinations/Chief Examiner
Tennessee Department of Commerce and Insurance
500 James Robertson Parkway
Nashville, TN 37243-1135

RE: Report of Examination - Haulers Insurance Company, Inc.

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for Haulers Insurance Company, Inc.

We have the following responses regarding the three recommendations on the report.

Recommendation 1: This was an incident which was the focus of a Consent Order with the Tennessee Division of Insurance in 2014. Haulers has since complied and will continue to comply with Tenn Statute 56-11-106(a)(2).

Recommendation 2: Our interpretation of Tenn. Code Ann. § 56-11-106(a)(2)(C) is that the original reinsurance agreement is to be filed with the TDIC and the statute only requires prior notice of renewals if certain thresholds are met. Form D was filed for the original reinsurance agreement. Each year renewal agreements were analyzed and those thresholds (as outlined by statute) were never met. Going forward, Haulers will adhere to Tenn. Code Ann. § 56-11-106(a)(2)(C) as it has been interpreted in this report by the TDIC.

Recommendation 3: The cited statute requires Haulers to notify the TN DOI within 30 days of the termination of a producer appointment, termination of employment of a producer, or termination of a contract with a producer. The instances cited in the exam findings are termination of appointments. Haulers uses Cumberland Licensing Corporation, an NIPR partner, to terminate appointments. That product notifies the TN DOI immediately. Other than the instances in 2013, Haulers has given proper notice of termination of an appointment.

Sincerely,

Christina M. Wal

Christina Workman
V.P. of Accounting and Assistant Treasurer