EXHIBIT A

STATE OF TENNESSEE

DEPARTMENT OF COMMERCE AND INSURANCE

REPORT ON EXAMINATION

OF

TENNESSEE FARMERS MUTUAL INSURANCE COMPANY

(NAIC # 15245)

COLUMBIA, TENNESSEE

AS OF

DECEMBER 31, 2015

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Columbia, Tennessee
June 2, 2017

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 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 a market conduct review, as of December 31, 2015, has been made of the conditions and affairs of:

TENNESSEE FARMERS MUTUAL INSURANCE COMPANY
NAIC # 15245
147 Bear Creek Pike
Columbia, Tennessee 38401-5409

hereinafter generally referred to as "TFMIC" or the "Company" 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 June 25, 2016, and was conducted by duly authorized representatives of the TDCI. This examination was called through the NAIC's Financial Examination Electronic Tracking System (FEETS). There were no requests from other states for a coordinated examination. It was conducted simultaneously with the examination of two (2) other insurance companies in the Tennessee Farmers Group, all based in Columbia, Tennessee, as follows:

- Tennessee Farmers Life Insurance Company
- Tennessee Farmers Assurance Company

SCOPE OF EXAMINATION

The last examination of the Company was made as of December 31, 2010. This examination covers the period January 1, 2011, through December 31, 2015, and includes any material transactions and/or events occurring subsequent to the examination date which were noted during the course of the examination.

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, 2015. 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 reviewed to determine which key activities and accounts would be examined. The key activities included: Investments; Underwriting; Reserving/Claims Handling; Reinsurance Assumed; Reinsurance Ceded; Related Party; Premiums; Taxes; Expenses; and Capital & Surplus.

The Company's 2015 annual statement was compared with or reconciled to the corresponding general ledger account balances.

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 and change 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.

Although the Company does not maintain an Internal Audit (IA) Department, it does have internal controls that are tested regularly. As such, tests of controls were used whenever possible to reduce the amount of substantive test work required to determine completeness and accuracy of annual statement financial reporting.

Independent actuaries, Lewis & Ellis, Inc., were utilized in the review of the Company's loss reserves.

Johnson Lambert LLP was the certified public accountant (CPA) and independent auditor for the Company for the years under examination. The CPA's work papers were reviewed for the 2015 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 on examination dated June 14, 2012, which covered the period from January 1, 2005, through December 31, 2010. The previous full-scope examination report contained two (2) comments. The Company addressed the prior exam comments during the course of the previous examination. Below is a description of the prior examination report's comments:

Comments:

The Company has a complaint register as required by Tenn. Code Ann. § 56-8-104 (11); however, the Company's records were found not to be in compliance with the statute in the following areas:

- The Company's records do not show the time it took to process each complaint. Therefore, the Company's average complaint processing time could not be determined as part of this examination.
- The Company's complaint records do not include data on complaints received through the TDCI. The Company stated that all complaints received through the Department are resolved quickly, with a response provided back to the Department in a timely manner; however no record of these complaints is maintained.

Prior to completion of the examination, the Company upgraded its complaint handling system so that the date each complaint is received is logged. The system tracks the date that the complaint was resolved. In addition, complaints received from the TDCI are now tracked using the complaint register.

COMPANY HISTORY

The Company was incorporated on December 22, 1952, pursuant to the provisions of the General Corporate Act of Tennessee, Chapter 90 of the Public Acts of 1929, codified as Sections 3709-3771, inclusive, of the Code of Tennessee 1932.

The Company was organized as a successor corporation to the business and affairs of Tennessee Farmers Insurance Company (TFIC), a Tennessee stock corporation, chartered on November 5, 1948, and located in Columbia, Tennessee. The effect of this reorganization was to convert the operations and business of TFIC from a stock proprietorship to a mutual plan. On December 30, 1952, the Company commenced the transaction of insurance business as a state mutual insurance company.

During 1952 and 1953 the Company received subscriptions for advanced surplus and issued certificates in the aggregate amounts of $348,400 and $172,350 respectively, for a total of $520,750 of which $80,550 was advanced by the Tennessee Farm Bureau Federation of Columbia, Tennessee, and $440,200 was advanced by 910 members of the Farm Bureau Federation. Subsequent to the issuance of the original surplus receipts, transfers of receipts have been made to other members of the Tennessee Farm Bureau Federation and many of these receipts have been redeemed. Therefore, as of December 31, 2015, the total of surplus receipts issued and outstanding is $6,350, which is reported in the Company's annual statement as "Aggregate write-ins for special surplus funds".

Effective December 30, 1952, the Company was issued an initial Certificate of Authority by the Tennessee Department of Insurance and Banking, (currently known as the TDCI) to transact the business of insurance in the state of Tennessee. On July 1, 1986, a perpetual certificate was issued which continues until suspended or revoked. This certificate was amended effective July 29, 1987, to include the surety line of business. At the examination date, the Company is authorized to conduct the business of property, vehicle, casualty, and surety in the state of Tennessee.

At December 31, 2015, the Company was licensed in one state, Tennessee.

MANAGEMENT AND CONTROL

MANAGEMENT

Directors

Management of the Company is vested in a Board of Directors ("Board") elected annually. In accordance with the Bylaws, the Board shall consist of not less than five (5) nor more than twenty-five (25) directors.

The following persons had been duly elected and were serving as members of the Company's Board of Directors, at December 31, 2015:

Name	Principal Occupation
Lacy Upchurch	President and Chairman, Tennessee Farmers Group
Jeff Aiken	Farmer
Willard Brown	Farmer
Joseph Allen Bryant	Farmer
Malcolm Burchfiel	Farmer
Robert Earhart	Farmer
Charles Hancock	Farmer
Dan Hancock	Farmer
James Haskew, Jr.	Farmer
Jason Luckey	Farmer
Jane May	Farmer/Homemaker
William Eric Mayberry	Farmer
David Mitchell	Farmer
David Richesin	Farmer
Jack Sanders	Farmer
Catherine Via	Farmer/Education Supervisor

The Board is charged with managing the business and affairs of the Company. Each director must be a member in good standing of the Tennessee Farm Bureau Federation, and must be a member in good standing of a county Farm Bureau. Though not required by the Charter or Bylaws of the Company, historically eleven (11) directors of the Board have also served on the Federation Board of Directors.

Officers

The Bylaws of the Company provide that the Board shall elect annually a president, a first vice president, a chief executive officer (CEO), a secretary, a treasurer, and such additional officers as the chief executive officer may propose and the Board approves.

The following officers were duly elected and were serving in the positions indicated for the Company, at December 31, 2015:

Name	Office
Lacy Upchurch	President and Chairman of the Board
Jeff Aiken	First Vice President
Matthew M. Scoggins, Jr.	Chief Executive Officer
Ed Lancaster	Secretary and General Counsel
Wayne Merrill	Treasurer and Chief Financial Officer
John Law	Chief Operating Officer
Steve Burt	Chief Information Officer
Jeff Pannell	Chief Marketing Officer
Neal Townsend	Chief Administrative Officer

The President functions as the Chairman of the Board and presides over all meetings of the stockholders and the Board. The President also serves as a conduit to the executive personnel concerning policy established by the Board. Subject to the control of the Board, the CEO shall have general management and control of the affairs and business of the Company, and shall perform all other duties and exercise all other powers commonly incident to his office, or which are required by law.

Committees

The Company's Investment Committee, at December 31, 2015, was as follows:

Name	Title
Lacy Upchurch	President
Matthew M. Scoggins, Jr.	Chief Executive Officer
Wayne Merrill	Treasurer and Chief Financial Officer
Dennis Stephen	Chief Operating Officer
Ed Lancaster	Secretary and General Counsel
Non-Voting Members	
Randy Maxwell	Investment Portfolio Manager
David Williamson	Investment Portfolio Manager
Jerry Cook	Vice President of Accounting

The Company's Audit Committee at December 31, 2015, was as follows:

Name	Title
Jeff Aiken	Director
Eric Mayberry	Director
Jason Luckey	Director
Jack Sanders	Director
Catherine Via	Director

Non-Voting Members

Matthew M. Scoggins, Jr.	Chief Executive Officer
Wayne Merrill	Treasurer/Chief Financial Officer
Edward Lancaster	Secretary/General Counsel

The administrative and executive functions of the Company are performed by the home office staff. The Company has its own marketing division located in the home office in Columbia, Tennessee. The Company is a direct writer, marketing its insurance products through captive agents. Offices are typically located in county farm bureau offices throughout Tennessee. These offices are staffed by licensed agents who operate as independent contractors. Underwriting activities are also performed by home office staff.

CONTROL

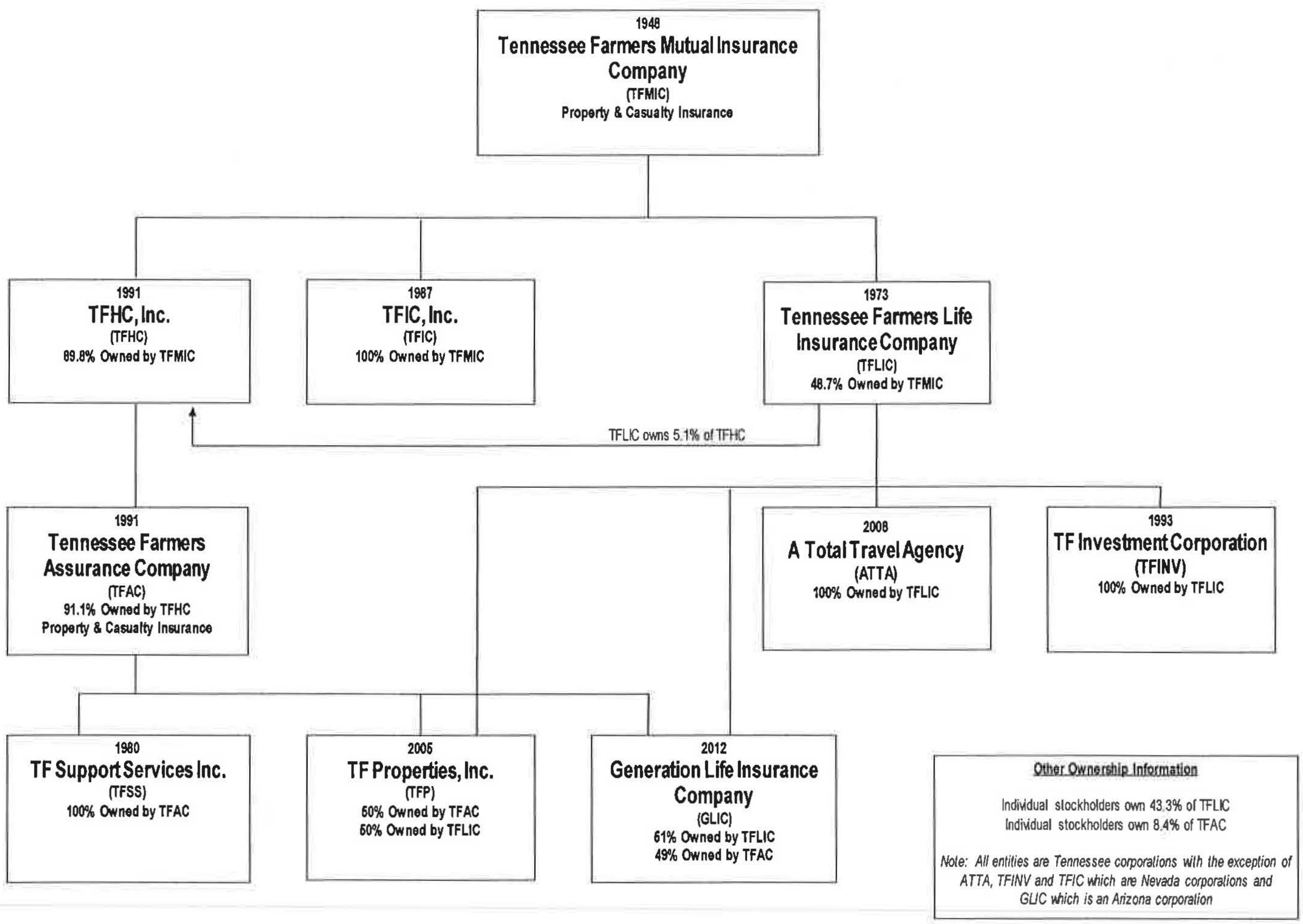
The Company is a mutual company, and as such, is owned by its policyholders. The Company additionally owns forty-eight and seven tenths percent (48.7%) of Tennessee Farmers Life Insurance Company (TFLIC) and eighty-nine and eight tenths percent (89.8%) of TFHC, Inc. TFHC, Inc. is a holding company which owns ninety-one and one tenth percent (91.1%) of Tennessee Farmers Assurance Company (TFAC).

The Company owns one hundred percent (100%) of the stock of TFIC, Inc., a Nevada corporation. TFIC, Inc. is an investment subsidiary, created to facilitate the purchase of tax exempt municipal bonds rated "1" by the NAIC's Securities Valuation Office. By permission granted by the TDCI, the Company provided funds necessary to capitalize and purchase the portfolio of bonds. All investments held by this subsidiary are for the benefit of the Company; however, all of the investment income is retained with TFIC, Inc., and does not flow upstream into the Company's books. As of December 31, 2015, the book value of the investments held by the Company in TFIC, Inc. was $297,960,387.

CONFLICTS OF INTEREST AND PECUNIARY INTERESTS

The Company established a conflict of interest policy for its Directors and Officers to attest to compliance with Tenn. Code Ann. § 56-3-103, prohibiting officers and directors from having a pecuniary interest in the investment or disposition of Company funds. The Officers and Directors filed annual conflict of interest statements for each year under examination.

ORGANIZATIONAL CHART



DIVIDENDS

During the period of examination, the Company declared and paid annual dividends to its policyholders. The following table lists each dividend amount:

Year	Dividend
2015	$1,262,823
2014	$8,674,966
2013	$1,815,087
2012	$1,116,570
2011	$1,272,292
Total	$14,141,738

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.

Charter

The Charter of the Company, in effect as of December 31, 2015, was filed and recorded with the Tennessee Secretary of State, on December 22, 1952. The Charter was approved by the Tennessee Department of Insurance and Banking, on December 22, 1952.

The Charter provided for the operation of a mutual insurance company with a perpetual existence and established its location in Columbia, Maury County, Tennessee. The Charter states that the purpose of the Company is the "operation of a mutual insurance company under and by virtue of the laws of the State of Tennessee, and particularly under and by virtue of Sections 6317-6440, inclusive, of Williams Code of Tennessee". The Company made no amendments to its Charter during the period of examination.

Bylaws

The Restated Bylaws of the Company in effect as of December 31, 2015, were restated effective April 9, 1992 in order to comply with Tennessee Corporation Act of 1986 and alleviate any technical deficiencies that may have accumulated since the Company was incorporated. They were last amended on April 4, 1994. No amendments have been enacted during the period of examination.

The current Bylaws are such as are 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 members.

AGREEMENTS WITH PARENT, SUBSIDIARIES, AND AFFILIATES

The Company had several agreements with affiliated companies in effect, as of December 31, 2015. The following are summaries of the agreements in effect:

Management Services Agreements – TFLIC and TFAC

The Company is a party to Management Services Agreements with two (2) of its affiliates, TFAC and TFLIC. Under these agreements, the Company performs all management, administrative, and other services that are reasonably necessary for the operation of the companies. These services include, but are not limited to: employees, legal, claims, managerial, and accounting.

The agreements provide for the Company to be paid for services and supplies in an amount determined in accordance with Treasury Regulation Section 1.482-2 *et seq.*, as codified in Title 26 of the United States Internal Revenue Code. The agreements call for settlement to be remitted on a quarterly basis.

The agreement with TFAC was dated April 25, 1991, and had an ending date of December 31, 1991, with the option to renew on a calendar year basis thereafter.

The agreement with TFLIC was dated December 21, 1973, and had an ending date of December 31, 1973, with the option to renew on a calendar year basis thereafter.

Management Service Agreement – Generation Life

Effective May 18, 2012, the Company and TFLIC entered into a Management Services Agreement with Generation Life Insurance Company ("Generation"), following the acquisition of Generation by TFLIC and TFAC. Under the terms of the agreement, the Company and TFLIC will supply personnel, supplies, equipment, and other facilities as required by Generation to carry on its everyday operations. Generation will pay a sum equal to the costs or deductions, determined in accordance with Treasury Regulation Section1.482-9 *et seq.*, incurred by the Company and TFLIC in rendering such services or making such supplies, equipment, or other facilities available.

Tax Allocation Agreement

The Company entered into a tax allocation agreement with its subsidiaries, TFAC, Tennessee Farmers Support Services, Inc., TFHC, Inc., and TFIC, Inc., effective December 31, 2011. Under the terms of the agreement, the subsidiaries shall establish a liability to the Company for the amount of federal income tax that relates to the subsidiary's contribution to the total consolidated federal income tax liability. In the event that a subsidiary incurs a net operating loss, thus providing a tax benefit to the consolidated group, the Company shall credit to the subsidiary the amount of the tax benefit attributable to the subsidiary's net operating loss. Amounts are to be settled no later than forty-five (45) days after the date on which the consolidated tax return is required to be filed.

Equipment Lease Agreement

The Company entered into a Lease Agreement with TFLIC on January 1, 2004. The lease automatically renews unless either party gives notice to discontinue. TFLIC purchases most of the equipment used within the holding company group and then leases it to various members. Expense is calculated based upon the expected useful life of the equipment and any other expense associated with the equipment.

Lease for Office Space

The Company leases buildings in Davidson, Dickson, Hamilton, Loudon, Wayne, Shelby, Madison, Maury, Putman, Greene, Wilson, and Coffee Counties that are owned by TFLIC. The buildings are used for claims offices as well as other operations.

FIDELITY BOND AND OTHER INSURANCE

Minimum fidelity bond coverage of $2,250,000 to $2,500,000 is suggested by guidelines published in the Handbook. Presently, the Company self-insures its employee dishonesty coverage (fidelity). Following is a schedule of insurance that is maintained by the Company at December 31, 2015:

Type of Coverage	Coverage Limits
Workers Compensation & Employers Liability	
Workers compensation	Tennessee statutory limit
Employers' liability	
Bodily injury by accident	$1,000,000 each accident
Bodily injury by disease	$1,000,000 each accident
Aggregate limit	$1,000,000

Coverage is underwritten by a carrier which is licensed in Tennessee.

Type of Coverage	Coverage Limits
Executive Liability and Entity Security Liability Policy Including Directors', Officers', Insured Entity and Employment Practices Liability Insurance	
Limit of Liability (inclusive of costs of defense)	$10,000,000

Coverage is underwritten by an insurer licensed in Tennessee. The following retention amounts apply: $100,000 retention per claim applies to Employment Practices Claims; $10,000 retention per claim applies to Fiduciary Claims; and $100,000 retention applies to other specific defined claims outlined in sections of the policy.

Type of Coverage	Coverage Limits
Commercial General Liability:	
Each occurrence	$2,000,000
General aggregate	$2,000,000
Products-Completed operations aggregate limit	$2,000,000
Personal & advertising limit	$2,000,000
Damage to premises rented	$50,000
Medical expense limit (any one person)	$5,000

Coverage is underwritten by the Company on their policy form.

EMPLOYEE BENEFITS AND PENSION PLANS

At December 31, 2015, the following benefits were available to the Company's employees:

Group Life and Long Term Disability Insurance

The referenced benefits are provided to all full-time employees on a non-contributory basis and to dependents on a contributory basis. Employees become eligible on the first day of the month following six months of employment.

Health Insurance

Group medical and dental insurance is provided to all full-time employees on a contributory basis. Employees become eligible on the first day of the month following their date of hire. Employees may also elect and pay for dependent coverage. The plan additionally covers well care, psychiatric care, and prescription drugs.

Tennessee Rural Health Improvement Association coordinates the self-funded employee health plans on behalf of the Company. The Administrative Coordinator is TRH Health Insurance Company. Participants in the plan are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA) and a Statement of ERISA Rights is included in the plan information summary provided to participants.

Retirement Plan (Defined Benefit Plan)

The Company sponsors a defined benefit pension plan for all eligible employees on a non-contributory basis. An employee becomes eligible for the plan when they have reached twenty-one (21) years of age and have completed one (1) year of eligible service. The benefits are based on years of service and the employee's highest three (3) consecutive years' average compensation.

Retirement Age
65 years (normal retirement)
62 years with 22 years' service
55 years with 25 years' service

Retirement Savings Plan (Defined Contribution Plan, 401(k)

The Company offers a 401(k) Plan for all eligible employees. An employee becomes eligible on the first April or October following their one (1) year anniversary of employment and attainment of twenty-one (21) years of age. The Company matches thirty percent (30%) of the employee contribution up to a maximum of six percent (6%) of eligible earnings. The match is made in the form of TFLIC and TFAC common stock.

Years of Service Bonus Program

The Company has a tenure bonus program where the employee earns a bonus based on their years of service. The bonus is calculated using $20 per year for each year of service up to nineteen (19) years, then $30 per year for years twenty (20) through twenty-nine (29), and $40 per year for thirty (30) or more years of service.

Other Benefits

Other benefits available for employees include holidays, sick leave, paid vacation time, service recognition awards, and educational assistance. The time of service with the Company determines the eligibility and amounts of time available to the employee.

TERRITORY AND PLAN OF OPERATION

TERRITORY

As of December 31, 2015, and as of the date of this report, the Company was licensed to transact business in the state of Tennessee. The Certificate of Authority for that jurisdiction was reviewed and found to be in order.

Premium tax records were reviewed for Tennessee, and no exceptions were noted.

SCHEDULE T – EXHIBIT OF PREMIUMS WRITTEN

State	Direct Premiums Written	Direct Premium Earned	Direct Losses Paid	Direct Losses Incurred	Direct Losses Unpaid
Tennessee	$1,190,438,018	$1,179,940,196	$659,853,813	$665,728,570	$284,391,335
Totals	$1,190,438,018	$1,179,940,196	$659,853,813	$665,728,570	$284,391,335

PLAN OF OPERATION

The Company operates as a direct writer of property and casualty insurance under the mutual plan, insuring risks of the following lines of business:

Fire	Inland marine	Auto physical damage
Allied lines	Earthquake	Surety
Farmowners	Other liability occurrence	Burglary and theft
Homeowners	Auto liability	

The insurance business of the Company is produced by a sales and production staff under the supervision of a Chief Marketing Officer assisted by Regional Agency Managers. The Company's captive agents are independent contractors serving as either Agency Managers or Agents. These agents also market business for TFLIC.

The production offices are primarily located in local Farm Bureau offices in the ninety-five (95) counties of the state of Tennessee. Following a county office restructuring program that was completed in 2011, the County Farm Bureaus and Agency Managers entered into Administrative Services and Lease Agreements with TF Support Services, Inc. (TFSS). TFSS administers the financial transactions between the Agency Manager and the County Farm Bureau Operations, allowing for a more accurate and defined allocation of operating expenses between the county office insurance operations and the Farm Bureau operations.

During the period under review and through the date of this report, all policy preparation was performed in the home office and was subject to the underwriting rules adopted by the Company and promulgated in accordance with approved rates. The adjustment of claims is also administered by the Company through its regional claim offices located throughout the state of Tennessee.

The largest net amount insured by the Company in any one risk is $2,700,000. In order to purchase a policy with the Company, the potential insured must be a member of the Tennessee Farm Bureau Federation. The policies issued are non-assessable in relation to contingency premiums. Dividends may be paid to policyholders from earned surplus funds, as declared by the Board.

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	Total Surplus	Earned Premiums	Incurred Losses
2015	$2,658,877,615	$584,261,819	$2,074,615,796	$583,809,328	$339,412,225
2014	$2,410,168,390	$602,717,642	$1,807,450,748	$570,220,206	$345,240,223
2013	$2,191,883,840	$541,506,567	$1,650,377,273	$550,806,474	$324,604,582
2012	$1,939,999,043	$490,576,543	$1,449,422,500	$525,372,730	$420,220,646
2011	$1,978,508,636	$573,488,456	$1,405,020,180	$510,999,145	$660,723,533

LOSS EXPERIENCE

As developed from applicable amounts included in the Company's annual statements filed with the TDCI, the ratios of losses incurred to earned premiums for the period subject to this examination were as follows:

Year	Losses Incurred	LAE Incurred	Premiums Earned	Loss Ratio
2015	$339,412,225	$44,744,742	$583,809,328	65.8%
2014	345,240,223	39,608,802	570,220,206	67.5%
2013	324,604,582	43,221,258	550,805,474	66.8%
2012	420,220,646	41,290,886	525,372,730	87.8%
2011	660,723,533	40,347,810	510,999,145	137.2%
Total	$2,090,201,209	$209,213,498	$2,741,206,883	83.9%

REINSURANCE AGREEMENTS

The Company's reinsurance agreements were reviewed and found to contain the standard provisions for arbitration, cancellation, errors and omissions, exclusions, insolvency, offset, settlement, taxes, and termination. The Company's reinsurance agreements transferred risk in accordance with SSAP No. 62 and NAIC guidelines. The following summary describes the significant reinsurance agreements in effect, as of December 31, 2015:

Assumed Reinsurance with Affiliates

Tennessee Farmers Assurance Company (TFAC)

The Company assumes, through a quota share agreement, fifty percent (50%) of all lines of business issued by TFAC, effective August 1, 1999. This agreement covers liabilities that existed on and after August 1, 1999.

Assumed Reinsurance with Non-Affiliates

American Agricultural Insurance Company (AAIC)

The Company assumes business from AAIC through several pooling agreements whereby business from other Farm Bureau-affiliated insurance companies is initially assumed by AAIC and then a portion is retroceded to the Company. These assumptions include business initially assumed by AAIC through its Columbus, Ohio office. The assumptions allow the Company to spread its geographical risk exposure. The agreements are renegotiated annually to adjust each company's share of the risks assumed and premiums paid. There are separate agreements based on the line of business being pooled, including a property pro-rata agreement, a property catastrophe agreement, an occurrence property and auto catastrophe agreement, a multi-line agreement, and an over-other protections agreement.

Ceded Reinsurance with Affiliates

Tennessee Farmers Assurance Company (TFAC)

The Company cedes, through a quota share agreement, fifty percent (50%) of all lines of business issued by the Company to TFAC, effective August 1, 1991. This agreement covers liabilities that existed on and after August 1, 1991.

The Company cedes, through a quota share agreement, fifty percent (50%) of the business assumed from AAIC, which AAIC initially assumed through its Columbus, Ohio office, to TFAC. This business is assumed by AAIC and retroceded to the Company. The Company uses the Columbus assumption to spread its geographical risk exposure.

Tennessee Farmers Life Insurance Company (TFLIC)

The Company cedes, through a quota share agreement, one hundred percent (100%) of the automobile blanket accidental death policies issued by the Company to TFLIC, effective January 1, 1995, and amended on January 1, 2008. This agreement covers liabilities that existed on and after January 1, 1995.

The Company cedes, through a quota share agreement, one hundred percent (100%) of the property blanket accidental death policies issued by the Company to TFLIC, effective February 1, 1990, and amended on January 1, 2008. This agreement covers liabilities that existed on and after February 1, 1990.

Ceded Reinsurance with Non-Affiliates

American Agricultural Insurance Company (AAIC)

The Company has several agreements with AAIC, including liability excess of loss, umbrella and catastrophe loss agreements. Liability risks exceeding $800,000 per occurrence are reinsured through excess casualty and surplus share agreements. In addition, the Company has a catastrophe agreement which provides $375 million property and automobile physical damage coverage above a $150 million retention.

LITIGATION AND CONTINGENT LIABILITIES

During the period of examination and as of December 31, 2015, the Company is a party to various pending legal proceedings arising in the ordinary course of business. Based upon the opinion of its counsel as to the ultimate disposition of such lawsuits and claims, Company management believes that contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company.

STATUTORY DEPOSITS

In compliance with statutory and other requirements, the Company maintained deposits with the named jurisdictions or custodians below as of December 31, 2015.

GENERAL DEPOSITS

Jurisdiction	Description of Security	Book/Adjusted Carrying Value	Fair Value	Par Value (Dollars)
Tennessee - Department of Insurance	Tennessee St. Municipal Bond, 5.0%, Due 5-1-2024 CUSIP # 880541MR5	$1,036,473	$1,094,580	$1,000,000
Tennessee- Department of Insurance	Tennessee St. Municipal Bond, 5.0%, Due 5-1-2030 CUSIP # 880541UR6	720,685	767,312	620,000
	Total General Deposits	**$1,757,158**	**$1,861,892**	**$1,620,000**

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

ACCOUNTS AND RECORDS

Tenn. Comp. R. & Regs. 0780-01-65-.08(4)(a), states that no partner or other person responsible for rendering a report by a certified public accounting (CPA) firm may act in that capacity for more than five (5) consecutive years. The Company was audited by Johnson Lambert, LLP for all years under examination. The CPA firm 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 books and records are located in Columbia, Tennessee.

MARKET CONDUCT ACTIVITIES

A market conduct review was made of the Company as of December 31, 2015, in conjunction with this examination. The following items were addressed:

Underwriting, Rates, and Policy Forms

In the examination of underwriting and rating, Company operations were examined for compliance with their own underwriting guidelines, filed rates and forms, and applicable statutes and rules. In conducting the examination, random samples were selected from open, closed, and declined underwriting files. As a result of examination, no issues or concerns were identified.

Complaint Handling Practices

The Company's complaint handling procedures and complaints received by the Company were examined to ensure that records maintained by the Company were in accordance with applicable statutes, rules and regulations, and that the time-frame within which the Company responded to complaints was reasonable. As a result of examination, no issues or concerns were identified.

Advertising

All advertising and sales materials used by the Company were examined for compliance with statutory and rule requirements. As a result of examination, no issues or concerns were identified.

Claims Handling Practices

The Company's efficiency of claims 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 approved and resisted by the Company. As a result of examination, no issues or concerns were identified.

Antifraud Plan

The Company does not have a formal antifraud plan, however, there are procedures in place designed to detect and investigate potentially fraudulent activity. The procedures were examined to ensure that they included proper guidance for employees. Company operations were also examined for implementation of antifraud measures. As a result of examination, no issues or concerns were identified.

Privacy of Consumer Information

The Company's policies and procedures for the privacy of consumer information were examined to ensure the Company had developed and implemented written policies and procedures for the management of confidential and personal insurance information. As a result of examination, no issues or concerns were identified.

SUBSEQUENT EVENTS

On October 3, 2016, the Company's subsidiaries, TFLIC and TFAC, sold all of their shares of Generation to iptiQ Americas, Inc., a Delaware corporation.

FINANCIAL STATEMENTS

There follows a statement of assets, liabilities, and a statement of revenue and expenses as of December 31, 2015, together with a reconciliation of capital and surplus for the period under review, as reported by the Company in its 2015 Annual Statement.

ASSETS

	Assets	Non-admitted Assets	Net Admitted Assets
Bonds	$1,086,567,147		$1,086,567,147
Preferred stocks	166,670		166,670
Common stocks	1,319,825,316		1,319,825,316
Cash and short-term investments	9,072,500		9,072,500
Other invested assets	1,769,914		1,769,914
Investment income due and accrued	13,209,161		13,209,161
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of collection	155,200,043		155,200,043
Deferred premiums; agents' balances and Installments deferred and not yet due	402,289		402,289
Amounts recoverable from reinsurers	1,935,260		1,935,260
Net deferred tax asset	26,168,270		26,168,270
Electronic data processing equipment and software	48,125	46,116	2,009
Receivables from parent; subsidiaries and affiliates	37,483,992		37,483,992
Aggregate write-ins for other-than-invested assets	260,579,560	253,504,516	7,075,044
Total assets	$2,912,428,247	$253,550,632	$2,658,877,615

LIABILITIES, CAPITAL, AND SURPLUS

Losses		$148,168,674
Reinsurance payable on paid losses and LAE		9,833
Loss adjustment expenses		81,579,917
Commissions payable		8,554,266
Other expenses		47,000,705
Taxes, licenses and fees		1,350,242
Current federal income taxes		1,134,494
Unearned premiums		221,704,027
Advance premium		12,055,854
Dividends declared and unpaid:		
Policyholders		1,276,080
Ceded reinsurance premiums payable		5,335,083
Amounts withheld by company for account of others		6,559,710
Payable to parent, subsidiaries and affiliates		1,311,676
Payable for securities		3,569,205
Aggregate write-ins for liabilities:		
Post-retirement benefit obligation		40,678,088
SERP retirement obligation		3,973,965
Total liabilities		584,261,819
Aggregate write-ins for special surplus funds	$6,350	
Unassigned funds (surplus)	2,074,609,446	
Surplus as regards policyholders		2,074,615,796
Totals		$2,658,877,615

STATEMENT OF INCOME

UNDERWRITING INCOME		
Premiums earned		$583,809,328
Deductions:		
Losses incurred	$339,412,225	
Loss adjustment expenses incurred	44,744,742	
Other underwriting expenses incurred	89,506,556	
Total underwriting deductions		473,663,523
Net underwriting gain (loss)		110,145,805
INVESTMENT INCOME		
Net investment income earned	52,996,718	
Net realized capital gains (losses)	1,347,313	
Net investment gain (loss)		54,344,031
OTHER INCOME		
Finance and service charges not included in premiums	3,793,447	
Aggregate write-ins for miscellaneous income	379,250	
Total other income		4,172,697
Net income before dividends to policyholders and federal income taxes		168,662,533
Dividends to policyholders		1,262,823
Net income before federal income taxes		167,399,710
Federal income taxes incurred		25,962,582
Net income		$141,437,128

CAPITAL AND SURPLUS ACCOUNT

	2015	2014	2013	2012	2011
Capital and surplus December 31, prior year	$1,807,450,748	$1,650,377,273	$1,449,422,500	$1,405,020,180	$1,654,695,137
Net Income	141,437,128	134,780,242	159,814,537	34,184,259	(145,984,726)
Change in net unrealized capital gains or (losses)	114,148,330	103,168,749	115,373,525	20,912,211	(140,844,538)
Change in net deferred income tax	(20,457,233)	(3,620,574)	(22,800,801)	3,850,051	48,087,087
Change in non-admitted assets	(1,486,736)	(42,577,127)	(10,762,952)	(13,721,381)	(37,105,608)
Aggregate write-ins for gains and losses in surplus:					
Surplus receipts repaid	(400)			(150)	
Interest on surplus receipts	(392)	(405)	(405)	(406)	(414)
Agents deferred benefits				(822,264)	(230,852)
Change in SERP pension plan	1,226,972	(3,051,883)	(2,479,345)		
Change in PRBO pension plan	32,297,379	(31,625,527)	(38,189,786)		
Additional DTA - SSAP #10R					26,404,094
Net change in capital and surplus for the year	267,165,048	157,073,475	200,954,773	44,402,320	(249,674,957)
Capital and surplus December 31, current year	$2,074,615,796	$1,807,450,748	$1,650,377,273	$1,449,422,500	$1,405,020,180

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

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

SUMMARY SCHEDULE FOR CHANGES IN CAPITAL AND SURPLUS

There were no adjustments to capital and surplus as of December 31, 2015, based on the results of this examination.

COMMENTS AND RECOMMENDATIONS

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

Comments

None.

Recommendations

None.

CONCLUSION

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 Tennessee Farmers Mutual Insurance Company.

In such manner, it was found that as of December 31, 2015, the Company had admitted assets of $2,658,877,615 and liabilities, exclusive of surplus, of $584,261,819. Thus, there existed for the additional protection of the policyholders, the amount of $2,074,615,796 in the form of special surplus funds of $6,350, and unassigned funds of $2,074,609,446. Tenn. Code Ann. §§ 56-2-114 and 56-2-115 require an insurer of this Company's type to maintain a minimum surplus of $2,000,000. Therefore, the Company as of December 31, 2015, for this examination maintains surplus in excess of the amounts required pursuant to 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, Daniel Clements, CPA, and Jonathan Habart, CPA, Insurance Examiners for the State of Tennessee, and Eric Dercher, CFE, Vitaliy Kyryk, CFE, Carol Riley, AES, CISA, and Stefan Obereichholz-Bangert, CISA, Insurance Examiners with the firm Noble Consulting Services, Inc., Indianapolis, Indiana, representing the State of Tennessee, participated in the work of this examination. An actuarial review was performed by Michael Mayberry, FSA, MAAA, and Greg Wilson, FCAS, FSA, MAAA, of the actuarial firm Lewis & Ellis, Inc., Richardson, Texas.

Respectfully submitted,

Rhonda Bowling-Black

Rhonda Bowling-Black, CFE, ARe, MCM
Examiner-in-Charge
State of Tennessee

AFFIDAVIT

The undersigned deposes and says that she has duly executed the attached examination report of Tennessee Farmers Mutual Insurance Company located in Columbia, Tennessee, dated June 2, 2017, and made as of December 31, 2015, 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.

Rhonda Bowling-Black

Rhonda Bowling-Black, CFE, ARe, MCM
Examiner-in-Charge
State of Tennessee

State Tennessee

County Davidson

Subscribed to and sworn before me

this 20th day of June, 2017

Mindy C. Walker
(NOTARY)

MINDY C WALKER
STATE OF TENNESSEE
NOTARY PUBLIC
DAVIDSON COUNTY
MY COMMISSION EXPIRES 7-6-2020

My Commission Expires: 7·6·2020

EXHIBIT B

Farm Bureau INSURANCE Tennessee
Auto • Home • Life

Tennessee Farmers Insurance Companies
Corporate Headquarters
Post Office Box 307
Columbia, TN 38402-0307
931.388.7872 • www.fbitn.com

June 20, 2017

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

RE: Report of Examination – **Tennessee Farmers Mutual Insurance Company**

Dear Ms. Little:

We hereby acknowledge receipt of the final Report of Examination for **Tennessee Farmers Mutual Insurance Company**. By signing below, we indicate acceptance of the report, as transmitted, and without rebuttal.

Sincerely,

Jeff Pannell
Chief Executive Officer
Tennessee Farmers Insurance Companies