

I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused to First Benefits Insurance Mutual, Inc., as of December 31, 2020 with the original on file at this Department and find the same to be a correct copy of the whole said original.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed my official seal at the City of Raleigh, this the 3rd day of June, 2022.



Mike Causey
Commissioner of Insurance



Ke Xu, CPA, CFE
Chief Financial Examiner
Financial Examination Division

First Benefits Insurance Mutual, Inc.

Raleigh, North Carolina

Report on Examination

As of December 31, 2020

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May 6, 2022

Honorable Mike Causey
Commissioner of Insurance
State of North Carolina
Raleigh, North Carolina

Sir:

Pursuant to your instructions and in accordance with Section (“§”) 58-2-131 of the General Statutes of North Carolina (“GS”), the North Carolina Department of Insurance (“Department”) conducted an examination of the records, business affairs and financial condition of

First Benefits Insurance Mutual, Inc.

(hereinafter referred to as the “Company”), at its main administrative and statutory home office located at 209 Fayetteville Street, Raleigh, North Carolina. The following report on examination is respectfully submitted.

SCOPE OF THE EXAMINATION

We performed a full-scope statutory examination of the Company. This examination covers the period from January 1, 2016, to December 31, 2020, including any material transactions and events occurring subsequent to the examination date and noted during the course of this examination. The Department’s most recent prior examination of the Company was as of December 31, 2015.

The purpose of this examination is to assess the financial condition and controls of the Company and set forth findings of fact (together with citations of pertinent laws, regulations, and rules) with regard to any material adverse findings disclosed by the examination.

We conducted our examination in accordance with auditing standards established by the Department and the National Association of Insurance Commissioners (“NAIC”) Financial Condition Examiners Handbook (“Handbook”). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer’s surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process and the following key functional activities were identified:

Claims Handling and Reserves
Investments
Premiums and Underwriting
Reinsurance Ceding
Surplus Management

This may include assessing significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with GS Chapter 58 and evaluating management's compliance with statutory accounting principles. This examination does not attest to the fair presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately from the Company's financial statements.

This examination report includes significant findings of fact and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to the Company.

The Company's Annual Statements, work papers, and the independent audit work papers were reviewed and relied upon whenever possible. A trial balance reconciliation of the Annual Statement was performed, as were a verification of ownership and valuation of assets, determination of liabilities and reserves, and an analysis and review of such accounts and records as deemed necessary by the examination team. A management representation letter attesting to the Company's ownership of assets, the nonexistence of unrecorded liabilities and contingent liabilities was received from Company management.

The books and records of the Company are audited annually by independent certified public accountants in accordance with GS § 58-10-185(a). Taylor Chandler PLLC of Montgomery, Alabama, the designated independent public accountant of the Company, issued an unmodified opinion for each year subsequent to the Department's prior examination through, and including, the year ended December 31, 2020.

REPORT ACRONYMS

AIMCO Mutual Insurance Company	“AIMCO”
Board of Directors	“Board”
Financial Condition Examiners Handbook	“Handbook”
First Benefits Insurance Mutual, Inc.	“Company”
General Statutes	“GS”
National Association of Insurance Commissioners	“NAIC”
National Workers’ Compensation Reinsurance Pool	“Pool”
North Carolina Department of Insurance	“Department”
North Carolina Retail Merchants Association	“Association”
North Carolina Retail Self-Insurance Fund	“Fund”
Third Party Administrator	“TPA”
209 Retail Partners, LLC	“RPLLC”

SUMMARY OF SIGNIFICANT FINDINGS

COMMENTS, RECOMMENDATIONS AND DIRECTIVES

- a. Conflict of interest forms were not properly executed by all officers and directors for the year 2018. The Company is directed to require all officers and directors to disclose any conflicts to the Board of Directors (“Board”) for a determination of its acceptability or the remedial disposition of the conflict in accordance with North Carolina Administrative Code 11 NCAC 11C .0117.
- b. The Company reported inaccurate information in its 2020 Annual Statement filed with the Department, more specifically Schedule P Part 5 D, Schedule F Part 6, and Schedule P Part 1. According to GS § 58-2-165(c), “...all statements filed under this section must be prepared in accordance with the appropriate NAIC Annual Statement Instructions Handbook and pursuant to the NAIC Accounting Practices and Procedures Manual and on the NAIC Model Financial Statement Blank...” The Company is directed to provide accurate information in all future filings to the Department pursuant to GS § 58-2-165(c).

COMPANY HISTORY

The North Carolina Retail Merchants Association (“Association”) formed the North Carolina Retail Self-Insurance Fund (“Fund”) in 1992 as a self-insured worker’s compensation fund. In 2007, the Fund was converted to a mutual insurance company and renamed as First Benefits Insurance Mutual, Inc. The Company was incorporated on November 19, 2007 and commenced business on January 1, 2008.

DIVIDENDS TO POLICYHOLDERS

Dividends are paid as declared by the Board of the Company. Under the insurance regulations of North Carolina, the maximum amount of ordinary dividends which the Company may pay to policyholders is

limited to the greater of 10% of the most recent year-end policyholders' surplus or net income (excluding realized capital gains) earned for that same year-end. Any amounts in excess of this are considered extraordinary. The Company paid no dividends during the years 2016 through 2020.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Members

The bylaws of the Company provide that the Association shall always be a member of the Company. Every policyholder shall be a member of the Association or such other organizations as the Board may approve. Each policyholder shall be a member of the Company as long as such policy is in full force and in effect. An annual meeting of the members shall be held at such time and place as the Board may appoint. Special meetings of the members may be called at any time by the following: President, Secretary, Board, the Association or by one-tenth of the members.

Board of Directors

The business of the Company is conducted by its management team and subject to review by the Board. The bylaws specify that the number of directors shall be seven. The Board shall be composed of the following: the President of the Association, three representatives of the Association who are appointed by the Association, and three directors elected at the annual meeting of the members. Each director elected shall hold office until a successor is elected and qualified.

The following individuals served as directors as of December 31, 2020:

Name	Location	Principal Occupation
Murchinson Biggs	Lumberton, North Carolina	Treasurer, K.M. Biggs Inc.
Nancy Adams	Sanford, North Carolina	Vice President, Greg Adams Enterprises, Inc.
Steve Ashworth	Fuquay-Varina, North Carolina	Owner, Ashworth's Inc.
Todd Baitsholts	Raleigh, North Carolina	Chief Financial Officer, First Benefits Insurance Mutual, Inc.
W. Kirk Crawford	Charlotte, North Carolina	Retired
Phillip Ellen	Raleigh, North Carolina	President, First Benefits Insurance Mutual, Inc.
Reece Hester	Raleigh, North Carolina	President, North Carolina Tire Dealers and Retreaders Association

The Board has the authority to establish committees to manage the business of the Company. The Board has established an Audit Committee and an Investment Committee to act on behalf of the Company.

The following individuals served on the committees as of December 31, 2020:

Audit Committee

Murchinson Biggs, Chair
Nancy Adams
Steve Ashworth
Todd Baitsholts
W. Kirk Crawford
Phillip Ellen
Reece Hester

Investment Committee

W. Kirk Crawford, Chair
Murchinson Biggs
Phillip Ellen

Officers

The bylaws provide that the Board will elect the officers of the Company. The officers of the Company consist of a president, a secretary, a treasurer, and any other officers deemed necessary by the Board. All officers shall hold office, subject to removal at any time by the Board, until their successors are elected and qualified. Any two offices may be held by the same person.

The following individuals served as officers of the Company as of December 31, 2020:

Name	Title
Murchinson Biggs	Chairman of the Board
Phillip Ellen	President
Todd Baitsholts	Treasurer
Nancy Adams	Secretary

CODE OF CONDUCT AND CONFLICT OF INTEREST

The Company has an established policy and procedure to identify existing or potential conflicts of interest and to report the same to the Board. Annually, the Company requires a signed statement from each director and officer disclosing any conflict of interest. A review of the signed conflict of interest statements for the examination period revealed that the Company did not act in accordance with its policies and procedures for disclosure of conflicts of interest. (Refer to Summary of Significant Findings)

CORPORATE RECORDS

We reviewed the minutes of the meetings of the Board and its committees for the period under examination. Based on our review, it appears that the minutes documented the Company's significant transactions and events and that the directors approved these transactions and events.

The Company's articles of incorporation and bylaws were reviewed for any changes during the period under examination. No changes were made during the examination period.

STATUTORY DEPOSITS

Statutory deposits are maintained as required by insurance regulatory agencies for doing business in such jurisdictions. The Company's 2020 Annual Statement Schedule E, Part 3 contains a complete description and listing of the Company's statutory deposits by state. The Company maintains statutory deposits in North Carolina, Georgia, Virginia, and South Carolina.

FIDELITY BONDS AND OTHER INSURANCE

The Company has fidelity bond coverage totaling \$1,000,000 in aggregate, which exceeds the minimum amount of fidelity bond coverage recommended by the Handbook.

In addition, the Company is a named insured on various corporate property and liability policies issued to the Association, which appeared to be adequate to cover risks in the normal course of business.

THIRD PARTY ADMINISTRATOR

The Company utilizes Total Quality Management, a Third Party Administrator ("TPA"), to provide administrative and support services to the Company, including marketing, underwriting, claims, policy services and the general day-to-day operations. The TPA is owned by the Association. The Company incurred service fees totaling \$2,939,608 and \$2,828,714 in 2020 and 2019, respectively.

RELATED PARTY TRANSACTIONS

The Company has a royalty agreement with the Association effective May 18, 2009, whereby the Company is granted a license to use the Association's name and logo. The Company paid \$586,795 and \$591,584 in 2020 and 2019, respectively, under this agreement.

The Company has a 49% ownership interest in 209 Retail Partners, LLC ("RPLLC"), which was organized on December 20, 2013. RPLLC owns an office building located at 209 Fayetteville Street, Raleigh, North Carolina, a portion of which is used by the Company as its headquarters. The Association owns the remaining 51% ownership.

The Company paid \$47,500 and \$40,000 to NCRMA Service Corp in legislative consulting services during 2020 and 2019, respectively. NCRMA Service Corp is owned by the Association.

TERRITORY AND PLAN OF OPERATION

At December 31, 2020, the Company was licensed in the states of North Carolina, South Carolina, Georgia, and Virginia.

The Company writes workers' compensation policies through independent agents for participating members of the Association, the North Carolina Tire Dealers and Retreaders Association and participating Local Chambers of Commerce.

TRENDS OF THE COMPANY

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Company for the five-year period ended 2020:

Year	Net Admitted Assets	Capital and Surplus	Gross Premiums Written	Net Earned Premiums	Net Income
2020	\$48,278,096	\$15,116,590	\$22,354,724	\$18,670,019	\$1,160,316
2019	\$47,577,530	\$12,854,488	\$21,125,029	\$17,843,285	\$1,528,648
2018	\$46,933,298	\$10,265,227	\$21,389,454	\$18,024,810	\$281,502
2017	\$46,027,407	\$10,425,548	\$21,007,303	\$17,809,658	\$553,942
2016	\$44,132,125	\$8,816,003	\$21,905,353	\$18,365,321	\$876,220

ACTUARIAL OPINION

Every property and casualty insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually submit the opinion of an appointed actuary and an actuarial opinion summary in accordance with GS § 58-10-150 and GS § 58-10-155.

The statutory reserves and related items for 2020 were reviewed and certified by the Company's Appointed Actuary, David M. Shepherd, FCAS, MAAA of Merlinos & Associates, Inc. Actuarial opinions regarding the Company's reserves for losses and loss adjustment expenses were issued by an appointed actuary for all years in the examination period. The appointed actuary evaluated the data provided by the Company for reasonableness and consistency of the losses and loss adjustment expense reserves. According to the actuarial opinions, the Company's reserve on the losses and loss adjustment expenses met the requirements of the insurance laws of North Carolina; were consistent with reserves computed in accordance with accepted actuarial standards and principles; and made a reasonable provision for all unpaid losses and loss expense obligations of the Company.

REINSURANCE PROGRAM OVERVIEW

REINSURANCE CEDED

Excess of Loss

The Company has excess of loss contracts with various reinsurers ("Reinsurers"), effective January 1, 2020, whereby the Reinsurers provide coverage up to the Company's policy limits. The Company recovers 100% of each loss that exceeds \$400,000 and up to \$15,000,000 for workers' compensation and employer liability losses, subject to an occurrence limit.

The following table summarizes of each layer of coverage provided by the contracts:

Excess of Loss			
Layer	Retention	Reinsurance Coverage	Maximum Occurrence Limit
First	\$400,000	\$200,000 losses in excess of \$400,000	Two times the annual premium
Second	\$600,000	\$400,000 losses in excess of \$600,000	\$2,400,000 for all loss occurrences
Third	1,000,000	\$9,000,000 losses in excess of \$1,000,000	\$9,000,000 for each workers' compensation loss occurrence \$4,000,000 each employer's liability loss occurrence

The Company ceded written premiums totaling \$3.3 million and \$3.1 million in 2020 and 2019, respectively, under these contracts.

Catastrophe Excess of Loss

The Company has a two-layer workers' compensation catastrophe excess of loss reinsurance contract with Reinsurers, effective January 1, 2020, whereby the Reinsurers indemnify the Company for any loss or losses occurring under policies classified by the Company as workers' compensation and employer liability.

The following table summarizes of each layer of coverage provided by the contract:

Catastrophe Excess of Loss			
Layer	Company Retention	Reinsurance Coverage per occurrence	Maximum Occurrence Limit
First	\$10,000,000	\$5,000,000 net loss in excess of \$10,000,000	\$10,000,000
Second	\$15,000,000	\$10,000,000 net loss in excess of \$15,000,000	\$20,000,000

The Company ceded written premiums totaling \$357 thousand and \$212 thousand in 2020 and 2019, respectively, under the contract.

REINSURANCE ASSUMED

Workers' Compensation Pool

The Company participates in the National Workers' Compensation Reinsurance Pool ("Pool"), a residual market reinsurance mechanism for servicing carriers of workers' compensation assigned risk plans administered by the National Council on Compensation Insurance, Inc. As a participant, the Company assumes premiums, losses, costs, and other expenses arising from coverage provided under authorized insurance plans written through a servicing carrier. The business assumed from the Pool is the Company's proportionate share of the total voluntary market for workers' compensation in the States where the Company writes business. The Company assumed premiums totaling approximately \$1.2 million and \$1.3 million in 2020 and 2019, respectively, from the Pool.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2020. The supporting exhibits present the information required to be included, in conformity with reporting practices prescribed by the Department. The financial statements and supporting schedules as of December 31, 2019, are unexamined and are presented for comparative purposes only.

First Benefits Insurance Mutual, Inc.
Statutory Statement of Admitted Assets
December 31, 2020

	2020	2019 <i>(unexamined)</i>
Bonds	\$19,721,682	\$22,530,144
Preferred stocks	498,720	465,465
Common stocks	13,373,311	9,212,903
Cash and short-term investments	5,664,420	7,821,388
Other invested assets	3,295,097	2,378,110
Total cash and invested assets	42,553,230	42,408,010
Investment income due and accrued	117,823	147,074
Premiums and agents' balances in course of collection	4,742,126	4,536,683
Premiums and agents' balances booked but deferred and not yet due	364,917	363,692
Reinsurance recoverable	100,000	122,071
Federal income tax recoverable	400,000	-
Total admitted assets	\$48,278,096	\$47,577,530

First Benefits Insurance Mutual, Inc.
Statutory Statement of Liabilities and Surplus
December 31, 2020

	2020	2019 <i>(unexamined)</i>
Losses	\$19,042,388	\$21,978,029
Loss adjustment expenses	3,333,387	3,928,926
Commissions payable, contingent commissions and other similar charges	573,502	469,573
Other expenses	1,012,324	825,669
Taxes, licenses, and fees	104,505	118,244
Federal income tax liability	-	200,000
Net deferred tax liability	675,000	175,000
Unearned premiums	6,410,190	5,765,827
Advance premium	860,939	683,387
Ceded reinsurance premiums payable	496,593	152,214
Policyholder deposits	180,245	83,538
Policyholder credits	472,433	342,635
Total Liabilities	33,161,506	34,723,042
Guaranteed capital	560,000	560,000
Unassigned funds	14,556,590	12,294,488
Total Surplus	15,116,590	12,854,488
Total Liabilities and Surplus	\$48,278,096	\$47,577,530

First Benefits Insurance Mutual, Inc.
Statutory Statement of Operations
December 31, 2020

	2020	2019 <i>(unexamined)</i>
Underwriting Income		
Premiums Earned	\$18,025,656	\$18,188,744
Deductions		
Losses incurred	9,481,944	10,157,196
Loss adjustment expenses incurred	2,244,068	1,865,485
Other underwriting expenses incurred	6,131,093	6,068,550
Total underwriting deductions	17,857,105	18,091,231
Net underwriting gain	168,551	97,513
Investment Income		
Net investment income earned	543,459	694,369
Net realized capital gains	336,229	1,066,479
Net investment gain	879,688	1,760,848
Other Income		
Net gain (loss) from agents' or premium balances charged off	(200,769)	150,046
Finance and service charges not included in premiums	(87,154)	(25,796)
Total other income(loss)	(287,923)	124,250
Federal income taxes incurred	(400,000)	453,963
Net Income	\$1,160,316	\$1,528,648

First Benefits Insurance Mutual, Inc.
Statutory Statement of Surplus
December 31, 2020

	2020	2019 <i>(unexamined)</i>
Surplus as regards policyholders, beginning of year	\$12,854,488	\$10,265,227
Surplus increases (decreases):		
Net income	1,160,316	1,528,648
Change in net unrealized capital gains	1,267,525	1,479,853
Change in net deferred income tax	(500,000)	(415,000)
Change in non-admitted assets	334,261	(4,240)
Change in surplus as regards policyholders for the year	2,262,102	2,589,261
Surplus, as regards policyholders, end of year	\$15,116,590	\$12,854,488

First Benefits Insurance Mutual, Inc.
Statutory Statement of Cash Flow
December 31, 2020

	2020	2019 <i>(unexamined)</i>
Cash (Used By) Operations		
Premiums collected net of reinsurance	\$18,850,974	\$17,447,600
Net investment income	709,593	675,514
Miscellaneous income	(287,923)	124,250
Total	19,272,644	18,247,364
Benefit and loss related payments	12,395,514	10,529,735
Commissions, expenses paid and aggregate write-ins	8,693,855	8,553,631
Federal income taxes paid	200,000	200,000
Total	21,289,369	19,283,366
Net cash (used by) operations	(2,016,725)	(1,036,002)
Cash (Used By) Investments		
Proceeds from investments sold, matured, or repaid	14,161,201	20,305,633
Cost of investments acquired	14,983,971	21,177,821
Net cash (used by) investments	(822,770)	(872,188)
Cash From Financing and Miscellaneous Sources		
Other cash provided	682,527	216,242
Net cash from financing and miscellaneous sources	682,527	216,242
Reconciliation of Cash and Short-Term Investments		
Net change in cash and short-term investments	(2,156,968)	(1,691,948)
Cash and short-term investments, beginning of year	7,821,388	9,513,336
Cash and short-term investments, end of year	\$5,664,420	\$7,821,388

COMMENTS ON FINANCIAL STATEMENTS

There were no proposed adjustments to the Company's financial statements filed with the Department as a result of this examination.

Basis of Presentation and Summary of Significant Accounting Policies:

The accompanying financial statements have been prepared on the basis of the accounting practices prescribed or permitted by the Department.

The more significant accounting policies followed by the Company are as follows:

Bonds: Carried at amortized value using the interest method. Bonds with lower credit ratings are carried at the lower of amortized cost or fair value.

Preferred stocks: Investment grade redeemable preferred stocks are stated at amortized value. Preferred stock at non-investment grade is stated at the lower of amortized value or fair value.

Common stocks: Carried at market value.

Cash and short-term investments: Carried at amortized cost (which approximates fair value) and includes money market instruments and debt securities with maturities of less than one year.

Premiums: Insurance premiums, net of premiums ceded to reinsurers, are earned over the terms of the related policies and reinsurance contracts. The portion of direct premiums written applicable to the unexpired terms of the policies is recorded as unearned premium. Premiums are earned on a pro rata basis.

Reinsurance: Premiums, commissions, expense reimbursements, and reserves are reported for on a basis consistent with the original policies issued and the terms of the reinsurance agreements. Premiums ceded are reported as a reduction of premium income. Losses and loss adjustment expenses are reported as reductions of those items.

Business acquisition costs: Charged to income as incurred.

Non-admitted assets: Certain assets, such as premiums over 90 days past due and prepaid expenses, are "non-admitted" and are charges against surplus.

Unpaid loss & loss adjustment expense: Includes amounts determined from individual case estimates and loss reports and amounts, based on experience, for losses incurred but not reported. Estimated amounts of reinsurance recoverable are deducted from the reserve for losses and loss adjustment expense.

Analysis of Assets:

The Company reported the following assets as non-admitted at December 31, 2020: Uncollected premiums and agent's balances totaling \$1,346,068, deferred premiums and installments totaling \$40,546, and software totaling \$228,782.

Reinsurance Activity:

The Company has Excess of Loss and Catastrophe reinsurance contracts to minimize its exposure to losses. Reinsurance contracts do not relieve the Company of its primary obligation to policyholders. Failure of the reinsurers to discharge their obligations could result in losses to the Company. The Company utilizes BMS Re as a reinsurance intermediary to negotiate and obtain reinsurance contracts on its behalf for specifically identified risks.

Direct, assumed, and ceded premiums written and earned are as follows:

	2020	2019
Direct and assumed written	\$ 22,354,724	\$21,125,029
Ceded written	3,684,705	3,281,744
Net written	18,670,019	17,843,285
Direct and assumed earned	21,494,671	21,529,983
Ceded earned	3,469,015	3,341,239
Net earned	\$18,025,656	\$18,188,744

The reinsurers share in the risks at different levels as specified in the reinsurance contracts. The types of contracts and retention limits are described under the Reinsurance Program Overview.

Summary of Reserves:

The following provides a reconciliation of the Company's reserves for losses and loss adjustment expenses.

	2020	2019
Reserve for losses and loss adjustment expenses, beginning of year	\$ 25,906,955	\$27,472,114
Add:		
Provision for losses and loss adjustment expenses, current year	14,940,000	16,376,000
Change in estimated losses and loss adjustment expenses, prior years	(3,213,180)	(4,353,318)
Total incurred	11,726,820	12,022,682
Deduct:		
Losses and loss adjustment expenses paid, current year	5,145,000	4,794,000
Losses and loss adjustment expenses paid, prior year	10,113,000	8,793,841
Total paid	15,258,000	13,587,841
Reserve for losses and loss adjustment expenses, end of year	22,375,775	25,906,955
(Decrease) Increase in reserve for losses and loss adjustment expenses	(\$3,531,180)	(\$1,565,159)

Reserves for losses and loss adjustment expenses are reported net of the amounts that are recoverable under the Company's reinsurance contracts. At December 31, 2020, and 2019, the liability for losses and loss adjustment expenses was reduced by \$7,784,000 and \$7,710,000, respectively, for amounts to be recovered from reinsurers.

Surplus:

The following, in conjunction with the Statutory Statement of Surplus, represents the changes in the Company's surplus since the Department's last examination as of December 31, 2015:

	2018	2017	2016
Surplus, as regards policyholders, beginning of year	\$10,425,548	\$8,816,003	\$8,492,376
Surplus increases (decreases):			
Net income	281,502	553,942	876,220
Change in net unrealized capital gain (loss)	(1,461,743)	1,194,716	100,342
Change in net deferred income tax	496,000	(176,000)	(85,814)
Change in non-admitted assets	23,920	36,887	(629,035)
Change in provision for reinsurance	-	-	61,914
Change in guaranteed capital	500,000	-	-
Change in surplus as regards policyholders for the year	(160,321)	1,609,545	323,627
Surplus, as regards policyholders, end of year	\$10,265,227	\$10,425,548	\$8,816,003

Contingencies and Commitments:

The Company is involved in routine legal and administrative proceedings incidental to the conduct of its business. While the outcome of these matters cannot be estimated with certainty, it is the opinion of management that the resolution of these matters will not have a material effect on the financial position of the Company.

SUBSEQUENT EVENTS

On March 1, 2021, the Company amended its bylaws to increase the number of Board members from seven to nine and to increase the number of directors elected by the members from three to five. The amended bylaws were approved by the Department on March 1, 2020.

On March 1, 2021, the Board appointed Thomas Policastro and Jennifer Floyd to the Board.

On March 31, 2021, the Company merged with AIMCO Mutual Insurance Company "(AIMCO)". The Company is the surviving entity. The Company assumed all assets and liabilities of AIMCO. The effects of the merger added approximately \$6 million to the surplus of the Company.

First Benefits Insurance Mutual, Inc.
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2020

Phillip Ellen, President
209 Fayetteville Street
Raleigh, North Carolina 27601

Todd Baitsholts, Chief Financial Officer
209 Fayetteville Street
Raleigh, North Carolina 27601

CONCLUSION

The examination procedures, described, herein, revealed no material adverse findings or adjustments to surplus.

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-7-75 for the kinds of insurance that the Company has been authorized to write, which is \$1,000,000.

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

Respectfully submitted,



Ke Xu, CPA, CFE
Chief Financial Examiner
North Carolina Department of Insurance

May 6, 2022

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Bill Keely, Insurance Company Manager, North Carolina Department of Insurance, being first, duly sworn, deposes and says that this report on examination, subscribed by him, is true and correct to the best of his knowledge and belief.

Signature: Bill Keely Date: 5/6/22

Sworn and subscribed before me this 6 day of May, 2022.

Notary Public Signature: Grant James Myers Notary Public Seal:

