



NC DEPARTMENT of INSURANCE

MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP
FINANCIAL EXAMINATION DIVISION

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I, Mike Causey, Commissioner of Insurance in and for the State of North Carolina do hereby certify that: I have caused the Report on Examination of Alamance Farmers' Mutual Insurance Company as of December 31, 2024 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 16th day of April, 2026.



Mike Causey
Commissioner of Insurance

Monique D. Smith, CPA, CFE, CIA
Deputy Commissioner
Financial Examination Division

Alamance Farmers' Mutual Insurance Company

Graham, North Carolina

Report on Examination

As of December 31, 2024

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March 19, 2026

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

Alamance Farmers’ Mutual Insurance Company

(hereinafter referred to as the “Company” or “AFMIC”), acknowledging that its main administrative and statutory home office is located at 128 West Harden Street, Graham, North Carolina 27253. 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, 2021, to December 31, 2024, 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, 2020.

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:

Capital and Surplus
Claims Handling and Reserving
Forecasting and Expense Management
Investments
Other Assets and Liabilities
Pricing and Underwriting
Reinsurance
Related Parties

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). Cobb, Ezekiel, Loy & Company, P.A. of Graham, North Carolina, the prior independent public accountant of the Company, issued an unmodified opinion for each of the years ended December 31, 2021, 2022 and 2023. Strickland Hardee PLLC of Lexington, North Carolina, the current designated independent public accountant of the Company, issued an unmodified opinion for the year ended December 31, 2024.

REPORT ACRONYMS

Alamance Farmers' Mutual Insurance Company	"Company" or "AFMIC"
Board of Directors	"Board"
Conflict of Interest	"COI"
Financial Condition Examiners Handbook	"Handbook"
General Statutes of North Carolina	"GS"
Gross Premiums Written	"GPW"
Information Technology General Controls	"ITGCs"
Information Technology Planning Questionnaire	"ITPQ"
Limited Liability Company	"LLC"
National Association of Insurance Commissioners	"NAIC"
NAIC Property and Casualty Annual Statement Instructions	"AS Instructions"
Net Premiums Written	"NPW"
North Carolina Department of Insurance	"Department"
OnRamp, LLC	"OnRamp"
Policyholders' Surplus	"PHS"
Premium Deficiency Reserve	"PDR"
Southeastern Adjustment Company, LLC	"SEA"
Statement of Statutory Accounting Principles	"SSAP"

SUMMARY OF SIGNIFICANT FINDINGS

ANALYSIS OF EXAMINATION ADJUSTMENTS

December 31, 2024	
	Surplus
As originally reported to the Department	\$2,476,913
a. Receivables from parent, subsidiaries and affiliates	(79,525)
As adjusted	\$2,397,388

- a. To non-admit amounts receivable from parent, subsidiaries and affiliates over 90 days past due. (Refer to Comments, Recommendations, and Directives Note a.)

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

- a. The Company overstated its admitted assets by \$79,525 as of December 31, 2024, due to the improper inclusion of amounts receivable that have been outstanding and due from its subsidiary, Southeastern Adjustment Company, LLC (“SEA”) since 2023. According to the 2024 NAIC Property and Casualty Annual Statement Instructions (“AS Instructions”) and Statements of Statutory Accounting Principles (“SSAP”) 25 paragraph 10, amounts receivable over 90 days past due shall be reported as non-admitted. An examination adjustment was made to fully non-admit the past due receivables from SEA at December 31, 2024. The Company is directed to comply with the AS Instructions and SSAP 25 pursuant to GS § 58-2-165(c) and to ensure accurate financial reporting in future filings to the Department. (Refer to Subsequent Events)
- b. The Company was in violation of the terms of its executed Operating and Control Agreement with SEA, its subsidiary, effective August 3, 2016, which requires monthly settlement of a management fee equal to 100% of SEA’s gross revenue. Due to a decline in SEA’s third-party revenue, invoices for services provided to the Company accounted for the majority of SEA’s total annual revenue in 2023 and 2024. The Company reported \$79,525 and \$79,520 due from SEA as of December 31, 2024, and 2023, respectively, and balances due remained unsettled until September 30, 2025, due to SEA’s inability to sustain its own operations independently. The Company is directed to file two separate agreements for the Department’s review and approval at least 30 days prior to execution of the agreements pursuant to GS § 58-19-30(b)(4) as follows: 1) a Cost Sharing Agreement for services provided by the Company to SEA and 2) a Services Agreement for services provided by SEA to the Company. As part of this filing, the Company shall demonstrate that SEA has the ability to pay its obligations. In the event that SEA cannot demonstrate the ability to pay its obligations, the Company shall capitalize its subsidiary to a level that is sufficient for it to do so. The Company’s request to capitalize SEA shall be submitted to the Department for prior review and approval on Form D pursuant to GS § 58-19-30(b)(1).

- c. The Company did not properly allocate and bill various indirect expenses incurred by the Company on behalf of OnRamp, LLC (“OnRamp”) and SEA as required by SSAP 70 and the executed agreements filed with the Department. The Company incurred expenses related to its performance of various management and accounting functions, including invoice processing, bookkeeping, financial statement preparation, and the cost of related software and licensing fees on behalf of OnRamp and SEA, which were not billed to the subsidiaries. The amount charged for services is a significant factor in determining whether related party transactions are arm’s length according to SSAP 70, which states that shared expenses, including expenses under the terms of a management contract, shall be apportioned to the entities incurring the expense as if the expense had been paid solely by the incurring entity. The Company is directed to comply with the terms of its executed related party agreements and SSAP 70 pursuant to GS § 58-2-165(c).
- d. The Company was in violation of the terms of its executed Operating and Control Agreement with OnRamp, which requires timely settlement of all outstanding balances to occur no less than quarterly to be considered fair and reasonable pursuant to GS § 58-19-30(a)(1). The Company reported \$347,710 and \$386,620 due from OnRamp as of December 31, 2024 and 2023, respectively, and \$340,562 remained unsettled as of September 30, 2025, due to OnRamp’s inability to sustain its own operations independently. This arrangement constitutes capital support and is an investment of insurer assets within a holding company system. The Company is directed to file two separate agreements for the Department’s review and approval as least 30 days prior to execution of the agreements pursuant to GS § 58-19-30(b)(4) as follows: 1) a Cost Sharing Agreement for services provided by the Company to OnRamp and 2) a Services Agreement for services provided by OnRamp to the Company. As part of this filing, the Company shall demonstrate that OnRamp has the ability to pay its obligations. In the event that OnRamp cannot demonstrate the ability to pay its obligations, the Company shall capitalize its subsidiary to a level that is sufficient for it to do so. The Company’s request to capitalize OnRamp shall be submitted to the Department for prior review and approval on Form D pursuant to GS § 58-19-30(b)(1).
- e. The Company incorrectly reported \$347,710 and \$386,620 in capital contributions to its wholly owned subsidiary, OnRamp, as non-admitted amounts receivable from parent, subsidiaries and affiliates at December 31, 2024 and 2023, respectively, in its Annual Statements filed with the Department. According to the AS Instructions, the Company’s investments in OnRamp and SEA shall be reported as Other Invested Assets on Line 8 of the Assets page and on Schedule BA in accordance with SSAP 48 and shall be valued using an equity method as defined in SSAP 97. The Company is directed to comply with the AS Instructions, SSAP 48, SSAP 97, and to ensure accurate financial reporting in future filings with the Department pursuant to GS § 58-2-165(c).
- f. The Company’s related party transactions with OnRamp decreased policyholders’ surplus by \$273,514 and \$225,126 in 2024 and 2023, respectively. Considering the Company reported net losses and declining policyholders’ surplus each year during the examination period, the Department recommends the Company evaluate its ability to provide continued capital support to OnRamp in future years.

- g. The Company’s original Premium Deficiency Reserve (“PDR”) evaluation for 2024 did not properly evaluate individual lines of business as required by SSAP 53 paragraph 17, which states “for purposes of determining if a premium deficiency exists, insurance contracts shall be grouped in a manner consistent with how policies are marketed, serviced and measured. A liability shall be recognized for each such grouping where a premium deficiency is indicated. Deficiencies shall not be offset by anticipated profits in other policy groupings.” In addition, the Company provided no evidence that the original PDR evaluation for 2024 was reviewed and approved prior to finalization. The Company is directed to comply with SSAP 53 paragraph 17 when determining if a premium deficiency exists in future reporting periods, and the Department recommends the Company maintain evidence to demonstrate the PDR evaluation was reviewed and approved prior to finalization.
- h. The Company incorrectly reported “Not Applicable” for a required financial statement disclosure in Note 10(O) of its 2024 Annual Statement regarding the Company’s share of losses in two SSAP 48 entities, OnRamp and SEA. A Limited Liability Company (“LLC”) is defined in SSAP 48 paragraph 4, and the Company’s investments in OnRamp and SEA shall be reported using an equity method as defined in SSAP 97 pursuant to SSAP 48 paragraph 6, which may result in a negative valuation. In addition, any commitment to providing additional capital contributions to OnRamp and SEA shall be disclosed in Note 10 pursuant to SSAP 48 and the AS Instructions. The Company is directed to comply with the AS Instructions, SSAP 48, SSAP 97, and to ensure accurate financial reporting in future filings with the Department pursuant to GS § 58-2-165(c).
- i. The Company incorrectly reported “Not Applicable” for a required financial statement disclosure in Note 30 of its 2024 Annual Statement regarding the Company’s evaluation for PDR. According to the 2024 AS Instructions, the Company shall disclose the amount of the PDR, the date of evaluation for PDR, and whether anticipated investment income was utilized as a factor in the PDR calculation even if no liability is accrued. The Company is directed to comply with the AS Instructions and to ensure accurate financial reporting in future filings with the Department pursuant to GS § 58-2-165(c).
- j. The Company was in violation of GS § 58-10-205(c), which requires written notification of any disagreements with the former accountant to be filed with the Department within 10 days after a change occurs in the designated independent certified public accountant, along with a written response from the former accountant stating whether they agree with the statements made by the Company. The Company is directed to comply with GS § 58-10-205(c). (Refer to Subsequent Events)
- k. The Company was in violation of North Carolina Administrative Code Title 11, Chapter 11C.0117, which requires Conflict of Interest (“COI”) Statements to be executed annually by all Company officers, directors, trustees, attorney’s-in-fact, and administrative personnel. In 2024, the Company did not obtain signed COI statements from any of its officer or directors. In 2022 and 2023, the Company did not obtain signed COI statements from any of its directors. In 2021, the Company did not obtain signed COI statements from 1 officer and 2 directors. The Company is directed to comply with North Carolina Administrative Code Title 11, Chapter 11C.0117. (Refer to Subsequent Events)

1. The Company reported five to six employees with compensation exceeding \$100,000, which resulted in the Company's compensation expense for senior management and officers being significantly higher in proportion to premiums earned during the years 2022, 2023, and 2024 when compared to four other mutual insurance companies domiciled in North Carolina, according to Annual Statements filed with the Department.

The following table provides a comparison of the total expense for senior management and officers compensation as reported by the Company and four other mutual insurance companies domiciled in North Carolina, based on Annual Statement Supplemental Compensation Exhibits filed with the Department:

Senior Management and Officers Compensation					
Year	AFMIC (5-6 people > \$100,000)	Company A (1-4 people > \$100,000)	Company B (1 person > \$100,000)	Company C (1 person > \$100,000)	Company D (2 people > \$100,000)
2024	\$804,304	\$496,370	\$177,950	\$249,941	\$423,000
2023	\$743,628	\$337,295	\$170,700	\$184,508	\$322,000
2022	\$683,941	\$326,650	\$167,100	\$179,568	\$273,600

The following table provides a comparison of the total premiums earned during the year as reported on the Annual Statement Underwriting and Investment Exhibit Part 1 filed by the Company and the same four mutual insurance companies domiciled in North Carolina:

Total Premiums Earned During Year					
Year	AFMIC (5-6 people > \$100,000)	Company A (1-4 people > \$100,000)	Company B (1 person > \$100,000)	Company C (1 person > \$100,000)	Company D (2 people > \$100,000)
2024	\$4,648,080	\$24,072,483	\$8,843,559	\$1,926,730	\$4,354,422
2023	\$3,895,768	\$19,740,571	\$8,889,839	\$2,621,878	\$2,862,934
2022	\$3,649,038	\$19,470,236	\$6,893,341	\$1,946,645	\$2,225,622

Considering the Company reported net losses and declining policyholders' surplus each year during the examination period, the Department recommends the Company review its compensation expenses to determine whether the number of highly compensated employees is reasonable and commensurate with the Company's operating results as a limited, assessable mutual insurance company owned by policyholders. (Refer to Trends of the Company, Highly Compensated Employees, and Subsequent Events)

ORGANIZATIONAL STRUCTURE

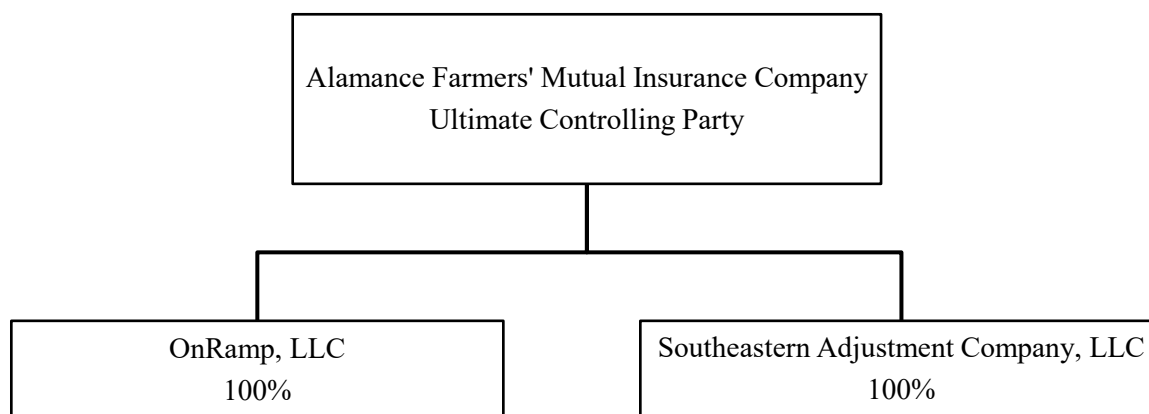
The Company is part of an insurance holding company system as defined in GS § 58-19 and wholly owns two subsidiaries incorporated in North Carolina: OnRamp, which provides information technology services related to BriteCore and certain other industry specific software, and SEA, which conducts property surveys and provides claims adjusting services. OnRamp and SEA have no employees. The Company provides personnel, management, and data processing services to and pays all expenses for its wholly owned subsidiaries pursuant to related party agreements subject to GS § 58-19. (Refer to Related Party Agreements)

In January 2012, the Company acquired AFM Agency Services, LLC. In October 2018, AFM Agency Services, LLC discontinued operations as an insurance agency, changed its name to OnRamp, LLC, and began providing information technology services to the Company and other insurers. OnRamp's annual revenue in 2024 and 2023 totaled \$356,874 and \$195,275, respectively.

SEA was also acquired by the Company in January 2012 and offers its services to other insurance companies. SEA's annual revenue in 2024 and 2023 totaled \$444,546 and \$344,970, respectively, and the majority of its revenue was generated from related party transactions with the Company.

ORGANIZATIONAL CHART

The Company's 2024 Annual Statement Schedule Y contains the following organizational chart of the Company within the holding company group:



COMPANY HISTORY

The Company was established in 1892. Prior to March 4, 2008, the Company operated as a county farm mutual known as Alamance Farmers' Mutual Fire Insurance Company and its license to write business was limited to six adjoining counties in the State of North Carolina. On March 4, 2008, Alamance Farmers' Mutual Fire Insurance Company changed its name to Alamance Farmers' Mutual Insurance Company.

On August 1, 2008, the Company was approved to operate as a limited assessable mutual insurance company pursuant to GS § 58-7-75(8)(a) and granted authority to write business throughout the State of North Carolina.

On August 6, 2010, the Company merged with Cabarrus Mutual Fire Insurance Company and the Company was the surviving entity. The merger had no significant impact on operations.

DIVIDENDS TO POLICYHOLDERS

Dividends are paid to policyholders as declared by the Company's Board of Directors ("Board"). Under the insurance regulations of North Carolina, the Company may pay dividends from its unassigned surplus that are in excess of any required minimum surplus requirements. The Company paid no dividends to policyholders during the examination period.

MANAGEMENT AND CONTROL

CORPORATE GOVERNANCE

Members

The Company's bylaws provide that membership in the Company shall be acquired solely by becoming a policyholder in the Company. The annual meeting of members of the Company, for the election of Directors and the transaction of any other business brought before the meeting, shall be held on the third Saturday in January of each year at 10:00 a.m. at the Company's principal office. Special meetings of the members for any purpose may be called at any time by the President or by a vote of a majority of the Board. The Company shall also hold a special meeting upon receipt of a dated, written demand signed by the holders of ten percent (10%) or more of all member votes entitled to be cast on an issue to be considered at the meeting.

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 (7). Directors are elected annually, on staggered three (3) year terms, at the annual meeting of members or by the written consent of the members. Directors need not be residents of the State of North Carolina but are required to be policyholders. No member of the Board shall serve past the date of his or her seventy-fifth (75th) birthday. Any director may be removed at any time with or without cause by a vote of members.

The following individuals served as directors as of December 31, 2024:

Name	Location	Principal Occupation
Dan H. Stafford	Siler City, NC	Board Chairperson and Manager at Clapp Tractor
N. Todd Mann	Durham, NC	President, Gerald Jones Company
Blake L. Andrew Jr.	Snow Camp, NC	Owner, Chestnut Hill Farm
Matthew E. Gross	Raleigh, NC	Managing Partner, 158 Prufrock L.L.C.
Willie F. Miller III	Graham, NC	Loan Officer, Carolina Farm Credit
Dan W. Ingle	Elon, NC	Chief of Police (Retired)
Debra M. Walker	Raleigh, NC	Regulatory Advisor, Employees First Insurance Company PCC

The Board has established committees to act on behalf of the Company including an Audit Committee, an Investment Committee, and a Personnel Committee.

The following individuals served on the Board's established committees as of December 31, 2024:

Audit Committee

N. Todd Man, Chair
 Willie F. Miller III
 Debra M. Walker
 Dan H. Stafford

Investment Committee

Blake L. Andrew Jr., Chair
 Dan W. Ingle
 Matthew E. Gross

Personnel Committee

Dan H. Stafford, Chair
 Blake L. Andrew Jr.
 N. Todd Mann

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 until their death, resignation, retirement, removal or disqualification or until their successor shall have been elected and qualified. Any two or more offices, except president and secretary and chief executive officer and secretary, may be held by the same person. No officer may act in more than one capacity where the action of two or more officers is required by the bylaws, the articles of incorporation, or applicable law.

The following individuals served as officers of the Company as of December 31, 2024:

Name	Title
Lisa A. Snyder	President and Chief Executive Officer
Michael L. Lawrence	Treasurer and Chief Financial Officer
Keith Whited	Secretary
Karen E. Morris	Vice President

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 retain signed conflicts of interest statements for all officers and directors for the years 2021 through 2024. (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 as required by the GS, 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. Based on our review, it appears that no changes were made to the Company's articles of incorporation or bylaws 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 2024 Annual Statement Schedule E, Part 3 contains a complete description and listing of the Company's statutory deposits by state. At December 31, 2024, the Company maintained a statutory deposit in North Carolina totaling \$368,038.

INFORMATION TECHNOLOGY CONTROLS

The Department performed a risk-based assessment and review of the Company's Information Technology General Controls ("ITGCs") in accordance with the NAIC requirements as outlined in the Handbook. The guidance and direction used to perform the review of the Company's ITGCs were derived from Exhibit C Part 1 – Information Technology Planning Questionnaire ("ITPQ") and Exhibit C Part 2 – Information Technology Work Program (collectively, "Exhibit C"). The Company's responses to the ITPQ were evaluated, and certain controls within the IT control environment were tested to assess whether the selected controls were designed effectively and were functioning properly.

The Department's objectives were to obtain reasonable assurance about whether:

- a. the Company had a process in place to effectively identify, mitigate and manage its IT risks;
- b. the Company's control structure, policies and procedures were suitably designed to achieve the control objectives specified in Exhibit C; and
- c. the Company was complying with those policies and procedures.

The objectives above were achieved through a combination of reviewing the Company's policies and procedures, testing in key areas related to Exhibit C, interviewing the Company's IT management, reviewing IT risk assessment processes, and leveraging any relevant risk assessment procedures performed by Strickland Hardee PLLC.

Based upon a risk-based assessment and review, the Company's ITGCs were determined to be effective.

FIDELITY BONDS AND OTHER INSURANCE

At December 31, 2024, the Company had fidelity bond coverage totaling \$170,000 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, including cyber liability, professional liability, commercial property liability and commercial vehicle liability issued to the Company, which appeared to be adequate to cover risks in the normal course of business.

EMPLOYEE BENEFITS AND PENSION PLANS

The Company's employees are covered by a qualified defined contribution plan (401K) sponsored by the Company. The Company made safe harbor contributions of three percent (3%) and provided a one hundred percent (100%) match up to an additional five percent (5%) of each employee's compensation for a potential employer contribution of eight percent (8%). The Company made contributions to the plan totaling \$65,567 and \$66,286 in 2024 and 2023, respectively. At December 31, 2024 and 2023, the fair value of plan assets was \$1,855,685 and \$1,639,616, respectively.

The Company has a Separate Employee Retirement Plan covering four officers, current and former. At December 31, 2024 and 2023, the Company's liability for postemployment benefits under the Separate Employee Retirement Plan totaled \$139,026 and \$130,746, respectively.

The Company allows its employees to accrue unused paid time off past the current year-end for use in the future. At December 31, 2024 and 2023, the Company accrued a liability for this benefit totaling \$49,501 and \$66,064, respectively.

RELATED PARTY AGREEMENTS

The Company has an Operation & Control Agreement with SEA, effective August 3, 2016, whereby the Company provides personnel, management, and data processing services to SEA and pays all expenses on behalf of SEA in exchange for a management fee equal to 100% of SEA's gross revenue, the majority of which is generated from property surveys and claims adjustment services provided to the Company at market rates. The agreement requires monthly settlement of the management fee with payment due from SEA on or before the 15th day of the following month. The Company incurred expenses on behalf of SEA totaling \$396,958 and \$338,940 in 2024 and 2023, respectively, under this agreement. The Company paid SEA \$436,587 and \$320,306 in 2024 and 2023, respectively, to adjust claims and conduct property surveys. (Refer to Summary of Significant Findings)

The Company has an Amended Operation & Control Agreement with OnRamp, effective October 29, 2019, whereby the Company provides personnel, management, and data processing services to OnRamp and pays all expenses on behalf of OnRamp in exchange for cash reimbursement of any amounts due and billed monthly to OnRamp. No additional management fees are charged. OnRamp provides the Company information technology services related to BriteCore and certain other industry specific software. The Company incurred expenses on behalf of OnRamp totaling \$312,706 and \$331,174 in 2024 and 2023, respectively. The Company paid OnRamp \$158,967 and \$43,746 in 2024 and 2023, respectively, for information technology services. (Refer to Summary of Significant Findings)

TERRITORY AND PLAN OF OPERATION

The Company is licensed to write property and casualty insurance in North Carolina only. The Company writes farmowners', homeowners', and commercial multi-peril and dwelling fire lines of business. The Company also provides coverage for the Section II portion of homeowners' and farmowners' policies written alongside three county farm mutual companies in North Carolina. The Company operates through independent agents and affinity partners to write property and casualty insurance. Effective April 1, 2025, the Company's license to write business was restricted. (Refer to Subsequent Events)

TRENDS OF THE COMPANY

The following data, obtained from annual statements filed with the Department, illustrates the trends of the Company for the four-year period ended, December 31, 2024:

Year	Net Admitted Assets	Net Surplus	Gross Premiums Written	Net Earned Premiums	Net Loss	Change in Policyholder Surplus
2024	\$7,316,152	\$2,476,913	\$7,519,012	\$4,648,080	(\$293,766)	(\$197,918)
2023	\$6,780,036	\$2,674,831	\$5,666,480	\$3,895,768	(\$889,516)	(\$830,541)
2022	\$7,460,693	\$3,505,372	\$4,765,207	\$3,649,038	(\$630,842)	(\$1,612,241)
2021	\$8,349,413	\$5,117,613	\$4,418,502	\$3,556,153	(\$367,242)	(\$586,712)

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 2024 were reviewed and certified by the Company's Appointed Actuary, Thomas W. Vasey, FCAS, MAAA of Davies Actuarial, Audit & Consulting, 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 losses and loss adjustment expense obligations of the Company.

REINSURANCE PROGRAM OVERVIEW

Property Catastrophe Excess of Loss

The Company has a property catastrophe excess of loss reinsurance contract with various reinsurers, effective January 1, 2024, which provides two layers of excess of loss coverage for all business that the Company writes. The first layer provides loss coverage of up to \$2,200,000 in excess of \$300,000 per occurrence and \$4,400,000 in aggregate. The second layer covers losses of up to \$4,800,000 in excess of \$2,500,000 per occurrence and \$9,600,000 in aggregate. The Company ceded written premiums totaling \$730,232 and \$479,057 in 2024 and 2023, respectively, under this contract.

Property and Casualty Excess of Loss

The Company has a property and casualty excess of loss reinsurance contract with various reinsurers, effective January 1, 2024, which provides the following reinsurance coverage:

Property Business: The contract provides coverage of up to \$825,000 on property losses in excess of \$175,000 for each loss, each risk, and is subject to a limit of \$2,475,000 for each loss occurrence. Property business under this contract is classified as the property sections within commercial, homeowners', mobile owner's and farmowners' multi-peril, fire and allied lines, inland marine, and the Section II portion of homeowners' and farmowners' policies written alongside three county farm mutual companies in North Carolina.

Casualty Business: The contract provides coverage of up to \$825,000 on casualty losses in excess of \$175,000 for each loss occurrence. Casualty business under this contract is classified as the casualty sections within commercial, homeowners', mobile owner's and farmowners' multi-peril, and the Section II portion of homeowners' and farmowners' policies written alongside three county farm mutual companies in North Carolina.

The Company ceded written premiums totaling \$876,307 and \$469,553 in 2024 and 2023, respectively, under this contract.

Property Excess of Loss

The Company has a property excess of loss contract with various reinsurers, effective January 1, 2024, which covers all fire and allied lines, inland marine, and the property sections within commercial, homeowners', mobile homeowners' and farmowners' multiple peril policies written by the Company. The reinsurers provide coverage of up to \$1,000,000 on each loss, each risk subject to a limitation of \$2,000,000 for each loss occurrence in excess of \$1,000,000. The Company ceded written premiums totaling \$168,083 and \$162,723 in 2024 and 2023, respectively, under this contract.

Home Field Advantage Program Quota Share

The Company has a multiple line reinsurance contract with the Hartford Steam Boiler Inspection and Insurance Company, effective January 1, 2020, whereby the Company cedes 100% of its loss liability up to the reinsurer's limit for the following insurance coverages:

Insurance Coverage	Reinsurer's Liability Limit
Business Equipment Breakdown	\$5,000,000 per accident per policy
Employment Practices Liability	\$50,000 annual per policy
Farmowners' Equipment Breakdown	\$5,000,000 per accident per policy
Home Systems Protection	\$50,000 per accident per policy
Identity Recovery	\$15,000 annual per insured
Service Line Liability	\$10,000 per accident per policy
Cyber Suite Coverage	\$50,000 annual per policy (cyber coverage) \$25,000 annual per insured (identity recovery)
Home Cyber Protection	\$25,000 annual per policy

The Company ceded written premiums totaling approximately \$403,084 and \$222,466 in 2024 and 2023, respectively, under this contract.

Inland Flood Property Quota Share

The Company has an inland flood property quota share contract agreement with Munich Reinsurance America, Inc., effective January 1, 2022, whereby the Company cedes 100% of its inland flood coverage liability. Under the contract, Munich Reinsurance America, Inc.'s liability shall not exceed \$50,000 net loss on any one policy and one flood occurrence nor \$100,000 annual aggregate per policy. The Company ceded written premiums totaling approximately \$15,914 and \$9,273 in 2024 and 2023, respectively, under this contract.

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, 2024. 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, 2023, are unexamined and are presented for comparative purposes only.

Alamance Farmers' Mutual Insurance Company
Statutory Statement of Admitted Assets
December 31, 2024

	2024	2023 <i>(unexamined)</i>
Bonds	\$2,975,016	\$625,653
Common stocks	1,662,000	2,922,102
Properties occupied by company	293,285	292,317
Properties held for production	-	44,565
Cash, cash equivalents, and short-term investments	504,690	1,715,597
Total cash and invested assets	5,434,991	5,600,234
Investment income due and accrued	31,730	2,598
Uncollected premiums and agents' balances in course of collection	88,793	99,020
Deferred premiums and agents' balances booked but deferred and not yet due	406,825	309,205
Reinsurance recoverable	510,685	-
Net deferred tax asset	216,274	225,083
Electronic data processing equipment and software	4,124	14,815
Receivable from parent, subsidiaries, and affiliates	79,525	79,519
Life insurance cash surrender value assets	543,205	449,561
Total admitted assets	\$7,316,152	\$6,780,036

Alamance Farmers' Mutual Insurance Company
Statutory Statement of Liabilities and Surplus
December 31, 2024

	2024	2023 <i>(unexamined)</i>
Losses	\$558,232	\$720,410
Loss adjustment expenses	53,671	55,088
Commissions payable, contingent commissions and other similar charges	17,636	67,866
Other expenses	212,896	212,439
Taxes, licenses, and fees	85,574	66,555
Unearned premiums	3,183,408	2,506,096
Advance premium	196,649	176,845
Ceded reinsurance premiums payable	460,606	203,162
Amounts withheld or retained by company for account of others	132	474
Remittances and items not allocated	155	2,060
Provision for reinsurance	-	50,058
Unearned commissions	69,723	44,029
Other payables	557	123
Total liabilities	4,839,239	4,105,205
Special surplus for retroactive reinsurance reserve assumed	10,000	10,000
Unassigned funds	2,446,913	2,664,831
Surplus as regards policyholders	2,476,913	2,674,831
Total liabilities, surplus and other funds	\$7,316,152	\$6,780,036

Alamance Farmers' Mutual Insurance Company
Statutory Statement of Operations
December 31, 2024

	2024	2023 <i>(unexamined)</i>
Underwriting income		
Premiums earned	\$4,648,080	\$3,895,768
Deductions		
Losses incurred	2,080,427	2,008,350
Loss adjustment expenses incurred	432,745	458,577
Other underwriting expenses incurred	3,049,986	2,685,158
Total underwriting deductions	5,563,158	5,152,085
Net underwriting loss	(915,078)	(1,256,318)
Investment income		
Net investment income earned	173,102	63,876
Net realized capital gains	434,322	290,059
Net investment gain	607,424	353,935
Other income		
Net loss from agents' or premium balances charged off	(1,961)	(644)
Finance and service charges not included in premiums	15,849	8,367
Miscellaneous income	-	125
Gain/(loss) on disposal of assets	-	5,018
Total other income	13,888	12,866
Net loss	(\$293,766)	(\$889,516)

Alamance Farmers' Mutual Insurance Company
Statutory Statement of Surplus
December 31, 2024

	2024	2023 <i>(unexamined)</i>
Surplus as regards to policyholders, beginning of year	\$2,674,831	\$3,505,372
Surplus increases (decreases):		
Net loss	(293,766)	(889,516)
Change in net unrealized capital gains	15,280	7,115
Change in net deferred income tax	(39,663)	261,891
Change in non-admitted assets	70,173	(159,973)
Change in provision for reinsurance	50,058	(50,058)
Net change in surplus as regards policyholders	(197,918)	(830,541)
Surplus as regards to policyholders, end of year	\$2,476,913	\$2,674,831

Alamance Farmers' Mutual Insurance Company
Statutory Statement of Cash Flow
December 31, 2024

	2024	2023 <i>(unexamined)</i>
Cash from (used by) operations		
Premiums collected net of reinsurance	\$5,513,839	\$4,458,692
Net investment income	172,671	96,907
Miscellaneous income	13,888	12,866
Total	5,700,398	4,568,465
Benefit and loss related payments	2,753,290	2,014,644
Commissions, expenses paid and aggregate write-ins for deductions	3,514,902	3,230,446
Federal income taxes paid	(2)	-
Total	6,268,190	5,245,090
Net cash from (used by) operations	(567,792)	(676,625)
Cash from (used by) investments		
Proceeds from investments sold, matured, or repaid	2,685,812	3,334,962
Cost of investments acquired	3,306,515	478,148
Net cash from (used by) investments	(620,704)	2,856,814
Cash from (used by) financing and miscellaneous sources		
Borrowed funds	-	(399,188)
Other cash (applied) provided	(22,411)	(203,973)
Net cash from (used by) financing and miscellaneous sources	(22,411)	(603,161)
Reconciliation of cash and short-term investments		
Net change in cash and short-term investments	(1,210,906)	1,577,028
Cash and short-term investments, beginning of year	1,715,597	138,570
Cash and short-term investments, end of year	\$504,690	\$1,715,598

COMMENTS ON FINANCIAL STATEMENTS

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 cost using the scientific method. Bonds with lower credit ratings are carried at the lower of amortized cost or NAIC market value. Bonds not backed by other loans are stated at amortized cost using the scientific method.

Common stocks: Carried at fair value for unaffiliated companies.

Real estate: Carried at depreciated cost less encumbrances unless events or circumstances indicate that the carrying amount may not be recoverable.

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.

Non-admitted assets: Certain assets, such as premiums and other receivables over 90 days past due and prepaid expenses, are “nonadmitted” and are charges against surplus.

Premiums: Insurance premiums, net of premiums ceded to reinsurers, are earned over the terms of the policies. 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 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. Uncollateralized amounts from unauthorized reinsurers are deducted directly from capital and surplus through a provision for unauthorized reinsurance. Changes to the provision are credited or charged directly to surplus.

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

Analysis of Assets:

The following represents an analysis of the Company's net admitted assets at December 31, 2024:

	Assets	Assets not Admitted	Net Admitted Assets
Bonds	\$2,975,016	-	\$2,975,016
Common stocks	1,662,000	-	1,662,000
Properties occupied by the company	293,285	-	293,285
Cash and short-term investments	504,690	-	504,690
Total cash and invested assets	5,434,991	-	5,434,991
Investment income due and accrued	31,730	-	31,730
Premiums and agents' balances in course of collection	92,080	3,287	88,793
Premiums and agents' balances booked but not yet due	406,825	-	406,825
Reinsurance recoverable	510,685	-	510,685
Net deferred tax assets	216,274	-	216,274
Electronic data processing equipment and software	4,124	-	4,124
Receivable from parent, subsidiaries and affiliates	427,235	347,710	79,525
Prepaid expenses	65,682	65,682	-
Business automobile	28,491	28,491	-
Life insurance cash surrender value assets	543,205	-	543,205
Other receivable	45	45	-
Total admitted assets	\$7,761,367	\$445,215	\$7,316,152

As a result of our examination, an adjustment was proposed to non-admit receivables from parent, subsidiaries and affiliates over 90 days past due totaling \$79,525 at December 31, 2024. (Refer to Summary of Significant Findings)

Real Estate:

The Company had investments in real estate totaling \$293,285 and \$336,882 at December 31, 2024 and 2023, respectively.

On October 30, 2024, the Company sold property held for production of income at 107 North Maple Street in Graham, North Carolina. The Company reported a net carrying value for the property totaling \$41,677 at the time of disposal in its 2024 Annual Statement Schedule A Part 3, the actual cost of the property totaling \$141,508 less \$99,831 in accumulated depreciation. In 2024, the Company received \$470,101 in proceeds from the sale and reported investment income totaling \$428,424 for the realized gain.

At December 31, 2024, real estate includes one property occupied by the Company at 128 West Harden Street in Graham, North Carolina.

Reinsurance Recoverable:

In 2024, the Company incurred claims related to Hurricane Helene, which, in aggregate, exceeded the first layer of the Company's property catastrophe retention limit of \$300,000. The Company reported an asset for reinsurance recoverable totaling \$510,685 and \$0 at December 31, 2024 and 2023, respectively, for amounts due from various reinsurers. (Refer to Reinsurance Program Overview)

Reinsurance Activity:

The Company has various 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 Guy Carpenter as a reinsurance intermediary to negotiate and obtain reinsurance contracts on its behalf for specifically identified risks.

Direct and ceded premiums written and earned are as follows:

	2024	2023
Direct written	\$7,519,012	\$5,666,480
Ceded written	(2,193,620)	(1,343,072)
Net written	5,325,392	4,323,408
Direct earned	\$6,645,062	\$5,090,370
Ceded earned	(1,996,982)	(1,194,602)
Net earned	\$4,648,080	\$3,895,768

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:

	2024	2023
Reserves for losses and loss adjustment expenses, beginning of year	\$775,498	\$842,659
Add:		
Provision for losses and loss adjustment expenses, current year	2,356,172	2,108,927
Change in estimated losses and loss adjustment expenses, prior years	157,000	358,000
Total incurred	2,513,172	2,466,927
Deduct:		
Losses and loss adjustment expenses paid, current year	1,860,768	1,591,088
Losses and loss adjustment expenses paid, prior year	816,000	943,000
Total paid	2,676,768	2,534,088
Reserves for losses and loss adjustment expenses, end of year	611,902	775,498
Increase (decrease) in reserves for losses and loss adjustment expenses	(\$163,596)	(\$67,161)

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, 2024, and 2023, the liability for losses and loss adjustment expenses was reduced by \$157,000 and \$358,000, respectively, for amounts to be recovered from reinsurers.

Highly Compensated Employees:

Every property and casualty insurance company doing business in this State, unless otherwise exempted by the Commissioner, shall annually file a Supplemental Compensation Exhibit pursuant to the AS Instructions disclosing compensation to directors, officers, and employees. Compensation shall consist of any and all remuneration paid to or on behalf of an officer, employee, or director, including, but not limited to, wages, salaries, bonuses, commissions, stock grants, gains from the exercise of stock options, and any other emolument and disclosure is required for highly compensated employees whose individual total compensation exceeds \$100,000. (Refer to Summary of Significant Findings and Subsequent Events)

The Company incurred salary expenses totaling \$935,260 and 957,706 in 2024 and 2023, respectively, and reported the following compensation expense for senior management and officers on its Annual Statement Supplemental Compensation Exhibit:

	2024	2023
President and Chief Executive Officer	\$165,084	\$165,084
Treasurer and Chief Financial Officer	156,650	156,650
Secretary	135,740	140,690
Vice President, Underwriting Manager	118,380	118,380
Claims Manager	122,050	118,491
Agency Development and Relationship Manager	106,400	44,333
Total compensation expense	\$804,304	\$743,628

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, 2020:

	2022	2021
Surplus as regards to policyholders, beginning of year	\$5,117,613	\$5,704,325
Surplus increases (decreases):		
Net loss	(630,842)	(367,242)
Change in net unrealized capital gain (loss)	(690,628)	(174,417)
Change in net deferred income tax	(183,586)	(44,833)
Change in non-admitted assets	(107,185)	(800)
Change in provision for reinsurance	-	580
Change in surplus as regards policyholders for the year	(1,612,241)	(586,712)
Surplus as regards to policyholders, end of year	\$3,505,372	\$5,117,613

SUBSEQUENT EVENTS

On January 30, 2025, Dan Stafford retired as Chairperson of the Board; Todd Mann was elected Chairperson of the Board; and Lin Andrew was appointed Vice Chairperson of the Board.

Effective April 1, 2025, the Company's license to write business was restricted such that its Gross Premiums Written ("GPW") to Policyholders' Surplus ("PHS") shall not exceed a ratio of 3.5:1, and its Net Premiums Written ("NPW") to PHS shall not exceed a ratio of 2.65:1.

Effective May 30, 2025, the Company's Agency Development and Relationship Manager, Terrie Wycoff, resigned.

On June 27, 2025, in response to the Department's examination, the Company filed written notification regarding disagreements with the former accountant due to the change in the designated independent certified public accountant for the year ended December 31, 2024, along with the written response from the former accountant pursuant to GS § 58-10-205(c).

Effective July 31, 2025, the Company exceeded both restrictions on its license to write business by reporting a GPW to PHS ratio of 4.21:1 and a NPW to PHS ratio of 2.91:1 and remained out of compliance with both restrictions through October 31, 2025. The Department directed the Company to immediately file a corrective action plan outlining how and when the Company will comply with the restrictions; however, the Company failed to file a plan with the Department in a timely manner. As of November 30, 2025, the Company reported a GPW to PHS ratio of 3.53:1 and a NPW to PHS ratio of 2.4:1, and, as of December 31, 2025, the Company exceeded both restrictions by reporting a GPW to PHS ratio of 4.33:1 and NPW to PHS ratio of 3.03:1. On February 3, 2026, the Company filed a license restriction compliance plan with the Department.

Effective September 30, 2025, the Company settled past due balances from SEA totaling \$79,520 in response to the Department's examination.

Effective November 17, 2025, the Company provided all COI Statements obtained retroactively from current officers and directors for the years 2022, 2023, and 2024 in response to the Department's examination.

Effective December 31, 2025, the Company's General Legal Counsel and Secretary, Keith Whited, retired.

Effective January 1, 2026, Robert Cratch, an attorney at Teague Rotenstreich in Greensboro, North Carolina, was appointed as the Company's General Legal Counsel and Secretary.

On February 11, 2026, the Company's Chief Financial Officer, Michael Lawrence, resigned.

Alamance Farmers' Mutual Insurance Company
DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2024

Lisa Snyder, President and Chief Executive Officer
128 West Harden Street
Graham, North Carolina 27253

CONCLUSION

The examination procedures described herein revealed no material adverse findings.

We conclude that the Company complies with the minimum capital and surplus requirements of GS § 58-7-75 (8)(a) for the kinds of insurance that the Company has been authorized to write, which is \$700,000.

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

Respectfully submitted,



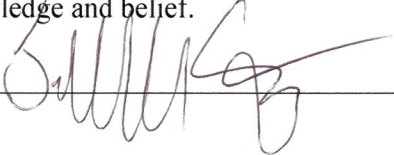
Monique D. Smith, CPA, CFE, CIA
Deputy Commissioner
North Carolina Department of Insurance

March 19, 2026

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Jeffrey Streyle, Chief Financial Examiner with the 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:  Date: 3/19/2026

Sworn and subscribed before me this 19th day of March, 2026.

Notary Public Signature:  Notary Public Seal:

