NC DEPARTMENT of INSURANCE
MIKE CAUSEY, COMMISSIONER

COMPANY SERVICES GROUP
FINANCIAL EXAMINATION DIVISION
Tel 919.807.6602 Fax 919.807.6635

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 Halifax 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 21st day of November, 2025.

Mike Causey
Commissioner of Insurance

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

Halifax Mutual Insurance Company

Enfield, North Carolina

Report on Examination

As of December 31, 2024

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November 19, 2025

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

Halifax Mutual Insurance Company

(hereinafter referred to as the "Company"), acknowledging that its main administrative and statutory home office is located at 114 Southwest Railroad Street, Enfield, North Carolina 27823. 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:

Surplus
Investments
Reinsurance (Ceding)
Reserves and Claims Handling
Underwriting and Premiums

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). Strickland Hardee PLLC of Lexington, North Carolina, 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, 2024.

REPORT ACRONYMS

Board of Directors	“Board”
Financial Condition Examiners Handbook	“Handbook”
General Statutes of North Carolina	“GS”
Halifax Mutual Insurance Company	“Company”
Information Technology General Controls	“ITGC”
Information Technology Planning Questionnaire	“ITPQ”
North Carolina Department of Insurance	“Department”
National Association of Insurance Commissioners	“NAIC”
Managing General Agent	“MGA”

SUMMARY OF SIGNIFICANT FINDINGS

COMMENTS, RECOMMENDATIONS, AND DIRECTIVES

a. The Company provides the Actuarial Opinion to the Board of Directors (“Board”) annually; however, there was no indication in the meeting minutes that it was presented to the Board in accordance with the 2024 Property & Casualty Annual Statement Instructions (page 10) which states, “The Actuarial Opinion and the Actuarial Report must be made available to the Board. The minutes of the Board should indicate that the Appointed Actuary has presented such information to the Board and identify the manner of presentation (e.g. webinar, in-person presentation, written).” The Company is directed to comply with the Property & Casualty Annual Statement Instructions pursuant to GS § 58-2-165(c). (Refer to Subsequent Events)

COMPANY HISTORY

The Company was incorporated and licensed on August 7, 1947, as a county farm mutual insurance company. On October 4, 1990, the Company amended its articles of incorporation to become a limited assessment mutual company and to change its name from Halifax County Mutual Fire Insurance Company, Inc. to Halifax Mutual Insurance Company. The Company utilized E. L. Ross Inc., a Managing General Agent (“MGA”), from 1968 to June 30, 2012. Effective June 30, 2012, E. L. Ross Inc. terminated its MGA agreement with the Company and the MGA’s employees became employees of the Company effective July 1, 2012.

DIVIDENDS TO POLICYHOLDERS

Dividends are paid to policyholders as declared by the Company’s 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 bylaws of the Company provide that an annual meeting of the members be held on the second Tuesday in May at the home office or at such other place as the Board may determine. Special meetings of the members may be called at any time by the Chairperson of the Board, President, or whenever thirty percent (30%) or more of the members or a majority of directors request in writing.

Board of Directors

The management of the Company and conduct of its affairs is vested in the Board. The bylaws specify that the number of directors shall be no less than seven and no more than nine. Directors are elected annually at the annual meeting of members, and each director elected shall hold office for a term of three years.

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

Name	Location	Principal Occupation
Donald Milton Adkins	Rocky Mount, NC	Financial Advisor, Edward Jones
David Bryant Jones	Enfield, NC	President, Enfield Bonded Warehouse
Ronald Davis Locke, Sr.	Enfield, NC	Planning and Zoning Director, Town of Enfield
Ann Elliot Newbern	Roanoke Rapids, NC	Real Estate Agent, Wilkie Real Estate
Pam House Strickland	Whitakers, NC	Retired
Marvin Elwood Ward	Roanoke Rapids, NC	Retired
Orpha Gene Watson	Whitakers, NC	President, O.J. Smith Farms, Inc.
Thomas Holmes Wellman	Roanoke Rapids, NC	Attorney at Law, Wellman & White, PLLC

The Board established several committees including an Audit Committee, an Investment Committee, and an Executive Committee to act on behalf of the Company.

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

Audit Committee	Investment Committee	Executive Committee
Orpha Gene Watson, Chair	Orpha Gene Watson, Chair	Orpha Gene Watson, Chair
Donald Milton Adkins	David Jones	Thomas Holmes Wellman
Ronald Davis Locke, Sr.	Lori Clay	David Jones
Ann Elliot Newbern	Ronald Davis Locke, Sr.	Lori Clay
Pam House Strickland	Russell Eaves	
Marvin Elwood Ward	Jim Pagnani	
Thomas Holmes Wellman	Wes Strandberg	

Officers

The bylaws provide that the Board will elect the officers of the Company, which consist of a president, a secretary, a treasurer, and any other officers deemed necessary by the Board. All officers shall hold offices for one year, subject to removal at any time by the Board, or until their successors are elected and qualified. Officers of the Company may be members of the Board.

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

Name	Title
Lori Clay	President, Chief Executive Officer
David Jones	Secretary, Treasurer
Orpha Gene Watson	Board Chairperson

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 acted in accordance with its policies and procedures for disclosure of conflicts of interest.

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 the directors' approval of 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 to the articles of incorporation or bylaws during the period under examination.

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 $403,936.

ACCOUNTS AND RECORDS

The Company's books and records are maintained at the main administrative office at 114 Southwest Railroad Street, Enfield, North Carolina 27823.

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 key areas related to Exhibit C, interviewing the Company's IT management, reviewing IT risk assessment processes, and leveraging relevant risk assessment procedures performed by Strickland Hardee PLLC.

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

FIDELITY BONDS AND OTHER INSURANCE

The Company has fidelity bond coverage totaling $500,000 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 workers' compensation and employers' liability, cyber liability, professional 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 adopted a defined contribution plan effective July 1, 2012, covering all employees of the Company. Employees may contribute a percentage of their compensation up to the maximum amount allowed by law to the plan and the Company matches up to 3% of the employees' compensation. Matching contributions made by the Company totaled $15,566 and $18,505 in 2024 and 2023, respectively. The Company has no legal obligation for benefits under this plan.

TERRITORY AND PLAN OF OPERATION

The Company is a single-state assessable mutual insurer licensed to write property and casualty insurance in North Carolina. The Company primarily writes homeowners' and farm owners' multi-peril lines, historically in the northern section of North Carolina; however, the Company has been expanding into central and western counties of North Carolina in order to diversify the geographic distribution of its business. The Company operates through independent agents.

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	Surplus	Gross Premiums Written	Net Earned Premiums	Net Income (Loss)
2024	$16,133,658	$7,489,921	$17,633,801	$8,843,559	$1,741,932
2023	$13,613,127	$5,215,392	$18,285,717	$8,889,839	$624,725
2022	$13,186,504	$4,328,347	$17,962,275	$6,893,341	$(1,317,592)
2021	$13,025,445	$5,846,035	$17,178,239	$5,331,967	$(67,303)

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 for 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

Reinsurance Ceded

Multi-line Excess of Loss

The Company has a two-layer excess of loss reinsurance contract with various reinsurers, effective January 1, 2024, whereby the reinsurers provide coverage of up to $2,000,000 per risk in excess of the first $125,000 of losses for its property lines of business including fire, allied lines and the property sections of homeowner's and farmowners' multi-peril policies and $1,000,000 for any one insured in excess of the first $125,000 of losses for its casualty business including standalone farm liability and the casualty sections of homeowners' and farmowners' policies.

Multi-line Excess of Loss			
Layer	**Retention**	**Reinsurance Coverage**	**Maximum Occurrence Limit**
First	$125,000	losses in excess of $125,000 and up to $875,000	$2,000,000 for property business $1,000,000 for casualty business
Second	$1,000,000	losses in excess of $1,000,000 and up to $1,000,000	$2,000,000 for property business $1,000,000 for casualty business

The Company ceded premiums totaling $3,446,874 and $3,304,411 in 2024 and 2023, respectively, under this contract.

Property Catastrophe Excess of Loss

The Company has a six-layer property catastrophe excess of loss reinsurance contract with various reinsurers, effective January 1, 2024, whereby the reinsurers indemnify the Company for fire, allied lines, and property losses occurring under the Company's homeowners' multiple peril and farmowners' multi-peril policies.

The following table summarizes the Company's loss retention limits on the ultimate net loss for any one loss occurrence, the reinsurer's liability on the ultimate net loss for any one loss occurrence, and the occurrence limitations for each layer of coverage:

Property Catastrophe Excess of Loss			
Layer	**Company Retention**	**Reinsurance Coverage per occurrence**	**Maximum Occurrence Limit**
First	$1,000,000	net loss in excess of $1,000,000	$500,000
Second	$1,500,000	net loss in excess of $1,500,000	$2,000,000
Third	$3,500,000	net loss in excess of $3,500,000	$4,000,000
Fourth	$7,500,000	net loss in excess of $7,500,000	$7,500,000
Fifth	$15,000,000	net loss in excess of $15,000,000	$16,000,000
Sixth	$31,000,000	net loss in excess of $31,000,000	$26,625,000

The Company ceded premiums totaling $4,502,945 and $4,483,065 in 2024 and 2023, respectively, under this contract.

Second Event Property Catastrophe Excess of Loss

The Company has a second event property catastrophe excess of loss reinsurance contract with various reinsurers, effective January 1, 2024, whereby the reinsurers indemnify the Company after the Company sustains combined net losses from two or more occurrences. The Company retains the first $500,000 of the net loss for each occurrence. After the combined losses of the first and second occurrences exceed $1,000,000, the reinsurers provide coverage up to $1,000,000 for the second occurrence. The Company ceded premiums totaling $169,939 and $156,133 in 2024 and 2023, respectively, under this contract.

Property Catastrophe Reinstatement Premium Protection

The Company has property catastrophe reinstatement premium protection reinsurance contracts with various reinsurers, effective January 1, 2024, whereby the reinsurers indemnify the Company for 100% of any reinstatement premium, which the Company is required to pay during the term of the agreement for reinsurance coverage for the second through fourth layers under the property catastrophe excess of loss contracts. The Company ceded premiums totaling $537,259 and $580,797 in 2024 and 2023, respectively, under this contract.

Home Field Advantage Program

The Company has a 100% multi-line quota share reinsurance agreement with The Hartford Steam Boiler Inspections and Insurance Company, effective July 1, 2020, which provides the following coverage:

Line of Business Covered	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	$25,000 annual per policy
Service Line Failure	$10,000 per accident per policy
Cyber Suite Coverage	$50,000 annual per policy, $25,000 annual per insured
Home Cyber Protection	$25,000 annual per policy

The Company ceded premiums totaling $361,206 and $380,356 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.

Halifax Mutual Insurance Company
Statutory Statement of Admitted Assets
December 31, 2024

	2024	2023 *(unexamined)*
Bonds	$1,205,872	$3,218,622
Preferred stocks	57,219	54,881
Common stocks	6,583,385	5,423,480
Properties occupied by the Company	352,047	368,333
Cash, cash equivalents and short-term investments	5,895,160	2,203,842
Other invested assets	112,428	112,428
Total cash and invested assets	**14,206,110**	**11,381,587**
Investment income due and accrued	76,157	82,584
Uncollected premiums and agents' balances in course of collection	219,700	297,824
Deferred premiums and agents' balances booked but deferred and not yet due	1,251,683	1,481,865
Amounts recoverable from reinsurers	234,155	11,016
Current federal income tax recoverable and interest thereon	145,853	358,252
Total admitted assets	**$16,133,658**	**$13,613,127**

Halifax Mutual Insurance Company
Statutory Statement of Liabilities, Surplus and Other Funds
December 31, 2024

	2024	**2023** *(unexamined)*
Losses	$696,050	$812,958
Loss adjustment expenses	28,600	52,810
Commissions payable, contingent commissions and other similar charges	514,544	664,641
Other expenses	21,414	23,160
Taxes, licenses, and fees	(381)	1,878
Current federal income taxes	89,264	-
Net deferred tax liability	602,288	338,744
Unearned premiums	6,567,415	6,795,396
Advance premium	508,975	464,109
Ceded reinsurance premiums payable	(385,290)	(756,196)
Refunds payable	858	234
Total liabilities	**8,643,737**	**8,397,735**
Unassigned funds	7,489,921	5,215,392
Surplus as regards policyholders	**7,489,921**	**5,215,392**
Total liabilities, surplus and other funds	**$16,133,658**	**$13,613,127**

Halifax Mutual Insurance Company
Statutory Statement of Operations
December 31, 2024

	2024	2023 *(unexamined)*
Underwriting income		
Premiums earned	$8,843,559	$8,889,839
Deductions		
Losses incurred	3,416,357	4,583,110
Loss adjustment expenses incurred	432,543	512,903
Other underwriting expenses incurred	3,296,215	3,574,678
Total underwriting deductions	**7,145,115**	**8,670,691**
Net underwriting gain	**1,698,444**	**219,148**
Investment income		
Net investment income earned	252,510	229,079
Net realized capital gains	71,816	125,250
Net investment gain	**324,326**	**354,329**
Other income		
Finance and service charges not included in premiums	23,849	18,795
Interest income	18,915	-
Misc income	21	912
Key man life insurance premiums	(1,753)	(1,754)
Total other income	**41,032**	**17,953**
Federal income taxes incurred	321,870	(33,294)
Net income	**$1,741,932**	**$624,725**

Halifax Mutual Insurance Company
Statutory Statement of Surplus
December 31, 2024

	2024	2023 *(unexamined)*
Surplus as regards to policyholders, beginning of year	$5,215,392	$4,328,347
Surplus increases (decreases):		
Net income	1,741,932	624,725
Change in net unrealized capital gains	699,735	373,501
Change in net deferred income tax	(77,539)	(125,115)
Change in non-admitted assets	(89,599)	13,934
Net change in surplus as regards policyholders	**2,274,529**	**887,045**
Surplus as regards to policyholders, end of year	**$7,489,921**	**$5,215,392**

Halifax Mutual Insurance Company
Statutory Statement of Cash Flow
December 31, 2024

	2024	2023 *(unexamined)*
Cash from (used by) operations		
Premiums collected net of reinsurance	$9,339,656	$8,674,118
Net investment income	273,898	188,457
Miscellaneous income	41,032	17,953
Total	**9,654,585**	**8,880,528**
Benefit and loss related payments	3,756,404	4,804,838
Commissions, expenses paid and aggregate write-ins for deductions	3,907,070	4,172,138
Federal income taxes paid	27,601	-
Total	**7,691,075**	**8,976,976**
Net cash from (used by) operations	**1,963,510**	**(96,448)**
Cash from (used by) investments		
Proceeds from investments sold, matured, or repaid	2,762,466	977,173
Cost of investments acquired	945,683	2,822,716
Net cash from (used by) investments	**1,816,783**	**(1,845,543)**
Cash from (used by) financing and miscellaneous sources		
Other cash (applied) provided	(88,974)	15,828
Net cash from (used by) financing and miscellaneous sources	**(88,974)**	**15,828**
Reconciliation of cash and short-term investments		
Net change in cash and short-term investments	**3,691,319**	**(1,926,163)**
Cash and short-term investments, beginning of year	2,203,842	4,130,004
Cash and short-term investments, end of year	**$5,895,163**	**$2,203,841**

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: Bonds not backed by other loans are stated at amortized value using the interest method. Non-investment grade short-term bonds are stated at the lower of amortized value or fair value.

Common and Preferred stocks: Common stocks are stated at market. Redeemable preferred stocks are stated at amortized value. Perpetual preferred stocks are stated at fair value. Non-investment grade preferred stocks are stated at the lower of amortized value or fair value.

Cash and short-term investments: Short-term investments are stated at amortized values using the interest method. Non-investment grade short-term investments are stated at the lower of amortized value or fair value.

Premiums: Premium are recognized as revenue ratably over the periods covered by the policies, whereas the costs of acquiring businesses are charged to underwriting expenses when incurred. Unearned premiums are calculated on a daily pro rata basis and represent the premiums related to the unexpired terms of policies in force. Unearned premiums are stated net amounts ceded to reinsurers. Policyholders have the option to pay premiums in quarterly, semi-annual, or annual installments.

Reinsurance: Reinsurance premiums and liabilities related to reinsurance ceded are accounted for on a basis consistent with that used in accounting for the original policies issued by the Company and the terms of the reinsurance contracts. Premiums and losses on the reinsurance ceded are reported as reductions of premiums earned and losses and loss adjustment expense incurred, respectively.

Non-admitted assets: Certain assets, such as premiums over 90 days past due, excess of book value over market value for securities, and prepaid expenses, are “nonadmitted” and are charges against surplus.

Losses & 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 salvage and subrogation and reinsurance recoverable are deducted from the reserve for losses and loss adjustment expenses.

Analysis of Assets:

The Company reported the following assets as non-admitted as of December 31, 2024: 1) Furniture and equipment totaling $91,475 and 2) Prepaid expenses totaling $11,513.

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 Acrisure Re 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	$17,633,801	$18,285,717
Ceded written	(9,018,223)	(8,904,762)
Net written	**8,615,578**	**9,380,955**
Direct earned	17,948,071	18,116,541
Ceded earned	(9,104,512)	(9,226,701)
Net earned	**$8,843,559**	**$8,889,839**

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	$865,768	$1,356,188
Add:		
Provision for losses and loss adjustment expenses, current year	3,781,954	4,594,043
Change in estimated losses and loss adjustment expenses, prior years	66,946	501,970
Total incurred	**3,848,900**	**5,096,013**
Deduct:		
Losses and loss adjustment expenses paid, current year	3,137,364	3,835,428
Losses and loss adjustment expenses paid, prior year	852,654	1,751,005
Total paid	**3,990,018**	**5,586,433**
Reserves for losses and loss adjustment expenses, end of year	**724,650**	**865,768**
Increase(decrease) in reserves for losses and loss adjustment expenses	**$(141,118)**	**$(490,420)**

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 unpaid losses and loss adjustment expenses was reduced by $327,733 and $654,738, 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, 2020.

	2022	2021
Surplus as regards to policyholders, beginning of year	**$5,846,035**	**$5,326,642**
Surplus increases (decreases):		
Net loss	(1,317,592)	(67,303)
Change in net unrealized capital gain (loss)	(513,494)	544,733
Change in net deferred income tax	296,171	18,840
Change in non-admitted assets	17,227	23,123
Change in surplus as regards policyholders for the year	**(1,517,688)**	**519,393**
Surplus as regards to policyholders, end of year	**$4,328,347**	**$5,846,035**

SUBSEQUENT EVENTS

On August 13, 2025, the Company's Appointed Actuary, Thomas W. Vasey, FCAS, MAAA, met with the Board virtually and presented the actuarial opinion as of December 31, 2024. Based on our review, the meeting minutes indicate the presentation of such information to the Board.

DISTRIBUTION OF REPORT ON EXAMINATION
December 31, 2024

Lori Clay, President and Chief Executive Officer
lori.clay@halifaxmutualins.com
114 Railroad Street
Enfield, North Carolina 27823

Orpha Watson, Board Chairperson
Ogw2241@gmail.com
13207 North Carolian Highway 48
Whitakers, North Carolina 27891

CONCLUSION

The examination procedures described, herein, revealed no material adverse findings or adjustments to surplus. Refer to the Summary of Significant Findings.

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

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

Respectfully submitted,

Monique D. Smith

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

November 19, 2025

STATE OF NORTH CAROLINA

COUNTY OF WAKE

Jeffrey Streyle, 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: 11/19/25

Sworn and subscribed before me this 19 day of November, 2025.

Notary Public Signature: Isaiah N Brown Notary Public Seal:

ISAIAH N BROWN
NOTARY PUBLIC
Wake County, NC
My Commission Expires: July 15th, 2029