Examination Report
of the
ROCKINGHAM INSURANCE COMPANY
Harrisonburg, Virginia
as of
December 31, 2018

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

COMMONWEALTH OF VIRGINIA

SCOTT A. WHITE
COMMISSIONER OF INSURANCE
STATE CORPORATION COMMISSION
BUREAU OF INSURANCE

P.O. BOX 1157
RICHMOND, VIRGINIA 23218

1300 E. MAIN STREET
RICHMOND, VIRGINIA 23219

TELEPHONE: (804) 371-9741
www.scc.virginia.gov/boi

I, Scott A. White, Commissioner of Insurance of the Commonwealth of Virginia, do hereby certify that the annexed copy of the Examination Report of Rockingham Insurance Company as of December 31, 2018, is a true copy of the original report on file with this Bureau.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed to the original the seal of the Bureau at the City of Richmond, Virginia this 12th day of November 2019

Scott A. White
Commissioner of Insurance

(SEAL)

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Richmond, Virginia
August 6, 2019

Honorable Scott A. White
Commissioner of Insurance
Commonwealth of Virginia
Richmond, Virginia

Dear Sir:

Pursuant to your instructions and by authority of § 38.2-1317 of the Code of Virginia, an examination of the affairs and financial condition of the

ROCKINGHAM INSURANCE COMPANY

Harrisonburg, Virginia,

hereinafter referred to as the Company, has been completed. The report is hereby submitted for your consideration.

SCOPE OF THE EXAMINATION

The Company was last examined by representatives of the State Corporation Commission Bureau of Insurance (Bureau) as of December 31, 2015. This examination covers the period from January 1, 2016 through December 31, 2018.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that the Bureau plan and perform the examination to evaluate the Company's 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. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein.

The services of Merlinos & Associates, Inc. were employed to provide an actuarial report as to the reasonableness of the Company's loss and loss adjustment expense reserves reported as of December 31, 2018.

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 other regulators and/or the Company.

HISTORY

The Company is a stock property and casualty insurer chartered on May 1, 1968 and created because of a merger between Rockingham Home Mutual Fire Insurance Company and West Rockingham Mutual Fire Insurance. The merged companies were chartered by acts of the General Assembly on March 23, 1869 and March 22, 1872, respectively. On July 1, 2002, the Company converted from a Chapter 25 mutual assessment property and casualty insurer to a Chapter 10 mutual insurance company pursuant to Code of Virginia § 38.2-2507.

Effective January 1, 2010, the Company and Rockingham Casualty Company (RCC) formed an Alliance with the Norfolk & Dedham Group to share resources while still maintaining independent boards, company autonomy and identity. The Alliance was dissolved as of December 31, 2010.

Effective November 1, 2013, a Mutual Holding Company system was formed under a Plan of Conversion approved by policyholders and the Bureau. The Bureau's approval of the Plan of Conversion was conditioned on the prior approval of any of the following occurring after the conversion: 1) any acquisition or formation of affiliate entities of the mutual holding company; 2) the capital structure of any intermediate holding company or subsequent change thereto; 3) any initial public offering or other issuance of equity or debt securities of an intermediate holding company or the converted company by private sale or public offering; 4) expansion of the activities of the mutual holding company into lines of business, industries, or operations not identified or apparent at time of the approval of the Plan; 5) any dividends and distributions; and 6) the pledge, encumbrance or transfer of the stock of the converted company. Pursuant to the plan, Rockingham Mutual Group, Inc. (RMG) was formed as a mutual holding company, and Rockingham Group, Inc. (RGI) was formed as a stock holding company subsidiary of RMG. The Company was converted to a stock company and its name changed to Rockingham Insurance Company. The Company issued 5,000 shares of its common stock at a par value of $200 to RMG. RMG transferred these shares to RGI resulting in RGI being the direct parent of the Company.

According to its restated articles of incorporation as of November 1, 2013, the Company was organized for the following purposes:

> (a) To conduct a mutual insurance company with authority to provide its members with the following classes of insurance: credit accident and sickness insurance, accident and sickness insurance, fire insurance, miscellaneous property insurance, water damage insurance, burglary and theft insurance, glass insurance, boiler and machinery insurance, animal insurance, personal injury liability insurance, property damage liability insurance, workers' compensation and employers' liability insurance, fidelity insurance, surety insurance, credit insurance, credit involuntary unemployment insurance, credit property insurance, motor vehicle insurance, aircraft insurance, marine insurance, legal services insurance, mortgage guaranty insurance, home protection insurance, homeowners insurance, farmowners insurance, and commercial multi-peril insurance.
>
> (b) To exercise all rights, privileges, powers and immunities given to corporations by the laws of the Commonwealth of Virginia, now existing or hereafter enacted-to the extent such laws apply to insurance companies.
>
> (c) To do all acts and things that may be reasonably necessary, convenient or proper for the execution of its general powers and the accomplishment of its principal purpose.

MANAGEMENT AND CONTROL

According to the bylaws, management of the Company shall be vested in a board of directors (board) of not less than 5 nor more than 13 persons elected by the members at annual meetings of the Company. Directors shall be elected for a term of one year and each and shall serve until their successors are elected and qualified.

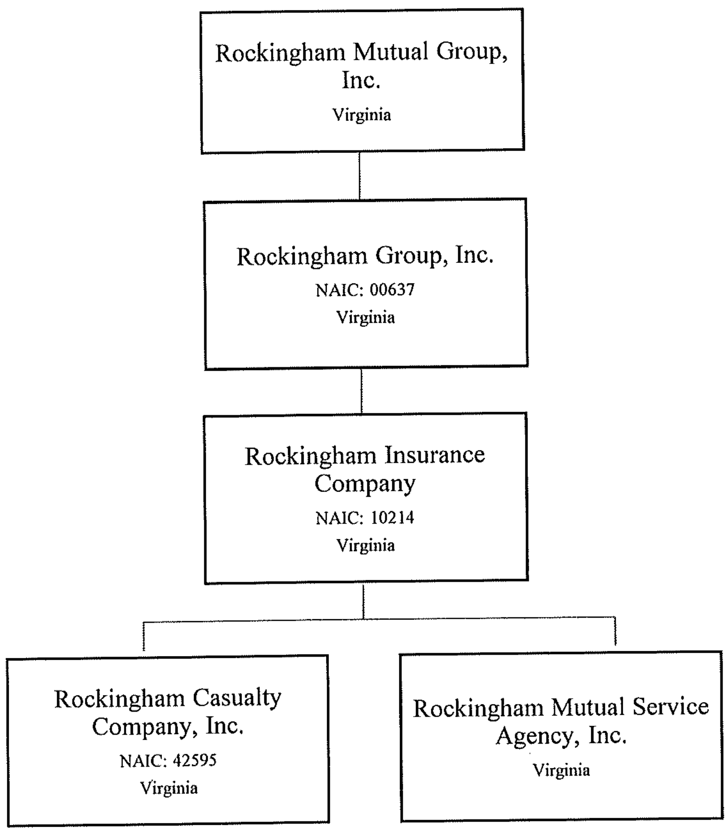
The bylaws provide that the board shall elect the officers of the Company. The officers shall be a chairman of the board, a vice chairman of the board, a president, one or more vice presidents, a secretary, a treasurer, and a chief financial officer. The board may, if it desires, elect additional officers. The president, chairman, and vice chairman must be directors, but the other officers need not be directors. Officers shall be elected for terms of one year but shall hold such office only at the pleasure of the board of directors. Any two or more offices may be held by the same person except the offices of president and secretary and the offices of chairman and vice chairman of the board. At December 31, 2018 the board of directors and officers were as follows:

Directors	Principal Business Affiliation
Gene Patrick Berry	Vice President and Chief Information Officer One America Financial Partners Indianapolis, Indiana
Michelle Suzanne Cox	Consultant Cross Junction, VA
Douglas Gene Driver	Chairman of the Board Lantz Construction Company Broadway, Virginia
Horace Rogers Higgins, III	Principal OneDigital Health & Benefits Charlottesville, Virginia
Anne Burns Keeler	Chief Financial Officer Bridgewater College Staunton, Virginia
Robert Lehman Lyon	President and Chief Executive Officer of the Company Harrisonburg, Virginia
Timothy Gerard O'Shea	Chief Operating Officer Clearview Logix, LLC Richmond, Virginia
Todd Andrew Putney	Vice President, Human Resources Medical Facilities of America Roanoke, Virginia
Christopher Scott Runion	President Eddie Edwards Signs Harrisonburg, Virginia
Pamela Lynette Turner	Retired, Chief Financial Officer University of Virginia Credit Union Charlottesville, Virginia

Officers

Gene P. Berry	Chairman of the Board
Timothy G. O'Shea	Vice Chairman of the Board
Robert L. Lyon	President and Chief Executive Officer
John K. Schwertfuehrer	Chief Financial Officer and Treasurer
William E. Bayer	Vice President – Marketing
Deborah L. Van Horn	Vice President – Specialty Lines and Secretary
Steven E. Kemp	Vice President – Underwriting
Chad J. Covelli	Vice President – Insurance Analytics
Lou S. Pugh	Vice President - Claims
Eugene Vatnik	Chief Information Officer

The Company is a member of a holding company. The following organizational chart illustrates this relationship as of December 31, 2018:


Rockingham Mutual Group, Inc.
Virginia
Rockingham Group, Inc.
NAIC: 00637
Virginia
Rockingham Insurance Company
NAIC: 10214
Virginia
Rockingham Casualty Company, Inc.
NAIC: 42595
Virginia
Rockingham Mutual Service Agency, Inc.
Virginia

RELATED PARTY TRANSACTIONS

Services Agreement:

The Company has a services agreement in effect with its subsidiaries, RCC and Rockingham Mutual Service Agency, Inc. (Service Agency). Under the terms of the agreement, the Company provides facilities and services to RCC and the Service Agency including, but not limited to, management, administration, claims, operations, accounting, and personnel. The agreement ensures that general expenses incurred by the Company for the benefit of a subsidiary will be allocated to and reimbursed by the subsidiary. The agreement states that the settlement of allocated expenses will be on an actual or percentage basis with payments made to the Company within approximately 90 days after the end of the month to which they are applicable. During the period under review, the Company received the following amounts pursuant to this agreement:

	RCC	Service Agency
2016	$4,248,507	$97,060
2017	$2,141,423	$50,710
2018	$4,773,115	$104,376

Tax Sharing Agreement:

The Company has a tax sharing agreement with RCC and Service Agency, which provides for the filing of a consolidated federal income tax return. The income tax expense is allocated using the separate return method with current credit for net losses. Intercompany tax balances are settled annually in the fourth quarter.

Capital Contributions and Dividends:

The Company made no capital contributions to nor did it receive any dividends from RCC during the period covered by this examination.

LINE OF CREDIT

The Company maintains an unsecured line of credit of $2,000,000 with a local bank. At December 31, 2018, no amount was outstanding on the line of credit.

TERRITORY AND PLAN OF OPERATION

The Company is a multi-line insurance carrier underwriting primarily personal property and casualty insurance coverage in Virginia. The Company also writes surplus lines business on a non-admitted basis in New York, California and Pennsylvania. In 2018, the Company hired an experienced commercial underwriting team to grow the commercial lines segment and further diversify the Company's overall insurance portfolio. At December 31, 2018, the Company was licensed to write the following lines of business:

Fire	Fidelity
Miscellaneous property and casualty	Surety
Homeowners multiple peril	Glass
Inland marine	Burglary and theft
Liability other than auto	Boiler and machinery
Farmowners multiple peril	Credit
Commercial multiple peril	Animal
Automobile liability	Water damage
Automobile physical damage	Home protection
Ocean marine	

Applications for insurance are solicited by approximately 150 agents. Agent binding authority and underwriting requirements are set forth in the agent's manual and are approved by the chief executive officer. Coverage is effective on the date specified on the application and underwriting is completed when the application is received at the home office. Agents must inspect all properties and submit building replacement cost estimates, farm diagrams, supplemental woodstove inspection reports and photographs of most risks. Independent property inspections are ordered on select risks. Prior loss history is verified through the ISO A+ network.

A management pricing committee, consisting of the president, vice president, chief financial officer and claims manager, reviews all rate recommendations and submits them to the chief executive officer for approval. All rate action is reviewed with the board of directors. The Company references American Association of Insurance Services data in determining rates for its lines of business.

Policies are issued for a maximum of one-year terms. Company personnel adjust claims where practical, otherwise independent adjusters are used.

REINSURANCE

The Company had the following reinsurance agreements in force at December 31, 2018:

Ceded Reinsurance:

Type of Agreement	Line of Business	Company's Retention	Reinsurers' Limits
Multiple Line Excess of Loss (Core Program)	Property	$250,000 any one risk any one occurrence	$750,000 excess of $250,000 any one net loss any one risk; $2,250,000 any one occurrence
	Casualty	$200,000 each loss occurrence	$800,000 excess of $200,000 each loss occurrence

For losses arising out of a combination of property and casualty under this agreement, the reinsurer shall be liable for the ultimate net loss over and above an initial ultimate net loss of $200,000 each loss occurrence, subject to a limit of liability to the reinsurer of $250,000 each loss occurrence.

Type of Agreement	Line of Business	Company's Retention	Reinsurers' Limits
Multiple Line Excess of Loss (Atlas General)	Commercial Property	$250,000 any one risk any one occurrence	$750,000 excess of $250,000 any one net loss any one risk; $1,500,000 any one occurrence
	Commercial General Liability	$250,000 each loss occurrence	$750,000 excess of $250,000 each loss occurrence

For losses arising out of a combination of property and casualty under this agreement, the reinsurer shall be liable for the ultimate net loss over and above an initial ultimate net loss of $250,000 each loss occurrence, subject to a limit of liability to the reinsurer of $250,000 each loss occurrence.

Type of Agreement	Line of Business	Company's Retention	Reinsurers' Limits
Quota Share (Atlas General)	Casualty	80%	20% of net liability; $50,000 any one loss occurrence; annual aggregate limit is 200% of Company's ceded net written premium
Property Per Risk	Property	$1,000,000 ultimate net loss, each loss	$1,000,000 excess of $1,000,000 ultimate net loss, each loss, each risk
Casualty Third Excess of Loss	Casualty	$1,000,000 ultimate net loss, each loss occurrence	$3,000,000 ultimate net loss excess of $1,000,000 each loss occurrence
First Excess Catastrophe	Property	$1,750,000 each loss occurrence	$2,250,000 excess of $1,750,000 each loss occurrence
Second Excess Catastrophe	Property	$4,000,000 each loss occurrence	$4,000,000 excess of $4,000,000 each loss occurrence
Third Excess Catastrophe	Property	$8,000,000 each loss occurrence	$19,000,000 excess of $8,000,000 each loss occurrence
Fourth Excess Catastrophe	Property	$27,000,000 each loss occurrence	$10,000,000 excess of $27,000,000 each loss occurrence

Type of Agreement	Line of Business	Company's Retention	Reinsurers' Limits
Fifth Excess Catastrophe	Property	$37,000,000 each loss occurrence	$4,000,000 excess of $37,000,000 each loss occurrence; $8,000,000 in the aggregate for all loss occurrences during term of contract
Quota Share and Excess of Loss	Personal and Farm Umbrella Liability	10% of the first $1,000,000 per occurrence	90% of the first $1,000,000 per occurrence; 100% of $4,000,000 excess of $1,000,000 per occurrence
Property Facultative	Property	$2,000,000	$5,500,000 ultimate net loss
Property Facultative (Atlas)	Property	$1,000,000	$9,000,000 ultimate net loss

The Company offers an endorsement to its commercial, farmowners, homeowners and dwelling fire policies coverage for equipment breakdown. This business is ceded 100% to the reinsurer.

Certain agreements provide for deposit and minimum premiums, reinstatement premiums and/or specific ceding commissions. In some cases contingent commissions or profits are to be calculated and paid. All agreements contain an insolvency clause. Any portion of the reinsurance credits for outstanding losses and loss adjustment expenses recoverable provided by the aforementioned agreements, and placed with unauthorized reinsurers, shall be, at the request of the Company, funded by the unauthorized reinsurer by a Letter of Credit or cash advance.

Assumed Reinsurance:

Intercompany:

The Company entered into a quota share reinsurance agreement with RCC effective January 1, 2010. This agreement provides for RCC to cede 100% of its ultimate net loss, net loss adjustment expense, net underwriting expense, and finance and service charges to the Company.

Alliance with the Norfolk & Dedham Group:

As part of the Alliance with the Norfolk & Dedham Group, the insurance companies of the two groups entered into an inter-company reinsurance pooling agreement. Under this pooling agreement, the Company ceded 100% of its premiums, losses, loss adjustment expense and certain underwriting expenses to Norfolk & Dedham Mutual Fire Insurance Company, the lead company in the pool. The Company received a 20% retrocession of the entire pool. The Alliance was terminated effective December 31, 2010. The termination provides for the losses associated with the pooling agreement to be runoff until commutation of the agreement. The agreement was commuted effective July 1, 2016.

Non-Affiliated:

The Company participates in a reciprocal catastrophe pool administered by the Mutual Reinsurance Bureau (MRB). Rights and obligations associated with participation in this pool are set forth in a contract between MRB and insurers specified in the interests and liabilities agreements. Pool participants agree to reinsure MRB for losses under any of its aggregate and catastrophic excess contracts, known as "original agreements." The Company has assumed a 1.15% share of the interests and liabilities of the pool contract. MRB cedes to the Company its proportionate share of premiums received on each original agreement subject to the pool contract.

The Company is liable for its pro rata share of each and every loss occurring on the business covered by the pool agreement, not to exceed a maximum of $55,000,000 on any one original agreement. The pool contract warrants that all original agreements are the top layers of each respective program. MRB's net liability on any one original agreement will not exceed $55,000,000 any one occurrence when the original agreement is written on an occurrence basis or $110,000,000 in the aggregate during any one agreement year when written on an aggregate basis.

<u>NAMIC Insurance Company, Inc.:</u>

The Company assumed reinsurance from the NAMIC Insurance Company, Inc. under a retrocessional agreement. The Company assumed 0.64649% of:

(a) 50% of the first $1,000,000 each claim, each policy, and in the aggregate where applicable of the primary insurer of directors and officers liability insurance, insurance company professional liability insurance, insurance agents and brokers errors and omissions liability insurance, insurance company trustees and fiduciaries liability insurance and professional liability for insurance related organizations; and

(b) 85% of the next $4,000,000 each claim, each policy, and in the aggregate where applicable, in excess of $1,000,000 each claim, each policy, and in the aggregate where applicable of the primary insurer of directors and officers liability insurance, insurance company professional liability insurance, insurance agents and brokers errors and omissions liability insurance, insurance company trustees and fiduciaries liability insurance and professional liability for insurance related organizations.

The aggregate share of the Company's assumption shall not exceed 1.29298% of the net retained liability.

GROWTH OF THE COMPANY

The following data, obtained from Annual Statements filed with the Bureau and from examination reports, indicates the growth of the Company for the ten-year period ending December 31, 2018:

Year	Admitted Assets	Liabilities	Common Capital Stock	Unassigned Funds
2009	$65,397,020	$18,110,389		$47,286,631
2010	96,240,290	43,358,255		52,882,035
2011	91,841,384	38,737,889		53,103,495
2012	96,696,809	41,904,186		54,792,623
2013*	107,735,733	49,142,824	1,000,000	57,592,909
2014	116,711,191	55,114,729	1,000,000	60,596,462
2015	121,819,991	58,183,113	1,000,000	62,636,878
2016	133,275,246	64,423,674	1,000,000	67,851,572
2017	144,689,854	67,871,829	1,000,000	75,818,025
2018	152,951,780	79,651,707	1,000,000	72,300,073

Year	Premiums Earned	Loss and Loss Adjustment Expenses Incurred	Other Underwriting Expenses	Net Underwriting Gains or (Loss)
2009	$17,602,580	$10,155,081	$6,697,723	$749,776
2010	33,994,343	19,472,670	13,561,768	959,905
2011	30,803,529	22,305,855	10,796,712	(2,299,038)
2012	31,579,112	23,588,448	12,447,616	(4,456,952)
2013	34,645,506	23,906,364	13,123,726	(2,384,584)
2014	38,273,109	23,472,945	14,204,648	595,516
2015	41,795,358	26,036,449	15,501,690	257,219
2016	45,959,195	28,106,134	17,399,723	453,338
2017	52,159,547	29,089,612	21,369,402	1,700,533
2018	58,743,576	39,855,592	23,502,231	(4,614,247)

*Company converted to a stock insurance company in 2013.

FINANCIAL STATEMENTS

The following statutory financial statements present the financial condition of the company for the period ending December 31, 2018. No examination adjustments were made to the statutory financial statements filed by the Company with the Bureau for the period ending December 31, 2018.

ASSETS

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	$71,521,227		$71,521,227
Common stocks	56,694,731	80,350	56,614,381
Real estate	976,368		976,368
Cash and short-term investments	3,381,584		3,381,584
Investment income due and accrued	607,733		607,733
Uncollected premiums and agents' balances in the course of collection	14,034,001		14,034,001
Deferred premiums, agents' balances and installments booked but deferred and not yet due	2,632,806		2,632,806
Amounts recoverable from reinsurers	39,507		39,507
Current federal tax recoverable	1,413,294		1,413,294
Net deferred tax asset	171,566		171,566
Guaranty funds receivable or on deposit	370		370
Electronic data processing equipment and software	36,735	11,879	24,856
Furniture and equipment	263,811	263,811	
Receivables from parent, subsidiaries and affiliates	350,012		350,012
Aggregate write ins for other than invested assets	1,229,365	45,290	1,184,075
Totals	$153,353,110	$401,330	$152,951,780

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses		$19,425,250
Reinsurance payable on paid losses and loss adjustment expenses		6,415,346
Loss adjustment expenses		4,365,216
Commissions payable, contingent commissions and other similar charges		8,690,461
Other expenses		2,950,599
Taxes, licenses and fees		318,459
Unearned premiums		33,236,575
Advance premium		725,331
Ceded reinsurance premiums payable		157,872
Amounts withheld or retained by company for account of others		(14,698)
Payable for securities		24
Aggregate write-ins for liabilities		3,381,272
Total liabilities		$79,651,707
Common capital stock	$1,000,000	
Unassigned funds (surplus)	72,300,073	
Surplus as regards policyholders		73,300,073
Totals		$152,951,780

UNDERWRITING AND INVESTMENT EXHIBIT
STATEMENT OF INCOME

UNDERWRITING INCOME

Premiums earned	$58,743,576
Deductions:	
Losses incurred	$34,068,630
Loss adjustment expenses incurred	5,786,962
Other underwriting expenses incurred	23,502,231
Total underwriting deductions	$63,357,823
Net underwriting loss	($4,614,247)

INVESTMENT INCOME

Net investment income earned	$2,372,841
Net realized capital losses	(24,502)
Net investment gain	$2,348,339

OTHER INCOME

Finance and service charges not included in premiums	$331,327
Aggregate write-ins for miscellaneous income	5,700
Total other income	$337,027
Net income before federal income taxes	($1,928,881)
Federal income tax incurred	(375,434)
Net income	($1,553,447)

RECONCILIATION OF CAPITAL AND SURPLUS FOR PERIOD UNDER REVIEW

	2016	2017	2018
Surplus as regards policyholders, December 31, previous year	$63,636,878	$68,851,572	$76,818,025
Net income	$2,527,838	$4,315,910	($1,553,447)
Change in net unrealized capital gains or (losses)	3,284,706	3,997,751	(2,004,843)
Change in net deferred income tax	(452,000)	(299,454)	(20,551)
Change in nonadmitted assets	(145,850)	(60,494)	60,889
Aggregate write-ins for gains or losses in surplus		12,740	
Change in surplus as regards policyholders for the year	$5,214,694	$7,966,453	($3,517,952)
Surplus as regards policyholders, December 31, current year	$68,851,572	$76,818,025	$73,300,073

CASH FLOW

Cash From Operations

Premiums collected net of reinsurance	$51,131,242
Net investment income	2,905,691
Miscellaneous income	337,027
Total	$54,373,960
Benefits and loss related payments	$27,059,069
Commissions, expenses paid and aggregate write-ins for deductions	25,417,510
Federal income taxes paid	1,055,668
Total	$53,532,247
Net cash from operations	$841,713

Cash From Investments

Proceeds from investments sold, matured or repaid:	
Bonds	$20,298,121
Stocks	1,086,882
Total investment proceeds	$21,385,003
Cost of investments acquired (long-term only):	
Bonds	$23,574,818
Stocks	350,063
Real estate	378,237
Total investments acquired	$24,303,118
Net cash from investments	($2,918,115)

Cash From Financing and Miscellaneous Sources

Cash provided (applied):	
Other cash applied	(1,772,758)
Net cash from financing and miscellaneous sources	($1,772,758)
Net change in cash and short-term investments	($3,849,160)

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments:	
Beginning of year	$7,230,744
End of year	3,381,584
Net change in cash and short-term investments	($3,849,160)

SUBSEQUENT EVENT

On April 16, 2019, Rockingham Mutual Group, Inc. received tentative approval for Rockingham Specialty, Inc. Rockingham Specialty will serve as a domestic surplus lines insurer in Virginia and will be a subsidiary of Rockingham Group, Inc.

ACKNOWLEDGEMENT

The courteous cooperation extended by the Company's officers and employees during the course of the examination is gratefully acknowledged.

In addition to the undersigned, T. Bradford Earley, Jr., AIAF, CFE, CPCU and Mario A. Cuellar, CFE, of the Bureau participated in the work of the examination.

Respectfully submitted,

Jennifer K. Blizzard

Jennifer K. Blizzard, AIM, AIAF, CFE
Insurance Principal Financial Analyst

ROCKINGHAM INSURANCE

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November 1, 2019

David H. Smith, CFE, CPA, CPCU
Chief Examiner
Commonwealth of Virginia
State Corporation Commission
Bureau of Insurance
P.O. Box 1157
Richmond, VA 23218

Re: Rockingham Insurance Company
Examination Report as of December 31, 2018

Dear Mr. Smith:

This is in response to your letter dated October 8, 2019, regarding the Rockingham Insurance Company Examination Report as of December 31, 2018 that was recently completed by the Virginia Bureau of Insurance.

We have reviewed the draft copy of the examination report and since we do not take issue with any item contained in it, we do not wish to request a hearing before the State Corporation Commission.

I would like to express my thanks to the examination team for the efficient and professional manner in which they handled themselves while they were on-site completing the examination fieldwork.

In terms of the final report, five copies should be sufficient for our needs.

Sincerely,

Robert L. Lyon
President and Chief Executive Officer

cc: Mr. Gene Berry, Chairman of the Board of Directors
Ms. Anne B. Keeler, Chair of the Audit Committee
Mr. John K. Schwertfuehrer, Chief Financial Officer & Treasurer