

REPORT OF EXAMINATION
OF
FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE
7725 RENNER ROAD
SHAWNEE, KANSAS
AS OF
DECEMBER 31, 2020

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Topeka, Kansas
May 10, 2022

Honorable Vicki Schmidt
Commissioner of Insurance
Kansas Insurance Department
1300 SW Arrowhead Rd
Topeka, Kansas 66604-4019

Dear Commissioner:

In accordance with your authorization and pursuant to K.S.A. 40-222, an examination has been conducted of the financial condition and business affairs of:

FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE

with its statutory home office and main administrative office at:

**7725 RENNER ROAD
SHAWNEE, KANSAS**

hereinafter referred to as the "Company" or "FREIE". The following report on such examination is respectfully submitted.

SCOPE OF EXAMINATION

The examiners have performed a multi-state financial examination of the Company, a Kansas domiciled reciprocal insurance exchange. The last examination covered the five-year period from January 1, 2012, through December 31, 2016. This examination covers the four-year period from January 1, 2017, through December 31, 2020.

The examination was conducted in accordance with the rules, regulations, and directives of the Kansas Insurance Department ("Department") and the observed guidelines and procedures contained in the National Association of Insurance Commissioners ("NAIC") *Financial Condition Examiners Handbook* ("Handbook"). The

Handbook requires that the examiners 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. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles.

Those activities considered in the examination as key or critical risks to FREIE included Capital and Surplus, Claims, Investments, Premiums/Underwriting, Reinsurance, Related Parties, and Reserves. The examination also included a review and evaluation of information technology general controls.

The 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 is documented separately following the Company's financial statements.

This examination report includes significant findings of fact, as mentioned in K.S.A. 40-222, 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.

Independent Audit Reports

Financial Statements of the Company were audited by BKD, LLP of Kansas City, Missouri for the years ending December 31, 2017, through December 31, 2020. In each of the years under examination, the auditors concluded that the financial statements of the Company present fairly, in all material respects, the admitted assets, liabilities and policyholders' surplus of the Company as of December 31, 2020, and the results of its operations and its cash flows for the years then ended in accordance with the statutory accounting practices prescribed or permitted by the Department.

The independent auditor's workpapers were reviewed and analyzed by the examiners. Significant reliance was placed on select workpapers during this examination.

Actuarial Review

Eric M. Mann, FCAS, MAAA, of Streff Insurance Services of Overland Park, Kansas was retained as the appointed actuary to perform a review of the Company's actuarial practices and reserves as of December 31, 2020. The appointed actuary's review consisted of evaluating assumptions, methodologies, and calculations utilized by the Company in its reserve setting process.

SUMMARY OF SIGNIFICANT FINDINGS

No significant findings were noted during the examination.

COMPANY HISTORY

General

The Company was organized under the laws of Wisconsin on May 14, 1957, and commenced business as a stock company on July 20, 1959, under the name Federated Rural Electric Insurance Corporation ("FREIC"). On September 27, 1999, FREIC's

shareholders adopted a Plan of Re-domestication and Conversion whereby with the approval of both the Wisconsin Insurance Department and the Kansas Insurance Department, FREIC re-domesticated from Wisconsin on October 1, 1999, and converted to a reciprocal exchange. Federated Rural Electric Insurance Exchange was adopted as the present name. Federated Rural Electric Management Corporation ("FREMC") was organized as a Kansas non-stock, non-profit corporation in May, 1999, whose sole purpose is to provide management and insurance-related services to FREIE.

Capital Stock

Prior to the conversion, FREIE was owned by both common and preferred stockholders. With the conversion, the stock of each shareholder converted into an allocation to each shareholder's "member's equity account" in the newly formed reciprocal.

On March 5, 2019, FREIE distributed all balances remaining in the special surplus account formed for the purpose of paying off the holders of its common stock as consideration under the Plan of Re-domestication and Conversion. As of December 31, 2020, FREIE holds \$3,700,771 of capital contributed by subscribers.

Surplus Note

In 1992, FREIE issued a surplus note to the National Rural Utilities Cooperative Finance Corporation (CFC) in return for \$10,000,000 in cash and a CFC subordinated term certificate for \$1,111,111. In 2014, the surplus note and subordinated term certificate were amended into one surplus note with a maturity date of December 31, 2043, and an annual rate of 8.25%. The repayment of interest and principal may only be made upon the approval of the Kansas Insurance Commissioner.

As of December 31, 2020, the surplus note's principal was \$11,111,111. All requests for interest payments have been properly submitted to the Commissioner of Insurance and have been subsequently approved for payment.

CORPORATE RECORDS

The Company's articles of incorporation were reviewed and were not amended during the examination period.

The Company's bylaws are contained in the Subscriber's Agreement and Power of Attorney ("SAPOA"). This document serves as the Bylaws as well as the contract between the Company and its members as well as the contract between the Company and its attorney-in-fact FREMC.

The SAPOA was amended during the examination period on February 8, 2017, to specify the annual election of officers at the February board meeting; and November 8, 2017, to specify that all directors serving on the Board of FREIE must be from a rural electric cooperative that was insured with an "All Risk Blanket" comprehensive insurance policy. Subsequent to the examination, the SAPOA was amended in March 2021 to allow the Board of Directors to meet virtually. Each amendment was filed with the Department.

MANAGEMENT AND CONTROL

Board of Directors

Pursuant to Article III, Section II of FREIE's SAPOA, the United States is divided into ten regions. Two members of the Board are elected from each region. One director from each region shall be a manager of a rural electric cooperative and the other shall be an outside director of a rural electric cooperative. The two directors must be from different

states within the region and must represent a cooperative currently insured by the Exchange. The article further states that a director's term shall be three years, with the election of directors to be such that the terms of service will be staggered to allow for one-third of the Board to be elected each year. The directors elected and serving by region, as of December 31, 2020, were as follows:

<u>Name</u>	<u>Position(s) Held</u>	<u>Term</u>
Timothy Dean Burkett	Director, United Electric Co-op, Region I	2021
Dale Farrell Lambert	CEO, Randolph EMC, Region I	2021
Wendy Hilton Sellers	CEO, Washington EMC, Region II	2022
Marvin Willie Sox	Director, Mid-Carolina Elec. Co-op., Region II	2022
Teri Haag Eaton	Director, Coast Electric Power Assn., Region III	2020
Gregory Howard Grissom	Manager/CEO, Jackson Purchase Energy Corp., Region III	2020
David Charles Lett	CEO, Harrison REMC, Region IV	2020
Nelson Albert Smith	Director, The Energy Cooperative, Region IV	2020
Shane Lucas Larson	CEO, Rock Energy Cooperative, Region V	2022
Richard Wayne Liefer	Director, Monroe County Electric Co-op, Region V	2022
Jamie Lars Lewis	Director, West River Electric Assn., Region VI	2020
Timothy Joseph O'Leary	Manager/CEO, Lyon-Lincoln Elec. Co-op., Region VI	2023
James Claud Herron	Manager/CEO, Mountain View Elec. Assn. Inc., Region VII	2022
Bruce Edwin Meyer	Director, Bluestem Electric Cooperative, Region VII	2022
James Allen Ashworth	Manager/CEO, Southwest Elec. Co-op, Region VIII	2021
Frederick William Herman	Director, Petit Jean Electric Co-op, Region VIII	2021
Lori Ann Anderson	Director, Columbia Basin Electric Co-op, Region IX	2021
Clay Reed Fitch	Manager/CEO, Wells Rural Electric Co-op., Region IX	2021
Charles Ray Moore	Manager/CEO, Navopache Elec. Co-op, Region X	2021
Charles Glenn Wagner Jr.	Director, Central Valley Elect. Co-op., Region X	2021

Committees

The SAPOA provides that the Board may designate three or more directors to constitute an executive committee. The Executive Committee shall have and exercise all

authority of the Board in the management of FREIE except for distributions to subscribers, vacancies on the Board, vacancies on committees and the election of officers. The Board may designate three or more directors to constitute other committees. The other committees may not exercise the authority of the Board in the management of FREIE but may take actions deemed necessary to help promote and carry out the purpose of FREIE. As of December 31, 2020, the Board had established an Executive Committee, Finance/Audit Committee, Member Relations Committee, a Policy, Bylaws & Procedures Committee, and a Compensation Committee. The members of these committees are as follows:

Executive Committee

Timothy Dean Burkett, Chairman
James Allen Ashworth
Gregory Howard Grissom
Jamie Lars Lewis
Richard Wayne Liefer
Charles Ray Moore*
Wendy Hilton Sellers
Nelson Albert Smith
Marvin Willie Sox

Finance/Audit Committee

Wendy Hilton Sellers, Chairperson
Teri Haag Eaton*
Dale Farrell Lambert*
David Charles Lett
Richard Wayne Liefer*
Bruce Edwin Meyer

Member Relations Committee

Jamie Lars Lewis, Chairman
James Claud Herron
Shane Lucas Larson
Timothy Joseph O'Leary
Marvin Willie Sox

Policy, Bylaws & Procedures Committee

Nelson Albert Smith, Chairman
Lori Ann Anderson
Clay Reed Fitch
Gregory Howard Grissom*
Frederick William Herman*
Charles Ray Moore*

Compensation Committee

Charles Ray Moore, Chairman
Teri Haag Eaton
Gregory Howard Grissom
Frederick William Herman
Dale Farrell Lambert
Richard Wayne Liefer

**Member attends meeting when the Compensation Committee does not meet.*

Officers

Pursuant to the bylaws, the principal officers of FREIE shall be a President, two or more Vice Presidents, a Secretary, a Treasurer, a Chairman and a Vice Chairman of the Board. The Board shall elect each officer, with the Chairman and Vice Chairman being elected from the directors. Officers shall hold office until their successors have been duly elected, or until their death, resignation, or removal. The officers elected and serving as of December 31, 2020, were as follows:

<u>Name</u>	<u>Position(s) Held</u>
Timothy Dean Burkett	Chairman of the Board
James Allen Ashworth	Vice Chairman of the Board
Philip Dale Irwin	President and CEO
Shelly Nicole Harvey	Vice President, Finance and Assistant Treasurer
Susan Marie Olander	Vice President, General Counsel and Assistant Secretary
William Clay West	Vice President, Underwriting
Chad Christopher Orgen	Vice President, Sales and Marketing
Richard Dean Burns	Vice President, Claims
Robert Corey Parr	Vice President, Safety and Loss Prevention
Jacob Andrew Bolan	Vice President, Information Technology
Claude Michael Mattix	Vice President, Reinsurance

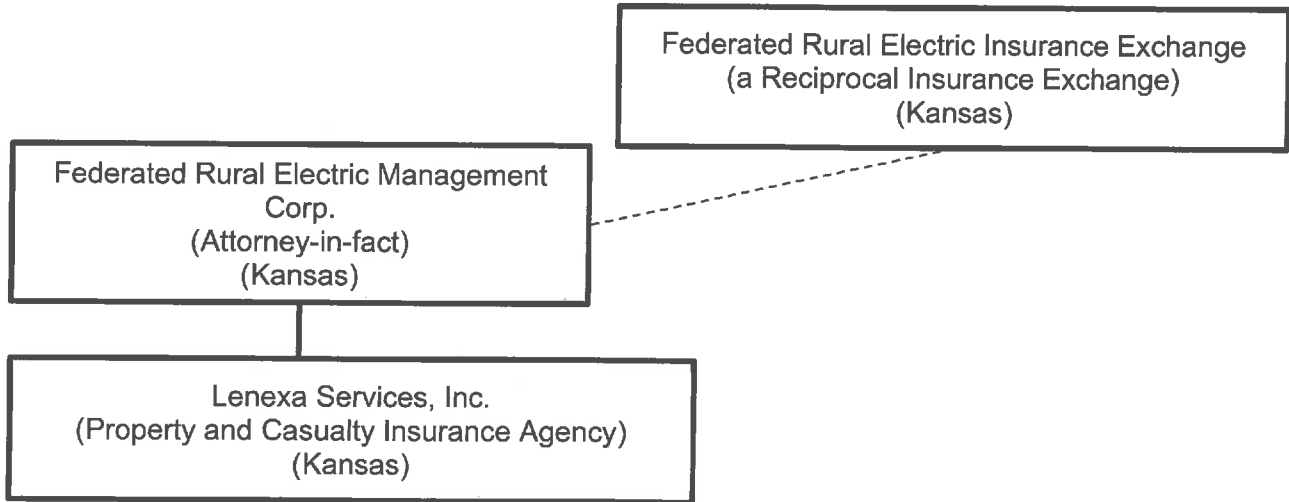
INSURANCE HOLDING COMPANY SYSTEM

K.S.A. 40-3305 requires a domestic insurer that is part of an insurance holding company system to file appropriate registration statements with the Commissioner of Insurance. The Company has submitted Forms “B” and “C” registration statements to the Department for each of the years under examination. A review of the registration statements indicated that the items and events pertaining to the Company were properly

reported as required by statute.

FREIE is managed by its attorney-in-fact, FREMC. FREMC was organized as a Kansas non-stock, membership corporation in May 1999, solely for the purpose of providing management and insurance-related services to FREIE. The members of FREMC that serve on its board are the same individuals that serve on the Board of FREIE. Lenexa Services, Inc. (LSI) is wholly owned by FREMC. LSI provides insurance agency services to member insureds of FREIE by placing coverage for risks not underwritten by FREIE.

The simplified organizational chart below illustrates the identities and intercompany relationships among insurance and non-insurance companies and the controlling entities thereof, as of December 31, 2020.



Intercompany/Cost Sharing Agreements

The following is a brief description of the significant contract executed with affiliated entities that was in effect as of December 31, 2020.

Subscriber Agreement and Power of Attorney

Pursuant to FREIE's SAPOA, each subscriber agrees to its terms and has

appointed FREMC, as its attorney-in-fact to carry out the purposes and objectives set forth in the agreement. The attorney-in-fact shall have the power for FREIE to insure electric and telephone cooperatives, other self-help cooperative or mutual organizations, associated organizations of the foregoing organizations, locally owned, for profit telephone companies, and other such entities, organizations or persons as may be authorized by the Board against loss or liability of every kind, nature or description, as may be authorized and permitted by law, and to issue contracts of indemnity or insurance on FREIE's behalf.

The management fee for the above services charged to FREIE cannot exceed 20% of the gross premiums written and other income in any year according to the SAPOA. Pursuant to the agreement, FREIE reported \$14,259,665, \$14,411,955, \$14,373,127 and \$13,612,855 as management fees to FREMC for 2020, 2019, 2018 and 2017, respectively.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2020, the Company is authorized to transact business in forty-eight states. The NAIC Schedule T Exceptions Report was reviewed for each of the states where the Company is licensed. No exceptions were noted.

As of December 31, 2020, the Company's largest lines of business were other liability – occurrence at 30% of direct premiums written, workers' compensation at 19%, allied lines at 15%, other commercial auto liability at 12%, and other liability – claims-made at 9%. The remaining 15% represented fire, auto physical damage, inland marine, fidelity, burglary and theft, and excess workers' compensation business.

The Company specializes in writing property and casualty policies for rural electric,

generation and transmission cooperatives, as well as rural telephone and cable communication systems. All business is produced on a direct basis through an internal staff, and all underwriting, claims services and administrative functions are handled at the home office in Shawnee, Kansas.

SELECT FINANCIAL INFORMATION

The exhibit below shows the Company's financial results for the period of December 31, 2017, through December 31, 2020. The financial amounts were obtained from annual statements filed by the Company.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<i>(in thousands)</i>				
Admitted Assets	\$553,235	\$573,189	\$611,161	\$634,315
Liabilities	350,158	364,036	385,857	395,357
Capital and Surplus	203,077	209,153	225,304	238,958
Net Underwriting Gain/(Loss)	13,031	3,643	6,317	7,142
Net Income	33,029	21,443	23,990	26,897
Net Premiums Written	122,117	127,244	132,156	135,037

REINSURANCE

General

The Company's premium activity on a direct written, assumed, and ceded basis for the period under examination is detailed below:

<i>(in thousands)</i>				
Premium Type	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Direct Written Premium	\$162,723	\$165,554	\$170,579	\$175,221
Reinsurance Assumed	3,656	2,770	2,607	2,853
Reinsurance Ceded	(44,263)	(41,079)	(41,030)	(43,037)
Net Premiums Written	<u>\$122,116</u>	<u>\$127,245</u>	<u>\$132,156</u>	<u>\$135,037</u>

Assumed Reinsurance

FREIE assumes auto liability and general liability through a combined multi-layer excess agreement, as well as commercial umbrella liability, workers' compensation, and directors, officers and managers business from Alaska Rural Electric Cooperative Association Insurance Exchange and uses its ceded reinsurance program listed below to reduce its exposure from losses.

Ceded Reinsurance

FREIE has entered into seven reinsurance agreements to cede property and liability risks associated with the policies directly written and assumed. Annually, the reinsurance program is reviewed by management and the reinsurance intermediary, Holborn Corporation, as well as the lead reinsurer, which was Transatlantic Reinsurance Company during the period under examination. The review ensures that the reinsurance treaties are updated to reflect changing retentions, language, and coverage. FREIE has entered into the multiple layer liability excess agreement, property per risk excess of loss agreement, workers' compensation catastrophe excess agreement, commercial umbrella liability quota share agreement, directors, officers and management quota share agreement, property catastrophe excess of loss agreement, and terrorism excess agreement. Subsequent to the examination date, the Company entered into an Excess Umbrella Treaty with National Indemnity and Hannover Re.

Effective January 1, 2014, and thereafter, FREIE added an annual aggregate deductible provision to retain the first \$5,000,000 in the aggregate of losses, under the multiple layer liability excess, property per risk excess of loss, commercial umbrella liability, and workers' compensation catastrophe excess.

On July 1, 2021, the Company entered into an Excess Umbrella Treaty with National Indemnity and Hannover Re, whereas National Indemnity has a 77.5% share, Hannover Re has a 20% share, and the Company retains a 2.5% share.

The reinsurers retaining the most outstanding liabilities are Transatlantic Reinsurance Company, Swiss Reinsurance America Corporation, Associated Electric and Gas Insurance Services, Ltd., General Reinsurance Company, and Hannover Ruck SE.

The Company is contingently liable for all reinsurance losses ceded to others. This contingent liability would become an actual liability in the event that an assuming reinsurer fails to perform its obligations under the reinsurance contract. All reinsurance agreements reviewed provided for the transfer of risk.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Department and present the financial condition of the Company for the period ending December 31, 2020. Any accompanying comments on the financial statements reflect examination adjustments to the amounts reported in the Annual Statement and should be considered an integral part of the financial statements.

**FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE
STATEMENT OF ASSETS
AS OF DECEMBER 31, 2020**

	Assets	Assets Nonadmitted	Net Admitted Assets
Bonds	\$ 566,504,853	\$ -	\$ 566,504,853
Preferred stocks	4,481,229		4,481,229
Common stocks	8,585		8,585
Properties occupied by the company	14,565,352		14,565,352
Cash and short-term investments	26,390,668		26,390,668
Other invested assets	7,415,262	6,902,656	512,606
Investment income due & accrued	3,386,589		3,386,589
Uncollected premiums and agents' balances in the course of collection	2,198,558	894	2,197,664
Deferred premiums, agents' balances and installments booked but deferred and not yet due	8,798,891		8,798,891
Amounts recoverable from reinsurers	793,278		793,278
Current federal and foreign income tax recoverable and interest thereon	1,029,442		1,029,442
Net deferred tax asset	15,574,135	10,849,135	4,725,000
EDP equipment and software	121,140		121,140
Furniture and equipment	502,078	502,078	-
Receivables from parent, subsidiaries and affiliates	795,163		795,163
Aggregate write-ins for other than invested assets	63,062	58,109	4,953
	<u>\$ 652,628,285</u>	<u>\$ 18,312,872</u>	<u>\$ 634,315,413</u>

**FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE
STATEMENT OF LIABILITIES AND SURPLUS
AS OF DECEMBER 31, 2020**

Losses	\$ 245,527,276
Loss adjustment expenses	69,239,516
Other expenses	17,144,825
Taxes, licenses and fees	1,069,814
Unearned premiums	39,699,258
Advance premium	21,422,944
Ceded reinsurance premiums payable	1,253,530
Total liabilities	<u>\$ 395,357,163</u>
Aggregate write-ins for other than special surplus funds	\$ 3,700,771
Surplus notes	11,111,111
Unassigned funds	224,146,368
Surplus as regards policyholders	<u>\$ 238,958,250</u>
Totals	<u><u>\$ 634,315,413</u></u>

**FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020**

UNDERWRITING INCOME

Premiums earned \$ 133,637,267

DEDUCTIONS

Losses incurred	89,933,479
Loss adjustment expenses incurred	18,640,477
Other underwriting expenses incurred	17,921,759
Total underwriting deductions	\$ 126,495,715
Net underwriting gain or (loss)	\$ 7,141,552

INVESTMENT INCOME

Net investment income earned	\$ 11,673,099
Net realized capital gains (losses)	7,819,366
Net investment gain or (loss)	\$ 19,492,465

OTHER INCOME

Net gain (loss) from agents' or premium balances charged off	\$ (6,369)
Finance and service charges not included in premium	-
Aggregate write-ins for miscellaneous income	(50,446)
Total other income	\$ (56,815)

Net income before dividends and federal income taxes	\$ 26,577,202
Dividends to policyholders	-
Net income after dividends and before federal income taxes	\$ 26,577,202
Federal income taxes incurred	319,860
Net income	\$ 26,897,062

**FEDERATED RURAL ELECTRIC INSURANCE EXCHANGE
CAPITAL AND SURPLUS ACCOUNT
RECONCILIATION OF CAPITAL AND SURPLUS SINCE LAST EXAMINATION**

Surplus as regards policyholders, December 31, 2016			<u>\$ 185,471,773</u>
Net income	2017	\$ 33,028,665	
	2018	21,443,097	
	2019	23,990,084	
	2020	<u>26,897,062</u>	105,358,908
Change in net unrealized capital gains or (losses)	2017	\$ 146,571	
	2018	(1,138,014)	
	2019	970,457	
	2020	<u>296,018</u>	275,032
Change in net deferred income tax	2017	\$ (6,355,514)	
	2018	(597,472)	
	2019	130,386	
	2020	<u>(322,633)</u>	(7,145,233)
Change in nonadmitted assets	2017	\$ 4,055,063	
	2018	2,039,512	
	2019	950,834	
	2020	<u>1,023,966</u>	8,069,375
Aggregate write-ins for gains and losses in surplus	2017	\$ (13,268,739)	
	2018	(15,672,244)	
	2019	(9,890,095)	
	2020	<u>(14,240,527)</u>	(53,071,605)
Surplus as regards policyholders, December 31, 2020			<u><u>\$ 238,958,250</u></u>

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS

No adjustments were made to surplus as a result of this examination. The capital and surplus of the Company as of December 31, 2020, was \$238,958,250 which was the same amount reported by the Company in its 2020 filed Annual Statement.

COMMENTS ON FINANCIAL STATEMENTS

There were no significant or material findings resulting from the examination that warranted inclusion in this Report on Examination.

SUBSEQUENT EVENTS

The COVID-19 pandemic has continued to develop throughout 2020, 2021 and into 2022, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the examination's review noted that there has not been a significant impact to the Company. However, the Department will continue to closely monitor the impact of the pandemic on the Company and will take necessary action if concerns arise.

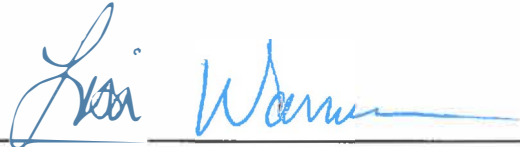
SUMMARY OF RECOMMENDATIONS

No recommendations for the Company were identified that warranted inclusion in this Report on Examination.

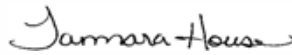
CONCLUSION

The assistance and cooperation by the officers of the Company during this examination is hereby acknowledged and appreciated. In addition to the undersigned, Pyongyong Landoll, CFE, Senior Examiner, and Joseph DeVries, CPA, CFE, Senior Examiner, of Noble Consulting Services, Inc.; Robert Daniel, ACAS, MAAA, and Mark Davenport, ACAS, MAAA of Merlinos and Associates, Inc.; and Shane Mead, CISA, CISM, CRISC, IS Examiner, Kansas Insurance Department; participated in this examination.

Respectfully submitted,



Lisa Warrum, CPA, CFE
Examiner-in-Charge
Noble Consulting Services, Inc., representing
the Kansas Insurance Department



Tamara House, CFE
Department Designee
Senior Financial Examiner
Kansas Insurance Department

SUPERVISION

The examination process has been monitored and supervised by the undersigned. The examination report and supporting workpapers have been reviewed and approved. Compliance with NAIC procedures and guidelines as contained in the Financial Condition Examiners Handbook has been confirmed except where practices, procedures and applicable regulations of the Department and statutes of the State of Kansas prevailed.

A handwritten signature in black ink, appearing to read "Levi Nwasoria", written over a horizontal line.

Levi Nwasoria, CPA, CFE
Chief Examiner
Kansas Insurance Department

EXHIBIT S
EXAMINER'S AFFIDAVIT AS TO STANDARDS AND
PROCEDURES USED IN AN EXAMINATION

State of Indiana,

County of Madison,

Lisa Warrum, being duly sworn, states as follows:

1. I have authority to represent the Kansas Insurance Department in the examination of Federated Rural Electric Insurance Exchange.
2. The Kansas Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Federated Rural Electric Insurance Exchange was performed in a manner consistent with the standards and procedures required by K.S.A 40-222.

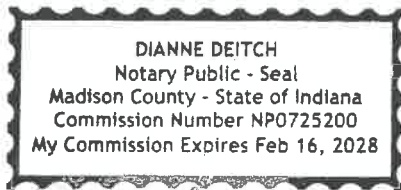
The affiant says nothing further.

Lisa Warrum

Examiner's Signature

Subscribed and sworn before me by LISA WARRUM on this 23rd day of May, 2022.

(SEAL)



Dianne Deitch

Notary Public

My commission expires 2/16/2028 [date].