WEST VIRGINIA ESSENTIAL PROPERTY INSURANCE ASSOCIATION

FAIR PLAN

REPORT OF THE ANNUAL MEETING

April 20, 2022

WEST VIRGINIA ESSENTIAL PROPERTY INSURANCE ASSOCIATION

190 N. Independence Mall West
Philadelphia, PA 19106-1554

Board of Directors

2021-2022

Mr. Nick Piekarski, Chairman	Westfield Companies
Mr. Foster Sirbaugh, Vice Chairman	Farmers and Mechanics Insurance Cos
Ms. Dea Dauson	Erie Insurance Group
Mr. Bob Messier	State Farm Insurance Company
Mr. Noel Patterson	Allstate Insurance Company
Mr. Brian Taylor	Municipal Mutual Ins Co of WV.
Ms. Sabrina Wang	Nationwide Insurance

Mr. Daniel M. Taylor, Jr., Esq., General Counsel	Margolis Edelstein, Pittsburgh, PA
Ms. Susan A. Erney, President/Secretary	West Virginia Essential Property Insurance Association

West Virginia Essential Property Insurance Association
190 N Independence Mall West, Suite 301
Philadelphia, PA 19106

AGENDA

ANNUAL MEETING
OF THE
WEST VIRGINIA ESSENTIAL PROPERTY INSURANCE ASSOCIATION
APRIL 20, 2022
8:00 AM

Via Microsoft Teams
Call In: +1 469-480-3882
Phone Conference ID: 562 656 568#

1. Call to Order - 8:00 A.M. – Nick Piekarski, Chairman, presiding
2. Approval of Minutes of Annual Meeting - April 30, 2021
3. Ratification of Board and Officer's Actions
4. Report of Chairman
5. Report of President
6. Treasurer's Report
7. Appointment of Board of Directors 2022 - 2023
   (Appointment by Insurance Commissioner)
8. New Business
9. Adjournment

Minutes of the Annual Meeting of the
West Virginia Essential Property Insurance Association
April 20, 2022
Via Video Conference
8:00 a.m.

The Annual Meeting of the West Virginia Essential Property Insurance Association was held on April 20, 2022, via video conference. The Annual Meeting was called to order at 8:00 a.m. with Chairman, Mr. Nicholas Piekarski presiding, and President Susan A. Erney-Gleason acting as secretary.

Upon motion duly made, seconded, and carried, the Minutes of the April 30, 2021 Annual Meeting were approved as distributed to member companies.

A motion to ratify the actions of the Board of Directors and the Association's Officers for the 2021-2022 term was duly made, seconded, and carried.

Motions were made, seconded, and carried to waive the reading of the Chairman's report, President's report, and the Treasurer's report, as all three reports were included in the pre-meeting agenda packet and will be incorporated into the Annual Report distributed to member companies. Upon motion duly made, seconded, and carried, the reports were accepted as presented.

By notice of the West Virginia Insurance Commissioner, the Honorable Allan L. McVey, the following individuals were appointed to the Board of Directors of the West Virginia Essential Property Insurance Association for the 2022 – 2023 term:

Mr. Nicholas Piekarski
Westfield Companies

Ms. Dea Dauson
Erie Insurance Group

Mr. Robert Messier
State Farm Insurance Companies

Mr. Noel Patterson
Allstate Insurance Company

Mr. Foster L. Sirbaugh Jr.
Farmers and Mechanics

Board of Director appointees continued:

Mr. Brian Taylor
Municipal Mutual Insurance Company

Ms. Sabrina Wang
Nationwide Insurance Company

The President noted the 2021 independent financial audit report provided by the accounting firm of Mazars will be presented and accepted by the Board of Directors and made part of the Annual Report submitted to Member Companies.

There being no further business and upon motion duly made, seconded, and carried, the meeting was adjourned.

Respectfully submitted by,

Susan A. Erney-Gleason

Ms. Susan A. Erney-Gleason
MBA, CPCU, AIM API
President

Approved by,

Nicholas T Piekarski

Mr. Nicholas Piekarski
Chairman of the Board

Report of the Chairman
Mr. Nick Piekarski

36th Annual Meeting
West Virginia Essential Property Insurance Association
April 20, 2022

Welcome to the 36th Annual Meeting of the West Virginia Essential Property Insurance Association (WVEPIA). As we approach our 37th year in operation, I am pleased to report the Association continues to meet its primary purpose of making basic property insurance available to those property owners who have been unable to secure such coverage in the voluntary marketplace.

Despite West Virginia's small population and its sizable rural nature, there remains a large number of companies doing business in the State. With many companies active in the State, it is not a surprise that the residual property insurance market remains a very small, but important part of the insurance market. In 2021, the West Virginia Essential Property Insurance Association issued just 343 policies, a slight decline of 1.7% from 2020, with earned premium of just $243,599.

The lower volumes mean the Association is more susceptible to large fire losses. In 2021, however, the West Virginia Essential Property Insurance Association did not suffer any such large fire loss and with only four reported losses for a total of $24,184.55, the Association ended the year with an Underwriting Surplus of $64,243.77

Since inception, much of the Association's business has come from the southwest corner of the state and nothing in 2021 changed that ratio. Notwithstanding however, the Association still has policies in force in most areas of the state including in the far northern reaches and in the eastern panhandle. Some of that business has been with the Association for many years and some of it will be with the Association for only a very short time. Regardless of where it is located or why it comes to the Association, the Association remains ready and able to meet the needs of the insurance buying public.

As we have done for many years, in 2021, the West Virginia Essential Property Insurance Association continued to act as the sole financial provider for the West Virginia Anti-Arson Hotline program. It is with great satisfaction that I can report that 2021 represented the 25th consecutive year of reward payments for individuals who provided authorities with the critical information that lead to the arrest and conviction of those individuals who committed the crime of arson.

As has been the case since inception, the West Virginia Essential Property Insurance Association continues to operate with the full support and staffing of the Insurance Placement Facility of Pennsylvania. Although that arrangement benefits both organizations, the West Virginia Essential Property Insurance Association and the West Virginia insurance industry in general, reap the greatest financial benefit as such a small plan could not be efficiently operated with such a small premium base.

In closing, I would like to thank the members of the West Virginia Insurance Department and in particular, Commissioner McVey, for their support to the Association's operation. We are very fortunate to have such an attentive Department of Insurance staffed with some very dedicated and talented individuals.

In addition, my appreciation also goes out to the Staff. Their dedication to the Association is evident in so many ways and I think I speak for all the Board when I say we take great comfort knowing the operation is in such capable hands.

I would also like to recognize the contributions of our General Counsel Mr. Daniel M. Taylor. Mr. Taylor's timely and well thought out advice has served the Board well over the years and 2021 was no exception.

To all of those who have served the West Virginia Essential Property Insurance Association in any manner, I would like to offer my personal thanks and gratitude for all their years of service.

I would like to thank all my fellow Board members for their support and dedication. While these past two years have had us conducting Board meetings virtually due to the pandemic, I realize that many travel considerable distance and sometimes under less than ideal circumstances. During our meetings, I am constantly amazed at your knowledge and your willingness to take time from your busy schedules to assist in the oversight of the Association. For all your efforts, I am indeed grateful.

Every year it seems the Board of Directors or the Association staff loses some very talented individuals to other assignments or retirement and 2021 was no exception. To all of those who have moved on, I would like to offer my personal thanks and gratitude for all the years of service to the Association.

Respectfully submitted,

Mr. Nick Piekarski
Chairman of the Board

Report of the President
Ms. Susan A. Erney-Gleason

36th Annual Meeting
West Virginia Essential Property Insurance Association
April 20, 2022

Good morning and welcome to the 36th Annual Meeting of the West Virginia Essential Property Insurance Association.

Since inception, the Plan has been a small niche writer and in 2021 nothing changed that dynamic. With a very small premium base the Association has always been susceptible to large fire losses but in 2021, there were no such losses and with only 4 losses reported and a total paid loss amount of just $24,184.55, the Association ended the year with a small Underwriting Profit of $64,243.77

Loss Incurred totaled $24,184.55, while Loss Adjustment Expenses Incurred totaled $21,283.86 and General Expenses decreased by 10.33%. Considering Investment Income and Other Income and Expenses, the West Virginia Essential Property Insurance Association recorded a 2021 Net Result of Operations Profit of $65,360.40.

West Virginia does not face the annual prospect of a hurricane, nor does it have the same concerns about large scale destructive wildfires. With an improved regulatory climate many companies are active in the West Virginia marketplace and the West Virginia Essential Property Insurance Association continued to be a very small player in the marketplace. Overall, the Plan issued 6 (1.7%) fewer policies in 2021 than it did in 2020 but saw its New Applications Received increase by 21.4%.

In 2021, as seems to happen every year, the Plan saw some change to those associated with the Board and Staff. Although the loss of knowledge and expertise is difficult, it is merely a reflection of the retirement of the baby boomer generation and the many talented and dedicated employed by the insurance industry.

In closing, I would like to thank the members of my management team and the FAIR Plan employees for their efforts over these past 12 months. We depend on their efforts and willingness, but their flexibility to deal with many unusual or different circumstances is the key to the success of this organization. 2021 was certainly a year of unprecedented challenges with the continued Covid pandemic.

I would also like to thank General Counsel Dan Taylor for his timely and sound legal advice throughout the year. Today's working and social environments are ever changing, and Dan has helped to navigate the organization through these changes.

Special thanks to the West Virginia State Fire Marshall's office and in particular to Mr. Jason Baltic for the continued efforts to combat arson and fraud. Without their efforts, there would be no candidates for rewards stemming from the Anti-Arson hotline program sponsored by the West Virginia Essential Property Insurance Association.

I also would like to thank the West Virginia Offices of the Insurance Commissioner. Time does not permit me to personally thank all those folks inside the Offices who have lent us their knowledge and expertise, but suffice to say, their efforts are greatly appreciated. Special thanks to Commissioner McVey for his ongoing interest in the Plan.

Lastly, I would like to thank all the members of the Board. Your interest, support and enthusiasm go a long way in running this organization. Whether it has been an email, a phone conversation or a meeting, members repeatedly go to great lengths to be engaged in the operation of the Plan. Your efforts and support are greatly appreciated.

Respectfully Submitted,

Susan A. Erney-Gleason

Susan A. Erney-Gleason, MBA, CPCU, AIM, API
President/Secretary

WEST VIRGINIA ESSENTIAL PROPERTY INSURANCE ASSOCIATION

WEST VIRGINIA FAIR PLAN

Treasurer's Report

December 31, 2021

ASSETS

Cash in Bank	341,624.10
Investments, Short term at cost plus accumulated discount	329,135.90
Accrued Investment Income	0.00
Due from Participating Members	0.00
Premiums Receivable	4,673.26
Other Receivables	0.00
Equipment *	0.00
Total Assets	675,433.26

LIABILITIES AND MEMBERS' EQUITY

Unearned Premiums	124,289.00
Unearned Advance Premiums	16,112.42
Outstanding Losses	100.00
Outstanding Loss Adjustment Expenses	88.00
Accrued Expenses	3,536.00
Unpaid Post Retirement Benefits	91,460.00
Unpaid Pension	0.00
Accounts Payable	13,942.10
Claims Checks Payable	1,210.63
Unpaid Premium Tax	3,794.73
Total Liabilities	254,532.88
Members' Equity (Deficit)	420,900.38
Total Liabilities and Members' Equity	675,433.26

Respectfully Submitted,

Joseph L. Budka Jr.
Accounting Manager

* E. D. P. Equipment

West Virginia Essential Property Insurance Association

Statutory Financial Statements and Supplemental Schedules
December 31, 2021 and 2020

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Mazars USA LLP is an independent member firm of Mazars Group.

West Virginia Essential Property Insurance Association

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December 31, 2021 and 2020

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Mazars USA LLP
501 Office Center Drive
Suite 300
Fort Washington, Pennsylvania 19034

Tel: 215.259.1000
www.mazars.us

Independent Auditors' Report

To the Board of Directors of
West Virginia Essential Property Insurance Association

Opinion

We have audited the statutory financial statements of the West Virginia Essential Property Insurance Association (the "Association"), which comprise the statutory statements of admitted assets, liabilities, and members' equity as of December 31, 2021 and 2020, and the related statutory statements of operations and members' equity and cash flows for the years then ended, and the related notes to the statutory financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the admitted assets, liabilities, and members' equity of the West Virginia Essential Property Insurance Association as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended, in accordance with accounting practices prescribed or permitted by the Offices of the Insurance Commissioner of the State of West Virginia as described in Note 1.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting and the purpose for which the financial statements are prepared. The financial statements are prepared in accordance with accounting practices prescribed or permitted by the Offices of the Insurance Commissioner of the State of West Virginia, which is a basis of accounting other than accounting principles generally accepted in the United States of America. As a result, the financial statements may not be suitable for another purpose. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting practices prescribed or permitted by the Offices of the Insurance Commissioner of the State of West Virginia, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

mazars

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Summary Investment Schedule, Investment Risks Interrogatories, and Reinsurance Interrogatories is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Restriction on Use

Our report is intended solely for the information and use of the Board of Directors and management of the West Virginia Essential Property Insurance Association and the Offices of the Insurance Commissioner of the State of West Virginia and is not intended to be and should not be used by anyone other than these specified parties.

Mazars USA LLP

April 20, 2022

West Virginia Essential Property Insurance Association

Statutory Statements of Admitted Assets, Liabilities and Members' Equity
December 31, 2021 and 2020

	2021	2020
Admitted Assets		
Cash and cash equivalents	$ 670,760	$ 544,179
Premiums receivable	4,673	4,209
Assessments receivable	-	60,012
Total admitted assets	$ 675,433	$ 608,400
Liabilities and Members' Equity		
Liabilities		
Unearned premiums	$ 124,289	$ 126,856
Unpaid losses and loss adjustment expenses	188	230
Due to related parties	13,852	6,239
Advance premiums	16,112	8,240
Postretirement benefits payable	91,460	104,555
Pension liability	-	44,689
Other liabilities	8,632	7,913
Total liabilities	254,533	298,722
Members' equity	420,900	309,678
Total liabilities and members' equity	$ 675,433	$ 608,400

The accompanying notes are an integral part of these statutory financial statements.

West Virginia Essential Property Insurance Association

Statutory Statements of Operations and Members' Equity
Years Ended December 31, 2021 and 2020

	2021	2020
Underwriting:		
Premiums earned	$ 243,599	$ 238,064
Losses incurred	24,185	16,492
Loss adjustment expenses incurred	21,284	23,120
Underwriting and other expenses incurred	133,887	149,309
Total underwriting expenses	179,356	188,921
Net underwriting gain	64,243	49,143
Interest income	916	1,823
Other income	201	1,051
Net income	65,360	52,017
Members' equity, beginning of year	309,678	253,718
Change in nonadmitted assets	(24,674)	156
Change in pension and postretirement benefits liability	70,495	3,801
Refunds/assessments recovered	41	(14)
Members' equity, end of year	$ 420,900	$ 309,678

The accompanying notes are an integral part of these statutory financial statements.

West Virginia Essential Property Insurance Association

Statutory Statements of Cash Flows
Years Ended December 31, 2021 and 2020

	2021	2020
Cash from operations		
Premiums collected, net	$ 248,801	$ 232,847
Benefit and loss related payments	(24,185)	(17,992)
Commissions, expenses paid and aggregate write-in for deductions	(154,511)	(173,071)
Interest income	916	1,823
Other income	201	1,051
Net cash from operations	71,222	44,658
Cash from financing and miscellaneous sources		
Other cash provided (applied)	55,359	(66,186)
Net increase (decrease) in cash and cash equivalents	126,581	(21,528)
Cash and cash equivalents, beginning of year	544,179	565,707
Cash and cash equivalents, end of year	$ 670,760	$ 544,179

The accompanying notes are an integral part of these statutory financial statements.

West Virginia Essential Property Insurance Association

Notes to Statutory Financial Statements
Years Ended December 31, 2021 and 2020

1. **Summary of Significant Accounting Policies**

The statutory financial statements of West Virginia Essential Property Insurance Association (the "Association") have been prepared, except as to form, in conformity with statutory accounting practices ("SAP") as promulgated by the National Association of Insurance Commissioners ("NAIC") and as prescribed or permitted by the Offices of the Insurance Commissioner of the State of West Virginia. The Association does not have any prescribed or permitted accounting practices by the Insurance Department that are different than NAIC SAP. Such practices differ in certain respects from accounting principles generally accepted in the United States of America ("GAAP"). The more significant accounting policies are as follows:

Premiums
Premiums are recognized as revenues ratably over the terms of the policies. Unearned premiums are computed on the monthly pro rata basis.

Commissions
Commissions and other costs of acquiring business are charged to operations as incurred.

Non-admitted Assets
Certain assets designated as "non-admitted" are not reflected in the statutory statements of admitted assets, liabilities, and members' equity. Non-admitted assets include uncollected premiums and agents' balances in the course of collection and are charged directly against members' equity. The portion of unassigned surplus represented by non-admitted assets was $25,037 and $363 as of December 31, 2021 and 2020, respectively.

Unpaid Losses and Loss Adjustment Expenses
Unpaid losses and loss adjustment expenses are estimated based on losses reported and the Association's past experience for losses incurred but not yet reported. Management believes that such provisions are adequate to cover the ultimate liability. However, such estimates could differ from the amounts ultimately paid when claims are settled. Subsequent changes in estimates are reflected in earnings currently.

Use of Estimates
The preparation of statutory financial statements in conformity with statutory accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statutory financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents
Cash and cash equivalents include cash on hand and other highly liquid temporary investments with maturities of one year or less from the acquisition date. The carrying value of cash equivalents approximates fair value. Interest and dividend income from cash and cash equivalents is included in investment income on the statutory statements of operations. Interest earned on cash and equivalents was $916 and $1,823 at December 31, 2021 and 2020, respectively.

Variances from Generally Accepted Accounting Principles
Certain of the prescribed or permitted insurance accounting practices followed by the Association differ from GAAP. The principal differences are as follows:

- Under GAAP, commissions and other acquisition costs, if recoverable from future operations, would be deferred and charged against operations on the same basis that related premiums are recognized as revenues.
- Under GAAP, certain assets designated as "non-admitted" would be reflected in the statutory statement of admitted assets, liabilities, and members' equity.

The effects on the statutory financial statements of these differences have not been determined.

West Virginia Essential Property Insurance Association

2. General

The Association was created by an act of the Legislature of the State of West Virginia to make available basic property insurance against fire and other perils for residential and business properties located in the state. All insurers ("Member Company") doing any insurance business in West Virginia of the kinds covered by the Association are required to be a member. Each member participates in the profits and losses of the Association in the proportion that the net direct premiums of the member insurer for the second previous year bear to the net direct premiums written by all members for the second preceding calendar year and is subject to future cash assessments, if required.

There was neither a closeout nor assessment commenced during 2021. During 2020, the Association approved a closeout of 2015, 2016, and 2017 in the amount of $659,278 with an offset assessment against the 2019 policy year in the amount of $659,278 for a net impact of $0. This amount has been charged directly to members' equity. There was an assessment receivable from Member Companies of $0 and $60,012 at December 31, 2021, and 2020, respectively.

The Association shares office space and the services of certain employees with the Insurance Placement Facility of Pennsylvania and the Insurance Placement Facility of Delaware and pays a portion of such joint expenses based on estimates of actual usage. All expenses are allocated except for direct expenses relating to a specific entity.

3. Federal Income Taxes

The Association files as a partnership for federal income tax purposes. Consequently, the Association provides each Member Company with an annual statement of its relative share of the Association's annual results of operations for inclusion in each participating member's tax return.

4. Employee Benefits

The Association, in conjunction with the Insurance Placement Facility of Pennsylvania and the Insurance Placement Facility of Delaware and other unaffiliated organizations, is a participant in the Principle Financial Group Pension Plan for Insurance Organizations (the "pension plan"), which covers all of its employees. The pension plan qualifies under the provisions of Section 501(a) of the Internal Revenue Code and is exempt from federal income taxes. The pension plan provides retirement income based upon employee average annual compensation and years of service. The pension plan is funded through the trustee by contributions to group annuity contracts.

The Association provides life insurance for active employees upon the date of hire. The amount of insurance provided is equal to two times the employee's basic annual salary. For employees who retire at age 65 or older, the Association pays the full cost of life insurance with coverage limited to $10,000.

Eligible employees that elect to retire at, or after, normal retirement age may elect to receive Medicare supplemental benefits of their choosing using an employer level funded HRA.

The Association uses a December 31 measurement date for its pension and postretirement benefits plan. Assets, liabilities and expenses of the plan are allocated to the Association based on its underwriting activity. The allocation percentage used for the Association was 2.47% in 2021 and 2.58% in 2020.

The following table sets forth the year-end status of the plan:

	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
Change in projected benefit obligation:				
Projected benefit obligation at January 1	$ 22,930,851	$ 21,098,001	$ 4,052,538	$ 3,804,913
Service cost	290,838	275,809	81,148	63,899
Interest cost	506,744	633,351	90,434	112,713
Actuarial (gain) loss	(1,633,925)	1,892,708	(386,075)	209,814
Benefits paid	(975,338)	(969,018)	(135,217)	(138,801)
Projected benefit obligation at December 31	$ 21,119,170	$ 22,930,851	$ 3,702,828	$ 4,052,538

West Virginia Essential Property Insurance Association

	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
Change in plan assets:				
Fair value of plan assets at January 1	$ 21,198,725	$ 19,207,726	$ -	$ -
Actual return on plan assets	1,552,803	2,710,009	-	-
Employer contributions	356,604	250,008	135,217	138,801
Benefits paid	(975,338)	(969,018)	(135,217)	(138,801)
Fair value of plan assets at December 31	$ 22,132,794	$ 21,198,725	$ -	$ -
Reconciliation of unassigned surplus:				
Funded status	$ 1,013,624	$ (1,732,126)	$ (3,702,828)	$ (4,052,538)
Unrecognized net actuarial loss	1,399,605	3,561,638	595,628	1,056,808
Unrecognized prior service cost	-	454	24,053	46,672
Prepaid assets or (accrued) liabilities in unassigned surplus	$ 2,413,229	$ 1,829,966	$ (3,083,147)	$ (2,949,058)

The net periodic benefit cost for the plan includes the following components:

	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
Components of net periodic benefit cost:				
Service cost	$ 290,838	$ 275,809	$ 81,148	$ 63,899
Interest cost	506,744	633,351	90,434	112,713
Expected return on plan assets	(1,149,846)	(1,036,103)	-	-
Amount of prior service cost recognized	454	2,265	22,619	30,379
Amount of loss recognized	125,151	189,031	75,105	56,670
Net periodic benefit (income) cost	$ (226,659)	$ 64,353	$ 269,306	$ 263,661

Weighted average assumptions used to determine the net periodic benefit cost:

	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
Discount rate	2.30%	3.10%	2.35%	3.15%
Weighted average rate of compensation increase	3.50%	3.50%	3.50%	3.50%
Expected long-term rate of return	5.50%	5.50%	N/A	N/A

Weighted average assumptions used to determine benefit obligations at December 31:

	Pension Benefits		Postretirement Benefits	
	2021	2020	2021	2020
Discount rate	2.80%	2.30%	2.85%	2.35%
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%

The accumulated benefit obligation for the pension plan was $19,855,957 and $21,376,126 at December 31, 2021 and 2020, respectively.

Prepaid pension benefit cost was $2,413,229 and $1,829,966 at December 31, 2021 and 2020, respectively.

The expected long-term rate of return on assets assumption is 5.5%. This assumption represents the rate of return on plan assets reflecting the average rate of earnings expected on the funds invested or to be invested to provide for the benefits included in the benefit obligation. The assumption has been determined by reflecting expectations regarding future rates of return for the investment portfolio, with consideration given to the distribution of investments by asset class and historical rates of return for each individual asset class.

The plan's weighted average asset allocations at December 31, 2021 and 2020, by asset category are as follows:

	2021	2020
Asset category:		
Equity securities	37.0%	36.9%
Debt securities	57.0%	58.2%
Real estate	5.2%	4.4%
Other	0.8%	0.5%

The primary investment objective for the pension plan assets is to achieve maximum rates of return commensurate with safety of principal, given the asset mix, credit quality and diversification guidelines and restrictions approved by the plan administrator's board of directors. The pension asset allocation is reviewed quarterly to determine whether the portfolio mix is within an acceptable range of target allocation. Target asset allocations are based on asset and liability studies with the goal to enhance the expected return of the pension portfolio while maintaining acceptable levels of risk. The target asset allocation is 60% equity securities and 40% debt securities.

The plan's financial assets and liabilities carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by SSAP No. 100, Fair Value Measurements. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under SSAP No. 100 are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no significant changes in the methodologies used at December 31, 2021 and 2020.

Pooled Separate Accounts: Investments in pooled separate accounts are valued at fair value, based on the applicable percentage of net assets of the pooled separate accounts as of the measurement date, as determined by Principal. In determining fair value, Principal utilizes valuations calculated for the pooled separate accounts. The pooled separate accounts value securities and other financial instruments on a fair value basis of accounting. The pooled separate accounts invest in domestic and foreign stocks, mutual funds, commercial paper and money market funds. The fair values of these investments are based on quoted prices or other observable inputs and are used by Principal in determining the fair value of the pooled separate accounts. The fair value of the Plan's investments in pooled separate accounts generally represents the amount the Plan would expect to receive if it were to liquidate its investments.

Managed Accounts: Managed accounts that hold individual investments are valued at the closing price of shares for domestic and foreign stocks.

The method described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes that its valuation method is appropriate and consistent with those of other market participants, the use of a different methodology to determine the fair value could result in a different fair value measurement at the reporting date.

The following tables set forth by level, within the fair value hierarchy, the gross assets of the plan as of December 31, 2021 and 2020. The Association, Insurance Placement Facility of Pennsylvania, and Insurance Placement Facility of Delaware have a total interest in plan assets of approximately 1.64% and 1.65% as of December 31, 2021 and 2020, respectively.

December 31, 2021	Level 1	Level 2	Total
Managed accounts			
Small cap equity	$ 39,561,698	$ -	$ 39,561,698
Mid cap equity	90,803,628	-	90,803,628
Large cap equity	297,160,221	-	297,160,221
Fixed income	-	454,212,269	454,212,269
Pooled separate accounts			
Collective investment trust	-	39,158,931	39,158,931
Mid cap equity	-	37,529,381	37,529,381
International equity	-	121,111,450	121,111,450
Fixed income	-	267,058,128	267,058,128
Cash	-	6,044,606	6,044,606
Total assets at fair value	$ 427,525,547	$ 925,114,765	$1,352,640,312

December 31, 2020	Level 1	Level 2	Total
Managed accounts			
Small cap equity	$ 40,057,498	$ -	$ 40,057,498
Mid cap equity	91,635,152	-	91,635,152
Large cap equity	284,167,977	-	284,167,977
Pooled separate accounts			
Collective investment trust	-	35,365,642	35,365,642
Mid cap equity		34,888,201	34,888,201
International equity	-	138,634,149	138,634,149
Fixed income	-	652,229,228	652,229,228
Cash	-	6,216,341	6,216,341
Total assets at fair value	$ 415,860,627	$ 867,333,561	$1,283,194,188

Contributions to the pension and postretirement benefits plans are expected to be $300,000 and $183,320, respectively, in 2022.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

	Pension Benefits	Postretirement Benefits
2022	$ 1,030,494	$ 183,320
2023	1,073,328	187,070
2024	1,118,639	181,752
2025	1,158,041	179,732
2026	1,200,341	184,513
2027-2031	6,387,764	1,018,790

Flat annual contributions are made to retirees Health Reimbursement Accounts and the retiree is responsible for securing health insurance. Contributions are expected to grow with general inflation and are around 3% but are not tied to health care trend rates.

The employees of the Facility are eligible to participate in the Insurance Company Supported Organizations 401(k) Savings Plan, a defined contribution plan. The plan was administered by the Prudential Retirement Insurance and Annuity Company as of December 31, 2020 and for the period January 1, 2021 through September 23, 2021 and Voya Institutional Trust Company for the period September 24, 2021 to December 31, 2021. Participation in the plan is voluntary. Employees are vested in employer contributions upon participation. Employees could contribute 1% to 75% of their annual compensation as of December 31, 2020 and for the period January 1, 2021 through September 23, 2021. Employees could contribute 1% to 100% of their annual compensation on a pre-tax basis for the period September 24, 2021 through December 31, 2021. Employees could contribute 1% to 75% of their annual compensation on an after-tax basis for the period September 24, 2021 through December 31, 2021. Employee contributions are not to exceed the maximum amount allowed by the Internal Revenue Service each plan year. The Facility matched employee contributions up to a maximum of 6% of an employee's annual compensation. Contributions by the Association amounted to $2,388 and $2,671 in 2021 and 2020, respectively. Contributions are net of amounts allocated to the Insurance Placement Facility of Delaware and the Insurance Placement Facility of Pennsylvania.

5. Liability for Unpaid Losses and Loss Adjustment Expenses

Activity in the liability for unpaid losses and loss adjustment expenses is summarized as follows:

	2021	2020
Balance, January 1	$ 230	$ 2,034
Incurred related to:		
Current year	35,235	35,137
Prior years	10,234	4,475
Total incurred	45,469	39,612
Paid related to:		
Current year	35,047	34,907
Prior years	10,464	6,509
Total paid	45,511	41,416
Balance, December 31	$ 188	$ 230

As a result of changes in estimates for anticipated losses and loss adjustment expenses related to insured events of prior years, the liability for losses and loss adjustment expenses increased by $10,234 and $4,475 in 2021 and 2020, respectively. The unfavorable loss reserve development during 2021 and 2020 is based on loss expense reserves settling for amounts different than those estimated and is not attributable to any specific event or occurrence. Paid amounts above are net of salvage and subrogation recoveries.

6. Lease Commitments

The Insurance Placement Facility of Pennsylvania signed a new 10.5-year lease effective May 1, 2015. The Insurance Placement Facility of Pennsylvania has the option to renew its lease for an additional five-year period. At December 31, 2021, minimum rental commitments under this noncancelable lease is as follows:

Years Ending December 31:		
2022	$	6,269
2023		6,384
2024		6,499
2025		5,505
Total payments	$	24,657

The Insurance Placement Facility of Pennsylvania allocates rent expense among the insurance affiliates based on the expense sharing agreement. Total rental expense was $6,293 and $6,453 in 2021 and 2020, respectively.

The Association is charged a portion of the total rentals paid by Insurance Placement Facility of Pennsylvania for common facilities, based upon underwriting activity of the Association during the year. Rental commitment allocations are based upon continuation of the current level of activity.

7. Related Party Transactions

The Insurance Placement Facility of Pennsylvania (see Note 2) issues all checks for claims and other payables for the Association and is then reimbursed by the Association. Throughout 2021 and 2020, $173,646 and $178,219, respectively, was paid by the Insurance Placement Facility of Pennsylvania on behalf of the Association. At December 31, 2021 and 2020, $13,852 and $6,239, respectively, is due to the Insurance Placement Facility of Pennsylvania. These advances do not bear interest and are payable on demand.

8. Annual Statement Reconciliation

There are no material differences between net income and capital and surplus as reported herein and the Annual Statement as previously filed with the Department for the years ended December 31, 2021 and 2020.

9. Subsequent Events

The Association has evaluated subsequent events through April 20, 2022, the date these financial statements were available for issuance.

West Virginia Essential Property Insurance Association

Supplemental Risk Interrogatories
December 31, 2021

Total admitted assets at December 31, 2021	$ 675,433

1. State by investment category the 10 largest exposures to a single issuer/borrower/investment, excluding (i) U.S. government, U.S. government agency securities, and those U.S. government money market funds listed in the Appendix to the SVO Purposes and Procedures Manual as exempt; (ii) property occupied by the Association; and (iii) policy loans.

Investment Category	Amount	Percentage of Total Admitted Assets
None	$ -	0.00%

2. State the amount and percentages of the reporting entity's total admitted assets held in bonds and Preferred stocks by NAIC rating.

Bonds		Preferred Stocks	
None	$ -	None	$ -

3. The Association holds no foreign investments.
4. The Association holds no Canadian investments.
5. The Association holds no investments with contractual sales restrictions.
6. State the amounts and percentages of admitted assets held in the largest 10 equity interests (including investments in shares of mutual funds, preferred stocks, publicly traded equity securities, and other equity securities, and excluding money market and bond mutual funds listed in the Appendix to the SVO Practices and Procedures Manual as exempt or Class 1).

Investment Category	Amount	Percentage of Total Admitted Assets
None	$ -	0.00%

7. The Association holds no nonaffiliated, privately placed equities.
8. The Association holds no general partnership interests.
9. The Association holds no mortgage loans.
10. The Association holds no real estate.
11. The Association has no repurchase agreements.
12. The Association does not hold warrants.
13. The Association does not have exposure to collars, swaps, or forwards.
14. The Association does not have exposure for futures contracts.
15. The Association does not have amounts in the Write-Ins for Invested Assets category on the Summary Investment Schedule.

West Virginia Essential Property Insurance Association

Summary Investment Schedule
December 31, 2021

Investment Categories	Gross Investment Holdings*		Admitted Assets as Reported in the Annual Statement	
Cash and short-term investments	$ 670,760	100.00%	$ 670,760	100.00%
Total invested assets	$ 670,760	100.00%	$ 670,760	100.00%

*Gross investment holdings as valued in compliance with NAIC Accounting Practices and Procedures Manual.

West Virginia Essential Property Insurance Association

Reinsurance Interrogatories
December 31, 2021

Provided below are management's responses to certain reinsurance interrogatories required by NAIC Statutory Accounting Principles:

Has the reporting entity reinsured any risk with any other entity under a quota share reinsurance contract that includes a provision that would limit the reinsurer's losses below the stated quota share percentage (e.g., a deductible, a loss ratio corridor, a loss cap, an aggregate limit or any similar provisions)?

Yes ( ) No (X)

Has the reporting entity ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement: (i) it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; (ii) it accounted for that contract as reinsurance and not as a deposit; and (iii) the contract(s) contain one or more of the following features or other features that would have similar results:

(a) A contract term longer than two years and the contract is noncancellable by the reporting entity during the contract term;
(b) A limited or conditional cancellation provision under which cancellation triggers an obligation by the reporting entity, or an affiliate of the reporting entity, to enter into a new reinsurance contract with the reinsurer, or an affiliate of the reinsurer;
(c) Aggregate stop loss reinsurance coverage;
(d) An unconditional or unilateral right by either or both parties to commute the reinsurance contract, whether conditional or not, except for such provisions which are only triggered by a decline in the credit status of the other party;
(e) A provision permitting reporting of losses, or payment of losses, less frequently than on a quarterly basis (unless there is no activity during the period); or
(f) Payment schedule, accumulating retentions from multiple years or any features inherently designed to delay timing of the reimbursement to the ceding entity.

Yes ( ) No (X)

Has the reporting entity during the period covered by the statement ceded any risk under any reinsurance contract (or under multiple contracts with the same reinsurer or its affiliates) for which during the period covered by the statement it recorded a positive or negative underwriting result greater than 5% of prior year-end surplus as regards policyholders or it reported calendar year written premium ceded or year-end loss and loss expense reserves ceded greater than 5% of prior year-end surplus as regards policyholders; excluding cessions to approved pooling arrangements or to captive insurance companies that are directly or indirectly controlling, controlled by, or under common control with (i) one or more unaffiliated policyholders of the reporting entity, or (ii) an association of which one or more unaffiliated policyholders of the reporting entity is a member, where:

(a) The written premium ceded to the reinsurer by the reporting entity or its affiliates represents fifty percent (50%) or more of the entire direct and assumed premium written by the reinsurer based on its most recently available financial statement; or
(b) Twenty five percent (25%) or more of the written premium ceded to the reinsurer has been retroceded back to the reporting entity or its affiliates in a separate reinsurance contract.

Yes ( ) No (X)

Except for transactions meeting the requirements of paragraph 31 of SSAP No. 62R—Property and Casualty Reinsurance, disclose if the reporting entity ceded any risk under any reinsurance contract (or multiple contracts with the same reinsurer or its affiliates) during the period covered by the financial statement, and either:

(a) Accounted for that contract as reinsurance (either prospective or retroactive) under statutory accounting principles ("SAP") and as a deposit under generally accepted accounting principles ("GAAP"); or
(b) Accounted for that contract as reinsurance under GAAP and as a deposit under SAP?

Yes ( ) No (X)

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To the Board of Directors of
West Virginia Essential Property Insurance Association

We have audited, in accordance with auditing standards generally accepted in the United States of America, the statutory financial statements of West Virginia Essential Property Insurance Association (the "Association") for the years ended December 31, 2021 and 2020 and have issued our report thereon dated April 20, 2022. In connection therewith, we advise you as follows:

a. We are independent certified public accountants with respect to the Association and conform to the standards of the accounting profession as contained in the Code of Professional Conduct and pronouncements of the American Institute of Certified Public Accountants and the Rules of Professional Conduct of the Pennsylvania State Board of Public Accountancy.

b. The engagement partner and engagement manager, who are both certified public accountants, have 18 years and 14 years, respectively, of experience in public accounting and are experienced in auditing insurance entities. Members of the engagement team, most of whom have had experience in auditing insurance entities and 50 percent of whom are certified public accountants, were assigned to perform tasks commensurate with their training and experience.

c. We understand that the Association intends to file its audited statutory financial statements and our report thereon with the Offices of the Insurance Commissioner of the State of West Virginia ("Insurance Department") and other state insurance department in states in which the Association is licensed and that the insurance commissioners of those states will be relying on that information in monitoring and regulating the statutory financial condition of the Association.

   Although we understand that an objective of issuing a report on the statutory financial statements is to satisfy regulatory requirements, our audit was not planned to satisfy all objectives or responsibilities of insurance regulators. In this context, the Association and the insurance commissioners should understand that the objective of an audit of statutory financial statements in accordance with auditing standards generally accepted in the United States of America is to form an opinion and issue a report on whether the statutory financial statements present fairly, in all material respects, the admitted assets, liabilities, and capital and surplus, as well as the results of operations and cash flows in conformity with accounting practices prescribed or permitted by the Insurance Department. Consequently, under auditing standards generally accepted in the United States of America, we have the responsibility, within the inherent limitations of the auditing process, to plan and perform our audit to obtain reasonable assurance about whether the statutory financial statements are free of material misstatement, whether caused by error or fraud, and to exercise due professional care in the conduct of the audit. The concept of selective testing of the data being audited, which involves judgment both as to the number of transactions to be audited and the areas to be tested, has been generally accepted as a valid and sufficient basis for an auditor to express an opinion on statutory financial statements. Audit procedures that are effective for detecting errors, if they exist, may be ineffective for detecting misstatement resulting from fraud. Because of the characteristics of fraud, a properly planned and performed audit may not detect a material misstatement resulting from fraud. In addition, an audit does not address the possibility that material misstatements caused by error or fraud may occur in the future. Also, our use of professional judgment and the assessment of materiality for the purpose of our audit means that matters may exist that would be assessed differently by insurance commissioners.

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It is the responsibility of the management of the Association to adopt sound accounting policies, to maintain an adequate and effective system of accounts and to establish and maintain an internal control that will, among other things, provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting practices prescribed or permitted by the Insurance Department.

The insurance commissioner should exercise due diligence to obtain whatever other information may be necessary for the purpose of monitoring and regulating the statutory financial position of insurers and should not rely solely upon the independent auditors' report.

d. We will retain audit working papers prepared in compliance with professional standards, for seven years from the date that we grant permission to use our report in connection with the issuance of the Association's 2021 financial statements (report release date). After notification to the Association, we will make the audit working papers available for review by the Insurance Department or its delegates, at the offices of the insurer, at our offices, at the insurance department, or at any other reasonable place designated by the insurance commissioner. Furthermore, in the conduct of the aforementioned periodic review by the Insurance Department, photocopies of pertinent audit working papers may be made (under the control of the accountant) and such copies may be retained by the Insurance Department. In addition, to the extent requested, we may provide the Insurance Department with copies of certain of our audit working papers (such as unlocked electronic copies of Excel spreadsheets that do not contain password protection or encryption). As such, these audit working papers will be subject to potential modification by the Insurance Department or by others. We are not responsible for any modifications made to the copies, electronic or otherwise, after they are provided to the Insurance Department and we are likewise not responsible for any effect that any such modifications, whether intentional or not, might have on the process, substance or outcome of your regulatory examination.

e. The engagement partner has served in that capacity with respect to the Association since 2017, is licensed by the Pennsylvania State Board of Public Accountancy and is a member in good standing of the American Institute of Certified Public Accountants.

f. To the best of our knowledge and belief, we are in compliance with the requirements of section 7 of the NAIC Annual Financial Reporting Model Regulation Mode Rule (Regulation) Requiring Annual Audited Financial Reports regarding qualifications of independent certified public accountants.

This letter is intended solely for the information and use of the Insurance Department and other state insurance departments and is not intended to be and should not be used for anyone other than these specified parties.

Mazars USA LLP

April 20, 2022

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To the Board of Directors of
West Virginia Essential Property Insurance Association

In planning and performing our audit of the statutory financial statements of the West Virginia Essential Property Insurance Association (the "Association") as of and for the year ended December 31, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the Association's internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the statutory financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider unremediated material weaknesses as previously defined as of December 31, 2021. However, unremediated material weaknesses may exist that were not identified.

This communication is intended solely for the information and use of the audit committee, Board of Directors, management, others within the organization, and state insurance departments to whose jurisdiction the Association is subject and is not intended to be and should not be used by anyone other than these specified parties.

The engagement partner has served in that capacity with respect to the Association since 2017.

Mazars USA LLP

April 20, 2022