

EXAMINATION REPORT OF
AGRI GENERAL INSURANCE COMPANY
JOHNSTON, IOWA
AS OF DECEMBER 31, 2019

Johnston, Iowa
May 5, 2021

HONORABLE DOUG OMMEN
Commissioner of Insurance State of Iowa
Des Moines, Iowa Commissioner:

In accordance with your authorization and pursuant to Iowa statutory provisions, an Examination has been made of the records, business affairs and financial condition of

AGRI GENERAL INSURANCE

COMPANY JOHNSTON, IOWA

AS OF DECEMBER 31, 2019

at its Home Office, 9200 Northpark Drive, Johnston, Iowa.

INTRODUCTION

Agri General Insurance Company, hereinafter referred to as the “Company” or “AGIC”, was last examined as of December 31, 2014. The examination reported herein was conducted by examiners for the Iowa Insurance Division.

The examination was performed under the holding company group approach and on a coordinated basis with the Commonwealth of Pennsylvania as the NAIC lead state. The insurance companies examined under this approach benefit to a large degree from common board and management members, governance policies, information systems, internal controls insurance products, and risk management processes, which are generally administered at the consolidated holding company or ultimate parent. The Iowa Insurance Division participated in the coordinated examination of the Company and its insurance affiliates. The following is a listing of the Chubb Group of Insurance Companies that were examined concurrently with the Examination of the Company:

Company	State	NAIC Code
ACE American Insurance Company	PA	22667
ACE Capital Title Reinsurance Company	NY	50028
ACE Fire Underwriters Insurance Company	PA	20702
ACE Insurance Company of the Midwest	IN	26417
ACE Life Insurance Company	CT	60348
ACE Property and Casualty Insurance Company	PA	20699
Atlantic Employers Insurance Company	NJ	38938
Bankers Standard Insurance Company	PA	18279
Century Indemnity Company	PA	20710
Chubb Custom Insurance Company	NJ	38989
Chubb Indemnity Insurance Company	NY	12777
Chubb Insurance Company of New Jersey	NJ	41386
Chubb Insurance Company of Puerto Rico	PR	30953
Chubb Lloyds Insurance Company of Texas	TX	27774
Chubb National Insurance Company	IN	10052
Combined Insurance Company of America	IL	62146
Combined Life Insurance Company of New York	NY	78697
Executive Risk Indemnity Inc.	DE	35181
Executive Risk Specialty Insurance Company	CT	44792
Federal Insurance Company	IN	20281
Great Northern Insurance Company	IN	20303
Illinois Union Insurance Company	IL	27960
Indemnity Insurance Company of North America	PA	43575
Insurance Company of North America	PA	22713

Company	State	NAIC Code
Pacific Employers Insurance Company	PA	22748
Pacific Indemnity Company	WI	20346
Penn Millers Insurance Company	PA	14982
Vigilant Insurance Company	NY	20397
Westchester Fire Insurance Company	PA	10030
Westchester Surplus Lines Insurance Company	GA	10172

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2015 to the close of business on December 31, 2019, including any material transactions and/or events occurring and noted subsequent to the examination period.

The examination was conducted in accordance with the National Association of Insurance Commissioners (NAIC) Financial Condition Examiners Handbook. The Handbook requires that the Division plan and perform the examination to evaluate the financial condition, 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. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company's financial statements.

This examination report includes significant findings of fact and general information about the insurer and its financial condition.

HISTORY

The Company was incorporated in Des Moines, Iowa on June 7, 1983 under the provisions of Chapter 515, Code of Iowa, to write insurance and reinsurance business upon the stock plan with authorized capital of 500,000 shares of common stock, par value \$10 per share. The Company commenced business on September 13, 1983.

Subsequently, by amendment to the Articles of Incorporation adopted October 13, 1994, the authorized capital was increased to 2,000,000 shares of common stock, par value \$10 per share.

Effective December 28, 2010, ACE American Insurance Company increased the amount of its ownership of Rain and Hail Insurance Service, Inc. to be 100%. Rain and Hail Insurance Service, Inc. is in turn the sole shareholder of the Company.

Effective December 31, 2012, Agri General Insurance Service, Inc. transferred its 1% ownership interest in Rain and Hail, L.L.C. to Agri General Insurance Company. Agri General Insurance Company now owns 100% of Rain and Hail L.L.C.

On July 1, 2015, it was announced that ACE Limited had agreed to acquire The Chubb Corporation. On January 14, 2016, The Chubb Corporation merged with William Investment Holdings Corporation, a wholly owned subsidiary of ACE Limited, created for the purpose of the transaction. The Chubb Corporation was the surviving corporation and became a wholly owned indirect subsidiary of ACE Limited. The Chubb Corporation subsequently merged with and into ACE INA Holdings, Inc., a Delaware corporation and indirect subsidiary of ACE Limited, with ACE INA Holdings, Inc. continuing as the surviving corporation. ACE INA Holdings, Inc. subsequently changed its name to Chubb INA Holdings, Inc. On January 15, 2016, ACE Limited was renamed to Chubb Limited. Chubb Limited is a Swiss-incorporated holding company of the Chubb Group of Insurance Companies.

CAPITAL STOCK AND DIVIDENDS THEREON

Total authorized capital shall be 2,000,000 shares of common voting stock with a par value of \$10 per share. Issued and outstanding capital consisted of 1,683,781 shares of common stock. Capital paid up and gross paid in and contributed surplus

totaled \$16,837,810 and \$35,777,437, respectively. All outstanding shares are held by Rain and Hail Insurance Service, Inc. (“RHIS”), an insurance holding company incorporated in the State of Iowa.

Dividends declared and paid during the examination period are as follows:

2015	\$90,000,000
2017	\$35,000,000

HOLDING COMPANY ACT

The Company is a member of a Holding Company System as defined by Chapter 521A, Code of Iowa and properly filed the annual registration statements. The Company is a wholly owned subsidiary of RHIS, which in turn is a wholly owned subsidiary of Ace American Insurance Company, which in turn is a wholly owned subsidiary of INA Holdings Corporation, which in turn is a wholly owned subsidiary of INA Financial Corporation (“INA Financial”), which in turn is a wholly owned subsidiary of INA Corporation, which in turn is a wholly owned subsidiary of Chubb INA Holdings Inc. (“Chubb INA”). Chubb INA is an 80% owned subsidiary of Chubb Group Holdings Inc. (“Chubb Group Holdings”), and 20% owned subsidiary of Chubb Limited. Chubb Group Holdings is a wholly owned subsidiary of Chubb Limited, the ultimate controlling parent.

Chubb Limited is one of the world’s largest multiline property and casualty insurers. With operations in 54 countries, Chubb Limited provides commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance, and life insurance to a diverse group of consumers. Chubb Limited is a Swiss-incorporated holding company and ultimate parent of the Chubb Group of Insurance Companies. A partial organizational chart for the Company as of December 31, 2019 follows:

Chubb Limited

Chubb Group Holdings, Inc.

Chubb INA Holdings Inc.¹

INA Corporation

INA Financial Corporation

INA Holdings Corporation

Ace American Insurance Company

Rain and Hail Insurance Service, Inc.

Agri General Insurance Company

Rain and Hail L.L.C.

Agri General Insurance Service, Inc.

Rain and Hail Financial, Inc.

Rain and Hail Insurance Service International, Inc.

Rain and Hail Insurance Service, Ltd.

Rain and Hail Insurance Service de Mexico

¹ Chubb INA Holdings, Inc. is an 80% owned subsidiary of Chubb Group Holdings Inc., and 20% owned subsidiary of Chubb Limited.

MANAGEMENT AND CONTROL

SHAREHOLDERS

The Bylaws specify that the annual meeting of the shareholders shall be held on the third Thursday in March in each year at the hour of 10 A.M. or on such other date in any such year within a period commencing on January 1 and ending on December 31 as the Board of Directors shall by resolution specify. Special meetings may be called by the President, by the Board of Directors or by the holders of not less than one-tenth of all the shares entitled to vote at the meeting. Written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose for which the meeting is called, shall be delivered not less than ten, or more than sixty, days before the date of the meeting.

A majority of shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of the shareholders. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy. Each outstanding share of stock shall be entitled to one vote upon each matter submitted to vote at a meeting of the shareholders.

BOARD OF DIRECTORS

The Bylaws provide that the business and affairs of the Company shall be managed by its Board of Directors. The number of directors shall be not less than seven (7) nor more than twenty-one (21), the exact number to be determined from time to time by resolution of the shareholders or, failing such resolution, by resolution of the Board of Directors. Directors need not be residents of Iowa.

Directors are elected at each annual meeting of the shareholders and hold office for the term elected until their successors are elected and qualified. Any vacancies occurring on the Board may be filled, for the unexpired term, by a majority vote of the remaining directors.

A regular meeting of the Board of Directors shall be held without notice other than as prescribed in the Bylaws, immediately after and at the same place as the annual meeting of shareholders. The Board of Directors may provide by resolution the time and place, either within or without the State of Iowa, for the holding of additional regular meetings.

Elected directors at December 31, 2019 were as follows:

<u>Name and Address</u>	<u>Principal Occupation</u>	<u>Term Expires</u>
Scott J. Arnold Runnells, IA	Executive Vice President ACE American Insurance Company	2020
Caroline J. Clouser Princeton, NJ	Executive Vice President, Healthcare North America, Chubb Limited	2020
Scott E. Henck Lebanon, NJ	Executive Vice President, Actuary ACE American Insurance Company	2020
Latrell Johnson Robbinsville, NJ	Executive Vice President, Human Resources North America, ACE American Insurance Company	2020
Paul J. Krump Mendham, NJ	Executive Vice President, Chubb Group; President North America Commercial and Private Risk Services, ACE American Insurance Company	2020
John J. Lupica Newtown, PA	Vice Chairman, Chubb Group; President North America Major Accts and Specialty Insurance, Chubb Group Holdings, Inc.	2020
Michelle McLaughlin Monroe Township, NJ	Executive Vice President, Property Manager Commercial Insurance, ACE American Insurance Company	2020
Frances D. O'Brien Basking Ridge, NJ	Senior Vice President, Chubb Group; Division President, Personal Risk Services Division President, ACE American Insurance Company	2020
Kevin M. Rampe New Hope, PA	Director, Global Legal Operations; General Counsel, North America, ACE American Insurance Company	2020
Drew K. Spitzer Summit, NJ	Executive Vice President; Chief Financial Officer, North America, ACE American Insurance Company	2020

COMMITTEES

The Board of Directors may, by resolution, create an Executive Committee, and one or more other committees from among its members. The Board of Directors may, also by resolution, create an Audit Committee from among its members. If an Audit Committee is created, it shall consist of not less than four (4) nor more than ten (10) members, the exact number to be determined by the Board.

The Board of Directors maintained an Executive Committee and an Investment Committee during the examination period. The Company designated the Chubb Limited Audit Committee to be their Audit Committee. Chubb Limited, a public corporation, is the ultimate parent of the Company.

OFFICERS

The Bylaws prescribe that the officers of the Company shall consist of a Chairman of the Board, a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers, if any, as may be elected or appointed by the Board of Directors. Any two or more offices may be held by the same person, except for the office of President and Secretary. The officers shall be elected annually by the Board of Directors at the first meeting of the Board held after each annual meeting of shareholders.

Elected officers serving as of December 31, 2019 were as follows:

<u>Name</u>	<u>Title</u>
John J. Lupica	President and Chairman of the Board
Drew K Spitzer	Executive Vice President and Treasurer
Rebecca L. Collins	Vice President and Secretary
Scott J. Arnold	Executive Vice President
Caroline J. Clouser	Executive Vice President
Catherine A. Fabbitti	Executive Vice President
Scott E. Henck	Executive Vice President
Paul J. Krump	Executive Vice President
Christopher A. Maleno	Executive Vice President
Patrick G. Markowski	Executive Vice President
Frances D. O'Brien	Executive Vice President
Paul G. O'Connell	Chief Actuary
Deborah Ann G. Stalker	Executive Vice President
John P. Taylor	Senior Vice President

The salaries of the officers shown on the jurat page of the annual statement are contained in Exhibit A which will be found immediately following the signature page of this report.

CONFLICT OF INTEREST STATEMENTS

The Company has an established procedure for annual disclosure to its Board of Directors of any material interest or affiliation on the part of its officers, directors or key employees which is, or is likely to be, in conflict with the official duties of such person. While conflicts were disclosed, none were deemed to materially impact the interests of the Company.

CORPORATE RECORDS

ARTICLES OF INCORPORATION

There were no changes to the Articles of Incorporation documented during the exam period.

BYLAWS

There were no changes to the Bylaws of the Company documented during the exam period.

RELATED PARTY AGREEMENTS

A summary of material and currently active intercompany agreements follows:

MANAGING GENERAL AGENCY AGREEMENT – CROP & HAIL

Effective July 1, 1991, the Company entered into a Managing General Agency Agreement with RHIS, whereby the Company reimburses the expenses incurred by RHIS on crop and hail premium produced for the Company.

MANAGING GENERAL AGENCY AGREEMENT – FIRE & ALLIED LINES

Effective July 1, 1991, and as amended on June 30, 2012, the Company entered into a Managing General Agency Agreement with RHIS, whereby the Company reimburses the expenses incurred by RHIS on fire and allied lines premium produced for the Company.

MANAGING GENERAL AGENCY AGREEMENT – MULTI-PERIL CROP INSURANCE

Effective July 1, 1991, the Company entered into a Managing General Agency Agreement with RHIS, whereby the Company pays a commission on its retained multi-peril crop insurance premium.

MANAGING GENERAL AGENCY AGREEMENT – CROP & HAIL

Effective May 1, 1996, and as amended on January 1, 2011, and June 30, 2012, the Company entered into a Managing General Agency Agreement with Rain and Hail L.L.C., whereby the Company reimburses the expenses incurred by Rain and Hail L.L.C. on crop and hail premium produced for the Company.

MANAGING GENERAL AGENCY AGREEMENT – FIRE & ALLIED LINES

Effective May 1, 1996, and as amended on January 1, 2011, and June 30, 2012, the Company entered into a Managing General Agency Agreement with Rain and Hail L.L.C., whereby the Company reimburses the expenses incurred by Rain and Hail L.L.C. on fire and allied lines premium produced for the Company.

MANAGING GENERAL AGENCY AGREEMENT – MULTI-PERIL CROP INSURANCE

Effective May 1, 1996, and as amended January 1, 1999, January 1, 2005, January 1, 2009, January 1, 2011, and June 30, 2012, the Company entered into a Managing General Agency Agreement with Rain and Hail L.L.C., whereby the Company pays a commission on its retained multi-peril crop insurance premium.

LIVESTOCK INSURANCE SERVICE AGREEMENT

Effective January 1, 2002, and as amended on May 11, 2011, and January 1, 2012, the Company and other affiliates entered into a Livestock Insurance Service Agreement with Rain and Hail L.L.C., whereby the Company reimburses all expenses and premium allowances paid by Federal Crop Insurance Corporation on Livestock premium produced for the Company.

MANAGING GENERAL AGENCY AGREEMENT – FARM

Effective January 1, 2004, and as amended on June 30, 2012, the Company entered into a Managing General Agency Agreement with Rain and Hail L.L.C., whereby the Company pays a commission plus bonus if the calendar year loss ratio is equal to or less than the amount specified on its retained farm premium.

SIU SERVICE AND SUPPORT AGREEMENT

Effective August 12, 2010, and as amended on January 1, 2011, March 19, 2015, July 1, 2016, and January 1, 2018, a SIU Service and Support agreement was entered into by and between certain Chubb Property and Casualty Insurance Companies including the Company and ESIS, whereby ESIS is a third party claims administrator handling claims under policies issued by the Chubb Group of Insurance Companies or where there is no third party claims administrator involved on policies issued by the Chubb Group of Insurance Companies, the Chubb insurers have delegated to ESIS their obligations to: (a) investigate potentially fraudulent claim activity, and (b) to report potentially fraudulent claim activity to governmental authorities as required by law or filed fraud plan. In consideration for the provision of the above services by ESIS, the Company agrees to pay a yearly service fee.

SERVICE AGREEMENT WITH ACE AMERICAN INSURANCE COMPANY

Effective December 1, 2011, the Company was added as a party to the Service Agreement between certain Chubb Group Property and Casualty Insurance Companies and ACE American Insurance Company. The Service Agreement originally went into effect on December 31, 1995, and was amended on January 1, 1999, January 1, 2007, December 31, 2011, and December 31, 2012. Pursuant to this agreement ACE American Insurance Company provides all necessary services for the

continuing insurance and reinsurance operations of the companies, including, without limitation, underwriting, accounting, statistical, management, and other administrative services, including auditing, litigation, data processing, actuarial and personal services.

AMENDED AND RESTATED TAX ALLOCATION AGREEMENT

Effective January 1, 2012 and amended on December 31, 2012, January 1, 2014, February 18, 2015, December 8, 2016, and January 10, 2017, Chubb Group Holdings, Chubb INA, Chubb US Holdings Inc., and certain of their affiliates entered into an Amended and Restated Tax Allocation Agreement. Pursuant to the agreement, each party contributes its fair and equitable share to the federal income taxes payable by the affiliated group and pays federal income taxes on a consolidated basis. If the separately calculated federal income tax return for any subsidiary results in a tax loss, the current tax benefit resulting from such loss, to the extent utilizable on a separate return basis, will be paid to that subsidiary.

INVESTMENT ADVISORY SERVICES AGREEMENT

Effective January 1, 2012, the Company was added as a party to the Investment Advisory Services Agreement between certain Chubb Group Insurance Companies and Chubb Asset Management, Inc. (formerly, ACE Asset Management). The Investment Advisory Services Agreement originally went into effect on January 1, 2001, and was amended on January 1, 2011, and December 31, 2012. Pursuant to this agreement, Chubb Asset Management, Inc. will assist with the evaluation and selection of the Company's investment advisors and monitor the performance, compliance and risk profile of the Company's portfolio.

MASTER CLAIMS SERVICE AGREEMENT

Effective November 1, 2014, the Company was added as a party to the Master Claims Service Agreement between certain Chubb Group Property and Casualty Insurance Companies and ESIS, Inc. ("ESIS"). The Master Claims Service Agreement originally went into effect on November 1, 2009, and was amended September 20, 2010, January 1, 2011, January 1, 2013, and August 13, 2013. Pursuant to this agreement, ESIS is a licensed third-party claims administrator retained by the Chubb Property and Casualty Insurance Companies to provide claims adjusting services to insureds in accordance with policies issued by Chubb Group Property and Casualty Insurance Companies.

SERVICE AGREEMENT WITH RSI

Effective November 1, 2014, the Company was added as a party to the Service Agreement between Insurance Company of North America ("INA") and RSI. The Service Agreement originally went into effect on August 1, 1978, and was amended on November 1, 2007, May 13, 2014, and November 1, 2014. Pursuant to this agreement, RSI provides services for the collection of various insurance receivables and/or overpayments from clients, producers and insureds.

CHUBB INSURANCE SOLUTIONS AGENCY INC. PRODUCER AGREEMENT

Effective June 27, 2017, the Company was added as a party to the Chubb Insurance Solutions Agency Inc. ("CISA") Producer Agreement between certain Chubb Group Property and Casualty Insurance Companies and CISA. The CISA Producer Agreement originally went into effect on January 1, 2012, and was amended on April 19, 2018. Pursuant to this agreement, CISA acts as an insurance agent for the Chubb Group Property and Casualty Insurance Companies.

FIDELITY BONDS AND OTHER INSURANCE

The Company and its affiliates are protected by a \$10,000,000 fidelity bond, which meets the National Association of Insurance Commissioners' suggested minimum amount of coverage.

The other interests of the Company appear to be adequately protected through coverages afforded by policies in force with admitted insurers.

EMPLOYEES' WELFARE

The Company does not have direct employees. All personnel services are provided via the intercompany service and managing general agency agreements.

REINSURANCE

Effective January 1, 2018, with the approval of the Iowa Insurance Division, the Company entered into a 100% quota share reinsurance agreement with an affiliate, ACE American Insurance Company that reinsures the Company's gross underwriting exposure and all ceded reinsurance in force for the Company inures to ACE American Insurance Company's benefit. Ace American Insurance Company in turn entered into a 100% intercompany reinsurance pooling agreement (the "Chubb Pool") where ACE American Insurance Company is the lead Company. ACE American Insurance Company ultimately reinsures the gross business written by each of the companies listed below through the pooling agreement or a 100% quota share reinsurance agreement. All ceded reinsurance in force for the Chubb Pool and certain foreign branch business, inures to ACE American Insurance Company's benefit. After placing ceded reinsurance, ACE American Insurance Company retrocedes the remaining net business to each of the other Chubb Pool member in proportion to their agreed upon pool share.

The names and pool participation percentages of the intercompany pool members are as follows:

<u>Pool Participants</u>	<u>Pool Participation Percentage</u>
ACE American Insurance Company (A)	25%
Federal Insurance Company # (B)	25%
ACE Property & Casualty Insurance Company #	20%
Pacific Indemnity Company ##	20%
Executive Risk Indemnity Company ##	10%
ACE Fire Underwriters Insurance Company #	0%
ACE Insurance Company of the Midwest #	0%
Atlantic Employers Insurance Company #	0%
Bankers Standard Insurance Company #	0%
Chubb Insurance Company of New Jersey ##	0%
Chubb National Insurance Company ##	0%
Great Northern Insurance Company of North America #	0%
Insurance Company of North America #	0%
Pacific Employers Insurance Company #	0%
Penn Millers Insurance Company #	0%
Westchester Fire Insurance Company #	0%

Company cedes 100% gross loss, LAE and underwriting expenses to ACE American Insurance Company.

Company cedes 100% gross loss, LAE and underwriting expenses to Federal Insurance Company.

(A) ACE American aggregates and cedes the Pool's 3rd Party reinsurance.

(B) Federal Insurance Company assumes from other Pool/Quota Share arrangements, then retrocedes 100% gross loss, LAE and underwriting expenses to ACE American Insurance Company.

STATUTORY DEPOSIT

The statement value of securities held in custodial accounts for the exclusive protection of various states' policyholders totaled \$5,260,316.

The statement value of securities held in a custodial account, and vested in the Iowa Commissioner of Insurance for the benefit of all policyholders, totaled \$2,500,000.

TERRITORY AND PLAN OF OPERATION

The Company is currently licensed in the following jurisdictions:

Alabama	Iowa	Nebraska	South Carolina
Arizona	Kansas	Nevada	South Dakota
Arkansas	Kentucky	New Jersey	Tennessee
California	Louisiana	New Mexico	Texas
Colorado	Maine	New York	Utah
Connecticut	Maryland	North Carolina	Vermont
Delaware	Massachusetts	North Dakota	Virginia
Florida	Michigan	Ohio	Washington
Georgia	Minnesota	Oklahoma	West Virginia
Idaho	Mississippi	Oregon	Wisconsin
Illinois	Missouri	Pennsylvania	Wyoming
Indiana	Montana	Rhode Island	

The Company is admitted to do business in 47 states and is represented by an agency force across the United States. The Company has Managing General Agency Agreements for the lines of business it writes with Rain and Hail L.L.C. Under the Managing General Agency arrangements, the MGA appoints and trains independent agents, underwrites and services the policies, and adjusts and settles claims on behalf of the Company.

The Company specializes in writing agribusiness products including crop hail insurance, other named perils coverage on growing crops and multi-peril crop insurance which is ultimately ceded to ACE American Insurance Company and reinsured by the Federal Crop Insurance Corporation, a part of the U.S. Department of Agriculture.

GROWTH OF THE COMPANY

The following represents historical data, as taken from filed copies of the annual financial statements, and reflects the financial position of the Company:

Year	Admitted Assets	Surplus to Policyholders	Net Premiums Earned	Net Losses Incurred	Investment Income Earned
2015	\$107,028,049	\$ 99,910,275	\$ 0	\$ 3,280	\$ 4,472,419
2016	120,543,907	111,478,157	0	0	2,292,727
2017	99,693,131	87,779,023	0	0	2,224,685
2018	111,526,756	110,727,262	0	0	1,316,734
2019	140,498,095	140,663,385	0	0	11,274,099

ACCOUNTS AND RECORDS

The Company's general ledgers are maintained on an accrual basis. Trial balances were prepared for the examination years under review. Amounts from the general ledger accounts were reconciled and found to be in agreement with balances reported on the annual statements for assets, liabilities, income or disbursements.

During the course of the examination, no material aggregate surplus differences were identified from the amount reflected in the financial statements, as presented in the annual statement at December 31, 2019.

SUBSEQUENT EVENTS

The Iowa Insurance Division is monitoring the impact of the COVID-19 global pandemic. The Iowa Insurance Division recognizes that COVID-19 could have a significant financial and operational impact on all of its domestic insurers, including the Company. As such, the Iowa Insurance Division will continue to monitor and share information with the Company as appropriate related to COVID-19 developments.

FINANCIAL STATEMENTS
AND COMMENTS THEREON

NOTE: The following financial statements are based on the statutory financial statements filed by the Company with the Iowa Insurance Division and present the financial condition of the Company for the period ending December 31, 2019.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	<u>Ledger</u>	Not <u>Admitted</u>	<u>Admitted</u>
Bonds	\$ 41,663,718	\$	\$ 41,663,718
Cash and short-term investments	18,770,313		18,770,313
Other invested assets	78,065,359		78,065,359
Receivables for securities	12,750		12,750
Investment income due and accrued	242,783		242,783
Premiums deferred and not yet due	278,143		278,143
Accrued retrospective premiums	17,313		17,313
Amounts recoverable from reinsurers	(26,743)		(26,743)
Current federal income tax recoverable	46,176		46,176
Net deferred tax asset	850,480	220,480	630,000
Receivable from parent and affiliates	<u>798,283</u>		798,283
 Total assets	 <u>\$140,718,575</u>	 <u>\$ 220,480</u>	 <u>\$ 140,498,095</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Ceded reinsurance premiums payable	\$ (168,726)
Payable to parent and affiliates	1,952
Aggregate write-ins for liabilities	1,484
 Total liabilities	 <u>\$ (165,290)</u>
 Common capital stock	 \$ 16,837,810
Gross paid in and contributed capital	35,775,437
Unassigned funds (surplus)	<u>88,050,138</u>
 Surplus as regards policyholders	 <u>\$ 140,663,385</u>
 Total liabilities and surplus	 <u>\$ 140,498,095</u>

STATEMENT OF INCOME

ONE-YEAR PERIOD ENDING DECEMBER 31, 2019

Underwriting Income

Premiums earned \$ 0

Deductions

Losses Incurred \$ 0

Loss expenses incurred 0

Other underwriting expenses incurred 0

Total underwriting deductions 0

Net underwriting gain (loss) \$ 0

Investment Income

Net investment income earned \$ 11,274,099

Net realized capital gains (losses) (6,308)

Net investment income \$ 11,267,791

Other Income

Finance and service charges not included in premiums \$

Aggregate write-ins for miscellaneous income 658

Total other income \$ 658

Net income before Federal income tax \$ 11,268,449

Federal and foreign income taxes incurred 0

Net income \$ 11,268,449

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2018 \$ 110,727,262

Gains and (Losses) in Surplus

Net income \$ 11,268,449

Change in net unrealized capital gains or (losses) 18,037,674

Change in net deferred income tax (753,114)

Change in non-admitted assets 1,383,114

Change in surplus as regards policyholders for the year \$ 29,936,123

Surplus as regards policyholders, December 31, 2019 \$ 140,663,385

CASH FLOW STATEMENT

Cash from Operations

Premiums collected net of reinsurance	\$ (788,689)	
Net investment income	11,557,377	
Miscellaneous income	<u>658</u>	
Total		\$ 10,769,346
Benefit and loss related payments	\$ (69,695)	
Federal income taxes (paid) recovered	<u>(11,144)</u>	
Total	<u>(80,839)</u>	
Net cash from operations		<u>\$ 10,850,185</u>

Cash from Investments

Proceeds from investments sold, matured or repaid:		
Bonds	\$ 8,969,594	
Total investment proceeds		\$ 8,969,594
Cost of investments acquired (long-term only):		
Bonds	\$ 9,380,537	
Miscellaneous applications	<u>12,750</u>	
Total investments acquired		<u>9,393,287</u>
Net cash from investments		<u>\$ (423,693)</u>

Cash from Financing and Miscellaneous Sources

Cash provided:		
Other cash provided (applied)	<u>\$ 800,120</u>	
Net cash from financing and miscellaneous sources		<u>\$ 800,120</u>

RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS

Net change in cash and short-term investments		\$ 11,226,612
Cash and short-term investments:		
Beginning of year		<u>7,543,701</u>
End of year		<u>\$ 18,770,313</u>

STATEMENT OF INCOME

FIVE-YEAR PERIOD ENDING DECEMBER 31, 2019

Underwriting Income

Premiums earned \$ 0

Deductions

Losses Incurred \$ 3,280

Loss expenses incurred 6,782,498

Other underwriting expenses incurred (5,701,094)

Total underwriting deductions 1,084,684

Net underwriting gain (loss) \$ (1,084,684)

Investment Income

Net investment income earned \$ 21,580,664

Net realized capital gains (losses) 1,057,717

Net investment income \$ 22,638,381

Other Income

Net gain (loss) from agents' or premium balances charged off \$ (30)

Aggregate write-ins for miscellaneous income 9,140

Total other income \$ 9,110

Net income before Federal income tax \$ 21,562,807

Federal and foreign income taxes incurred (1,029,049)

Net income \$ 22,591,856

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31, 2014 \$ 187,001,998

Gains and (Losses) in Surplus

Net income \$ 22,591,856

Change in net unrealized capital gains or (losses) 52,901,842

Change in net deferred income tax (1,469,345)

Change in non-admitted assets 2,100,891

Surplus adjustments: paid in 2,536,143

Dividends to stockholders \$(125,000,000)

Change in surplus as regards policyholders for the period \$ (46,338,613)

Surplus as regards policyholders, December 31, 2019 \$ 140,663,385

CONCLUSION

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

In addition to the undersigned, staff from Risk & Regulatory Consulting, LLC participated in the examination and preparation of this report.

Respectfully submitted,

/s/ Joshua J. Johnson
Joshua J. Johnson, CFE
Examiner in Charge
Risk & Regulatory Consulting, LLC
On behalf of the Iowa Insurance Division

/s/ Daniel Mathis
Daniel Mathis, CFE
Supervisor and Assistant Chief Examiner
Iowa Insurance Division