

EXAMINATION REPORT OF
TRANSAMERICA CASUALTY INSURANCE COMPANY
CEDAR RAPIDS, IOWA
AS OF DECEMBER 31, 2023

Cedar Rapids, Iowa
July 26, 2024

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

TRANSAMERICA CASUALTY INSURANCE COMPANY

CEDAR RAPIDS, IOWA

AS OF DECEMBER 31, 2023

at its home office located at 6400 C Street SW, Cedar Rapids, Iowa 52499.

INTRODUCTION

Transamerica Casualty Insurance Company, hereinafter referred to as the “Company”, was last examined as of December 31, 2019. The examination reported herein was conducted by the Iowa Insurance Division.

SCOPE OF EXAMINATION

This is the regular comprehensive financial examination of the Company covering the intervening period from January 1, 2020, to the close of business on December 31, 2023, including any material transactions and 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 (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.

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

HISTORY

The Company was originally incorporated as a property and casualty insurance company under the laws of the State of Ohio effective November 15, 1957, and began business on April 15, 1958. The Company was originally entitled Educator & Executive Insurers, Inc., then changed its name in 1976 to J.C. Penney Casualty Insurance Company.

Effective January 1, 1978, Great American of Dallas & Casualty Company and Great American of Dallas Insurance Company were merged into the Company.

In 2002, the Company changed its name to Stonebridge Casualty Insurance Company and in 2014 changed its name, to its current name, Transamerica Casualty Insurance Company.

Effective September 30, 2018, the Company re-domesticated from the State of Ohio to the State of Iowa.

The Company is currently owned by Transamerica Corporation, an indirect, wholly owned subsidiary of Aegon Ltd. As of October 1, 2023, Aegon Ltd. (fka Aegon N.V.) is a Bermuda Limited Company that has common shares traded on the Euronext exchange in Amsterdam and the New York Stock Exchange in New York. Prior to the domestication to Bermuda, Aegon N.V. was a public limited liability stock company organized under Dutch law.

CAPITAL STOCK AND DIVIDENDS

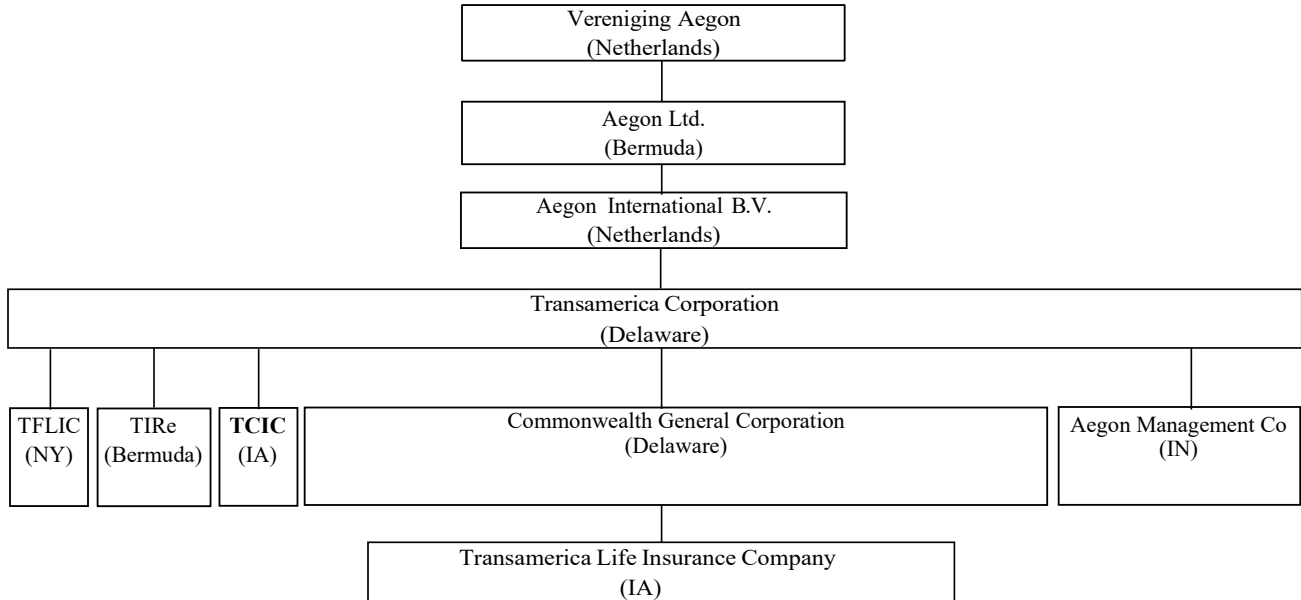
The Company is authorized to issue \$11,014,190 in common stock, comprised of 500,645 shares with a par value of twenty-two dollars (\$22) per share. Issued and outstanding capital, as of December 31, 2023, consists of 396,563 shares of common stock, all of which is held by Transamerica Corporation. Common capital stock and gross paid in and contributed surplus as of December 31, 2023, totaled \$8,724,386 and \$3,217,106, respectively. There were no changes to the amount of common stock issued during the period. Contributed surplus decreased by a total of \$19,000,000 from 2019, as described below:

Beginning Balance, 1/1/2020	\$ 22,217,106
Return of capital to parent, 10/28/2020	(20,000,000)
Capital contribution from parent, 5/26/2022	1,000,000
Ending Balance, 12/31/2023	\$ 3,217,106

A \$20,000,000 return of capital and a \$10,000,000 cash dividend was approved by the Iowa Insurance Division on October 28, 2020, in compliance with Chapter 521A.5(3)(b)(1), Code of Iowa. On May 26, 2022, the Company received a capital contribution of \$1,000,000 from Transamerica Corporation. The capital distributions correspond with the current run-off status of the Company.

INSURANCE HOLDING COMPANY SYSTEM

The Company is a member of a Holding Company System as defined by Chapter 521A, Code of Iowa. The identity of holding company members is shown as of December 31, 2023, in the following is an abbreviated organizational chart:



Abbreviations

TFLIC – Transamerica Financial Life Insurance Company

TIRe – Transamerica International Re (Bermuda) Ltd.

TCIC – Transamerica Casualty Insurance Company

Other significant affiliated organizations with whom the companies transact business include the following:

- AEGON USA Investment Management, LLC (Investment Management)
- Transamerica Capital, Inc. (Wholesaling Distribution)
- AEGON USA Realty Advisors, LLC (Mortgage Loan Operations)
- Transamerica Asset Management, Inc. (Administrative Services)

All ownership is 100% with the exception of Vereniging Aegon, which owns 31.99 percent of Aegon Ltd.

MANAGEMENT AND CONTROL

SHAREHOLDERS

The Articles and Bylaws provide that the annual meeting of the shareholders shall be held on the fourth Monday in April, and special meetings of the shareholders may be called by the President upon written notice. Meetings by written consent are allowable.

A majority of the outstanding shares of the capital stock issued and outstanding and entitled to vote, either in person or by proxy, shall constitute a quorum.

BOARD OF DIRECTORS

The Board of Directors shall be elected annually and shall consist of not fewer than five (5) nor more than twelve (12) Directors. Each director shall hold office until the next annual meeting of shareholders and until the Director's successor shall have been elected and qualified.

A regular meeting of the Board of Directors shall be held at such times and locations as the Board of Directors may designate upon written notice five days prior, with such meeting to be held at the principal office of the Company or at such place as they may designate. Special meetings may be called by the Chairman of the Board, the President, or by a minimum of three directors and require two days prior written notice. Meetings by written consent are also allowed.

A majority of the Board of Directors constitutes a quorum, with a quorum being necessary to transact business.

The Directors duly elected and serving as of December 31, 2023, were as follows:

<u>Name</u>	<u>Principal Business Affiliation</u>	<u>Term Expires</u>
Christopher S. Fleming Summerfield, NC	Chief Operations Officer, Individual Solutions Transamerica Corporation	2024
Bonnie T. Gerst Cedar Rapids, IA	President, Financial Assets Transamerica Corporation	2024
Christopher Giovanni Berwyn, PA	Chief Strategy & Development Officer Transamerica Corporation	2024
Zachary Harris Coralville, IA	Chief Operating Officer, Workplace Solutions Transamerica Corporation	2024
Jamie Ohl Cody, Wyoming	President, Individual Solutions Transamerica Corporation	2024
Andrew S. Williams Towson, MD	General Counsel Transamerica Corporation	2024

There were no committees of the Board in place as of December 31, 2023; however, the Board delegated investment oversight to Transamerica corporate's operational investment committee, Asset Liability Management Committee (ALCO), comprised of the following members:

<u>Name</u>	<u>Principal Business Affiliation</u>
Scott Albertson	Head of Tax
Jim Demopolos	Sr. Director, Risk Management
Brent Hipsher	Controller
Michael Madden	Individual Solutions Finance
Susan Mann	Workplace Solutions Chief Financial Officer
Bryan O'Keeffe	Financial Assets, Annuity and Capital Strategy
Pat Whalen	Head of Investments, ALM, and Hedging
Ross Zilber	Chief Actuary

The Company does not have an Audit Committee; however, the Transamerica Corporate Audit Committee provides coverage over TCIC operations and activity.

OFFICERS

The executive officers of the corporation shall be a Chairman of the Board, a President, a Vice President, a Treasurer, and a Secretary, each of whom shall be elected by the Board of Directors annually. Additional officers may be elected by the Board as deemed necessary. The Chairman of the Board and the President are to be members of the Board of Directors.

The principal officers elected and serving as of December 31, 2023, were as follows:

<u>Name</u>	<u>Title</u>
Jamie Ohl	President & Chief Executive Officer, Individual Solutions Division
Brent Hipsher	Controller
Gregory E. Miller-Breetz	Secretary
Bonnie T. Gerst	Chairman of the Board, President, Financial Assets
Scott Albertson	Chief Tax Officer
Philip S. Eckman	President, Workplace Solutions Division
Christopher S. Fleming	Chief Operating Officer, Individual Solutions Division
Christopher Giovanni	Chief Strategy & Development Officer
Zachary Harris	Chief Operating Officer, Workplace Solutions Division
Thomas Haus	Chief Technology Officer
Matthew Kepler	Treasurer & Chief Financial Officer
Chad Meyers	Chief Auditor
Mark Pinocci	Chief Compliance Officer
Pooja Rahman	Chief Risk Officer
Patrick Whalen	Chief Investment Officer
Andrew S. Williams	General Counsel

CONFLICT OF INTEREST

Transamerica Corporation has a Code of Conduct policy that addresses conflicts of interest and is acknowledged by key employees on an annual basis. Our review of the responses disclosed that there were no significant conflicts of interest reported.

CORPORATE RECORDS

The Articles of Incorporation and the Bylaws were not amended during the period under review. The minutes of the meetings of the shareholders, the Board of Directors, and the committees of the Board were reviewed for the examination period. All minutes provided were signed and properly attested.

FIDELITY BONDS AND OTHER INSURANCE

The Company's ultimate parent, Aegon Ltd., purchases an insurance policy that provides coverage for Civil Liability Insurance (also known as professional liability or errors and omission insurance); Directors and Officers Liability Insurance; and Comprehensive Crime Insurance. This insurance policy covers the ultimate parent and all its subsidiaries. The policy does not list all covered subsidiaries by name but provides coverage to the subsidiaries by definition. The Comprehensive Crime Insurance coverage, which includes fidelity, provides for a limit of liability of

\$25,000,000, excess of \$5,000,000, which appears adequate in consideration of NAIC recommendations of suggested minimums.

Other insurance maintained covering the Company include Commercial General Liability, along with an Umbrella policy. The Company's parent, Transamerica Corporation, purchases a Commercial General Liability Policy that includes any subsidiary company of Transamerica Corporation. The policy does not list all covered subsidiaries by name but provides coverage to the subsidiaries by definition. The policy provides for limit of liability in the amount of \$2,000,000 per occurrence, \$10,000,000 aggregate. The Company's ultimate parent, Aegon Ltd., purchases an Umbrella policy that sits in excess of the Transamerica Corporation Commercial General Liability policy. The policy provides for a limit of liability in the amount of \$15,000,000.

INTERCOMPANY AGREEMENTS

Administration Agreement

Effective January 1, 2017, the Company along with a number of affiliates (designated Receiving Companies) entered into a "Shared Services and Cost Sharing Agreement" with AEGON Global Services, LLC, AEGON USA Realty Advisors, LLC, TLIC, TPLIC and World Financial Group, Inc. (designated as Providing Companies). Pursuant to the terms of this agreement, the Providing Companies will provide administrative services including accounting, actuarial, billing/premium adjustment, claims adjustment, financial and regulatory reporting, information technology, employee services, reinsurance, risk management, internal audit, legal/compliance, tax, treasury, and underwriting and certain other services for the Company. Total fees incurred by the Company for services rendered under the Shared Services and Cost Sharing Agreement in 2020, 2021, 2022, and 2023 were \$367,912, \$920,967, \$260,073, and \$44,916, respectively.

Federal Tax Allocation Agreement

The Company, along with various other subsidiaries of the Transamerica Corporation holding company system, is a party to a Federal Income Tax Allocation Agreement with its parent, Transamerica Corporation. An agreement was originally entered into effective for tax years commencing 2005 and after, and the agreement was amended/restated effective for tax years commencing 2013 and after.

Transamerica Corporation agrees to file a consolidated federal income tax return and make payment on behalf of this affiliated group. Amounts payable by the Company will be equal to that which would be payable had the Company filed a separate income tax return. The Company will pay interim payments due within 15 days following the due date for estimated payment filings and within 30 days of the final federal income tax filing.

Investment Management Agreement

Effective April 1, 2007 (and amended and restated February 1, 2020), the Company and Aegon USA Investment Management LLC (AUIM) entered into an investment management agreement under which AUIM provides advice and services necessary for the sound management of the designated assets, including supplying investment research portfolio management in accordance with Investment Guidelines attached to the agreement (including, the selection of securities to purchase, hold, sell or otherwise effect transactions, as well as the selection of brokers to execute portfolio transactions), directing the investment and reinvestment of the assets in securities, cash or cash equivalents, and periodic reporting to the Board of Directors. Total fees incurred by the Company for services rendered under the Investment Management Agreement in 2020, 2021, 2022, and 2023 were \$123,284, \$32,878, \$14,395, and \$13,785, respectively.

Catastrophic Asset Loss Insurance Policy

In 2009, the Company issued a catastrophic asset loss contract to Transamerica Premier Life Insurance Company, an affiliated life insurer. The policy covered realized losses in excess of a defined limit on a portfolio of

investment securities matched to reserve levels of a closed in-force block of business which was ceded on a modified coinsurance basis to an affiliated reinsurer. The contract was cancelled effective October 1, 2020, as a result of the affiliated life insurer and reinsurer merging into an affiliate, effective October 1, 2020. Premiums on the contract were paid annually at the beginning of the calendar year in the amount of \$3.0 million. Premiums were recorded with an offsetting unearned premium liability which was reduced pro rata throughout the year. The Company maintained a \$1.5 million contingency reserve within unassigned surplus at December 31, 2019, which was also released during the fourth quarter of 2020 due to the cancellation of the contract.

EMPLOYEES' WELFARE

The Company has no employees. Services are provided by employees of affiliated companies as part of a Cost Sharing Agreement with applicable costs allocated to the Company.

REINSURANCE

The reinsurance contracts of the Company were reviewed, and no contract provisions were found to be outside the customs of the industry. All contracts had acceptable insolvency clauses and transfer of risk.

Assumed

All of the Company's previously assumed business is now in run-off, including commercial multiple peril and general liability, and the Company reported no assumed premiums in years 2020 through 2023. As of December 31, 2023, the Company reported a total of \$78,000 of assumed paid losses and LAE and \$5,405,000 of assumed known case loss and LAE reserves.

Ceded

There are various ceded reinsurance agreements in place that continue to provide coverage of the Company's run-off business. Notable agreements executed include the following:

On October 31, 2014, the Company entered into an indemnity reinsurance agreement, effective January 1, 2014, with White Shoals Reinsurance, LTD (now Sirius Bermuda Insurance Company), a non-affiliated company to cede the remaining risk related to a runoff block of general liability and commercial multi-peril lines of business. The block of business ceded to White Shoals Reinsurance was the in-force business that remained from the transfer of CORPA Reinsurance Company (CORPA) to Stonebridge Casualty Insurance Company (Stonebridge) through an intercompany affiliated reinsurance agreement executed in 2004. Subsequent to the transfer of the block to Stonebridge, the CORPA entity was dissolved. In 2014, Stonebridge's name was changed to Transamerica Casualty Insurance Company (TCIC). Under the reinsurance agreement with White Shoals Reinsurance, the Company paid \$35,604,937 cash and transferred \$35,604,937 million of claim reserves. No gain or loss was realized on the transaction; therefore, no segregation of special surplus was required. This reinsurance agreement is accounted for as retroactive reinsurance. The agreement was amended, effective April 18, 2016, to revise the named parent of the reinsurer within the agreement. Additionally, the agreement was amended, effective November 16, 2021, to replace the reference to the laws of the State of Ohio with the laws of the State of Iowa, the Company's current state of domicile.

Effective October 1, 2018, the Company and affiliate Transamerica Premier Life Insurance Company (TPLIC) entered into a reinsurance agreement with a non-affiliated reinsurer, Sirius Bermuda Insurance Company (Sirius), whereby Sirius will reinsure specified workers compensation business reinsured by TCIC and TPLIC from commuting reinsurers. The Company paid consideration of \$5,993,967 and transferred claim reserves of \$5,821,801 on the Company's workers compensation business. The transaction resulted in a pre-tax loss of \$172,166 and was reflected in the Statement of Income. The agreement was approved by the Company's domiciliary regulator and qualified pursuant to SSAP No. 62R, Property and Casualty Reinsurance, to receive P&C run-off accounting treatment. The schedule of commuted tranches is updated from time to time to confirm Sirius's assumption of liability for reinsured liabilities. There

have been two amendments to the agreement to confirm Sirius's assumption of reinsured liabilities for the commuted tranches. The effective commutation dates for the applicable commuting reinsurers indicated in the amendment include October 24, 2018, October 25, 2018, and December 31, 2018.

As of December 31, 2023, the Company reported a net amount recoverable from reinsurers totaling \$5,876,000. With respect to retroactive reinsurance, reserves ceded are segregated within the detail of write-ins as a contra liability, and totaled \$11,916,149 as of December 31, 2023.

STATUTORY DEPOSIT

As of December 31, 2023, the book/adjusted carrying value of state deposits held in trust by the Insurance Commissioner of Arkansas, Georgia, Massachusetts, New Mexico, North Carolina, Oregon, and Guam totaled \$1,518,596. The State of Iowa does not have a statutory deposit requirement.

TERRITORY AND PLAN OF OPERATION

The Company holds certificates of authority to transact business in all fifty states and the District of Columbia.

The Company provided both credit unemployment and credit disability insurance, as well as travel insurance, Guaranteed Auto Protection (GAP) products and vehicle service contracts. New sales of these products have been discontinued and the business is in run-off with all current contractual obligations being honored.

Travel insurance provides coverage for trip interruption, cancellation, delay, baggage damage, and medical assistance in excess of the insured's primary insurance. The majority of the travel premium was produced by managing general agents. In December 2017, the Company announced that it was ceasing all travel insurance sales effective December 31, 2017.

The credit unemployment and credit disability coverages were marketed through credit card issuers and issued as additional products to life insurance issued by an affiliate, Transamerica Life Insurance Company (TLIC). GAP provided reimbursement to an individual insured in the event that the remaining amount of an outstanding auto loan exceeds the funds paid by the auto insurance in the event of total loss. New sales of credit insurance ceased in 2016 with the last sale of GAP coverage occurring in 2017. The Company also maintains a discontinued block of Workers Compensation, which was reinsured in 2018, as well as assumed general liability and commercial multi-peril lines of business that's in runoff, which was reinsured in 2014.

In 2009, the Company issued a financial guaranty contract for catastrophic asset loss with its affiliate Transamerica Premier Life Insurance Company (TPLIC), where the Company covers realized losses in excess of defined limits on a portfolio of investment securities matched to reserve levels of a closed inforce block of business which was ceded to affiliated reinsurer MLIC Re I, Inc. (MLRe). The catastrophic asset contract was issued to TPLIC in 2009 and had an annual premium of \$3,000,000. The contract was deemed cancelled during the fourth quarter of 2020 as a result of TPLIC and MLRe merging into TLIC effective October 1, 2020.

GROWTH OF COMPANY

The growth of the Company is reflected by the following data obtained from the Company's filed annual statements and covers the examination period:

(000's Omitted)

<u>Year</u>	<u>Admitted Assets</u>	<u>Surplus As Regards Policyholders</u>	<u>Net Premiums Written</u>	<u>Net Losses Paid</u>	<u>Net Income</u>
2020	\$ 24,485,370	\$ 17,574,777	\$ 3,551,961	\$ 2,369,085	\$ 4,380,342
2021	15,365,619	11,924,650	612,819	1,052,033	(3,066,295)
2022	20,124,293	13,587,656	468,627	488,800	582,586
2023	16,427,792	12,971,269	430,144	747,592	(156,885)

The balances reflect the Company's run-off of all business.

ACCOUNTS AND RECORDS

It was observed that the Annual Statement Schedule F – Part 3 as of December 31, 2023, inaccurately reflected the aging of reinsurance recoverables which had a material impact on the Company's provision for reinsurance resulting in a change in provision for reinsurance in both 2022 and 2023. The 2023 error was identified and corrected in the annual statement filing. The 2022 annual statement was not restated but the error was reflected as a prior period correction of error in accordance with SSAP No. 3 in the 2023 annual statement in Note 2 Accounting Changes and Corrections of Errors. The result of the error was an understatement in the provision for reinsurance and a corresponding overstatement in the change in provision for reinsurance in the amount of \$527,720, net of tax, which is reflected as a correction of an error in Other changes – net in the Statements of Changes in Capital and Surplus.

No other statutory compliance issues were noted nor were any material aggregate surplus differences identified from the amount reflected in the financial statements, as presented in the annual statement as of December 31, 2023.

SUBSEQUENT EVENTS

No subsequent events have been identified.

FINANCIAL STATEMENTS
AND COMMENTS THEREON

NOTE: The following financial statements are based on the amended 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, 2023.

STATEMENT OF ASSETS AND LIABILITIES

ASSETS

	<u>Assets</u>	<u>Non-Admitted</u>	<u>Admitted</u>
Bonds	\$ 9,148,738	\$	\$ 9,148,738
Cash, cash equivalents and short-term investments	4,145,824		4,145,824
Other invested assets	461,496		461,496
Investment income due and accrued	92,479		92,479
Uncollected premiums and agents' balances in the course of collection	180		180
Amounts recoverable from reinsurers	1,177,299		1,177,299
Current federal and foreign income tax recoverable and interest thereon	106,334		106,334
Guarantee funds receivable or on deposit	34,550		34,550
Receivables from parent, subsidiaries and affiliates	96,166		96,166
Aggregate write-ins for other than invested assets	<u>1,164,726</u>		<u>1,164,726</u>
 Total Assets	 <u>\$ 16,427,792</u>	 <u>\$</u>	 <u>\$ 16,427,792</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses		\$ 11,449,332
Reinsurance payable on paid losses and loss adjustment expenses		77,516
Loss adjustment expenses		442,631
Taxes, licenses and fees (excluding federal and foreign incomes taxes)		16,603
Net deferred tax liability		407,011
Unearned premiums		9,563
Advance premium		255
Funds held by company under reinsurance treaties		1,792,737
Remittances and items not allocated		263,615
Provision for reinsurance		752,000
Aggregate write-ins for liabilities		<u>(11,754,740)</u>
 Total Liabilities		 <u>\$ 3,456,523</u>
 Common capital stock		 8,724,386
Gross paid in and contributed surplus		3,217,106
Unassigned funds (surplus)		<u>1,029,777</u>
 Surplus as regards policyholders		 <u>\$ 12,971,269</u>
 Total Liabilities and Surplus		 <u>\$ 16,427,792</u>

STATEMENT OF INCOME

Underwriting Income

Premiums earned:		\$ 446,030
Underwriting deductions		
Losses incurred	\$ (487,185)	
Loss adjustment expenses incurred	6,810	
Other underwriting expenses incurred	1,156,609	
Total underwriting deductions		<u>676,234</u>
Net underwriting (loss)		<u>\$ (230,204)</u>

Investment Income

Net investment income earned	\$ 553,353	
Net realized capital (losses)	(71,209)	
Net investment gain		<u>\$ 482,144</u>

Other Income

Aggregate write-ins for miscellaneous income	\$ (497,530)	
Total other income		\$ (497,530)
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes		\$ (245,590)
Dividend to policyholders		0
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes		<u>\$ (245,590)</u>
Federal and foreign income taxes incurred		(88,705)
Net income		<u>\$ (156,885)</u>

Capital and Surplus Account

Surplus as regards policyholders, December 31, 2022		\$ 13,587,656
Net income, 2023	\$ (156,885)	
Change in net unrealized capital gains less capital gains tax of \$47	176	
Change in net deferred income tax	36,042	
Change in provision for reinsurance	32,000	
Dividends to stockholders	0	
Aggregate write-ins for gains and losses in surplus	(527,720)	
Change in surplus as regards policyholders for the year		<u>(616,387)</u>
Surplus as regards policyholders, December 31, 2023		<u>\$ 12,971,269</u>

CASH FLOW

Cash from Operations

Premiums collected net of reinsurance	\$	430,047	
Net investment income		516,046	
Miscellaneous income		(507,054)	
Total			<u>\$ 439,039</u>

Benefit and loss related payments	\$	656,097	
Commissions, expenses paid and aggregate write-ins for deductions		884,833	(2,483,390)
Federal and foreign income taxes paid (recovered)		57,992	
Total			<u>\$ 1,598,922</u>

Net cash from operations \$ (1,159,883)

Cash from Investments

Proceeds from investments sold, matured or repaid:			
Bonds	\$	6,384,040	
Other invested assets		14,949	
Net gains on cash, cash equivalents and short-term investments		223	
Total investment proceeds			<u>\$ 6,399,212</u>

Cost of investments acquired:			
Bonds	\$	4,802,849	
Total investments acquired			<u>\$ 4,802,849</u>

Net cash from investments \$ 1,596,363

Cash from Financing and Miscellaneous Sources

Other cash provided (applied)	\$	1,156,897	
Net cash from financing and miscellaneous sources			<u>\$ 1,156,897</u>

Reconciliation of Cash, Cash Equivalents, and Short-Term Investments

Net change in cash, cash equivalents and short-term investments			<u>\$ 1,593,377</u>
Cash, cash equivalents and short-term investments Beginning of year			2,552,447
End of year			<u>\$ 4,145,824</u>

CONCLUSION

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

In addition to the undersigned, examiners, information systems specialists, and actuarial specialists of the INS Companies (INS Regulatory Insurance Services, Inc., INS Services, Inc., and INS Consultants, Inc.), participated in the examination and the preparation of this report.

Respectfully submitted,

/s/ Cecilee Diamond-Houdek
Cecilee Diamond-Houdek, CFE, CPA, MCM
Examiner-in-Charge
INS Regulatory Insurance Services, Inc.
on behalf of the Insurance Division
State of Iowa

/s/ Amanda Theisen
Amanda Theisen, CFE, PIR, MCM
Supervisor and Assistant Chief – Examinations
Insurance Division
State of Iowa