

**STATE OF ALABAMA
DEPARTMENT OF INSURANCE
MONTGOMERY, ALABAMA**

REPORT OF EXAMINATION

**AGENT ALLIANCE INSURANCE COMPANY
WINSTON-SALEM, NORTH CAROLINA**

AS OF

DECEMBER 31, 2020

TABLE OF CONTENTS

EXAMINER'S AFFIDAVITiii

SALUTATION1

SCOPE OF EXAMINATION 2

ORGANIZATION AND HISTORY 4

MANAGEMENT AND CONTROL 5

 Stockholders 5

 Board of Directors..... 5

 Officers 5

 Audit Committee..... 6

 Investment Committee 6

 Conflict of Interest 6

CORPORATE RECORDS 6

HOLDING COMPANY AND AFFILIATE MATTERS..... 7

 Holding Company Registration 7

 Dividends to Stockholders 7

 Management and Service Agreements..... 7

ORGANIZATIONAL CHART10

FIDELITY BONDS AND OTHER INSURANCE.....12

PENSIONS AND STOCK OWNERSHIP12

COMPLIANCE WITH 18 U.S.C. § 103312

SCHEDULE OF SPECIAL DEPOSITS.....13

FINANCIAL CONDITION / GROWTH OF THE COMPANY13

MARKET CONDUCT ACTIVITIES13

 Plan of Operation and Territory13

 Advertising and Marketing.....14

 Claims Handling.....14

 Dividends to Policyholders.....14

 Policyholders' Complaints.....14

 Producers' Licensing Requirements14

 Underwriting and Rating.....14

 Privacy15

REINSURANCE.....15

 Reinsurance Assumed15

Reinsurance Ceded.....	15
ACCOUNTS AND RECORDS	15
FINANCIAL STATEMENT INDEX	16
NOTES TO FINANCIAL STATEMENTS	21
CONTINGENT LIABILITIES AND PENDING LITIGATION	21
COMPLIANCE WITH PREVIOUS RECOMMENDATIONS	21
COMMENTS AND RECOMMENDATIONS	21
SUBSEQUENT EVENTS.....	21
CONCLUSION.....	23


EXAMINER'S AFFIDAVIT

**STATE OF ALABAMA
COUNTY OF MONTGOMERY**

Agnes Denise Riggins being duly sworn, states as follows:

1. I have authority to represent Alabama in the examination of Agent Alliance Insurance Company
2. Alabama is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination workpapers and examination report, and the examination of Agent Alliance Insurance Company was performed in a manner consistent with the standards and procedures required by the State of Alabama.

The affiant says nothing further.



Agnes Denise Riggins
Examiner-In-Charge

Subscribed and sworn before me by Agnes Denise Riggins, on this 27th day of May 2022.

(SEAL)



(Signature of Notary Public)

**RACQUEL WILSON
NOTARY PUBLIC
ALABAMA STATE AT LARGE
COMM. EXP. 09/08/24**

My commission expires 09/08/2024

EXAMINER'S AFFIDAVIT

**STATE OF ALABAMA
COUNTY OF MONTGOMERY**

Francis Blase Abreo being duly sworn, states as follows:

1. I have authority to represent Alabama in the examination of Agent Alliance Insurance Company
2. Alabama is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination workpapers and examination report, and the examination of Agent Alliance Insurance Company was performed in a manner consistent with the standards and procedures required by the State of Alabama.

The affiant says nothing further.

Francis Blase Abreo
Francis Blase Abreo, CFE
Insurance Examination Supervisor

Subscribed and sworn before me by Francis Blase Abreo, on this 27th day of May 2022.

(SEAL)

Racquel Wilson
(Signature of Notary Public)

**RACQUEL WILSON
NOTARY PUBLIC
ALABAMA STATE AT LARGE
COMM. EXP. 09/08/24**

My commission expires 09/08/24



KAY IVEY
GOVERNOR

JIM L. RIDLING
COMMISSIONER

STATE OF ALABAMA
DEPARTMENT OF INSURANCE
201 MONROE STREET, SUITE 502
POST OFFICE BOX 303351
MONTGOMERY, ALABAMA 36130-3351
TELEPHONE: (334) 269-3550
FACSIMILE: (334) 241-4192
INTERNET: www.aldoi.gov

DEPUTY COMMISSIONERS
MARK FOWLER
JIMMY GUNN

CHIEF EXAMINER
SHEILA TRAVIS

STATE FIRE MARSHAL
SCOTT F. PILGREEN

GENERAL COUNSEL
REYN NORMAN

May 27, 2022

Jim L. Ridling, Commissioner
State of Alabama
Department of Insurance
201 Monroe Street, Suite 502
Montgomery, Alabama 36104

Dear Commissioner Ridling:

Pursuant to your authorization and in compliance with the statutory requirements of the State of Alabama and resolutions adopted by the National Association of Insurance Commissioners (NAIC), a full-scope examination has been made of the affairs and financial condition of

Agent Alliance Insurance Company
Winston-Salem, North Carolina

as of December 31, 2020. The examination was performed remotely. The report of examination is submitted herewith.

Where the description "Company" appears herein, without qualification, it will be understood to indicate Agent Alliance Insurance Company

SCOPE OF EXAMINATION

We have performed an examination of Agent Alliance Insurance Company, a multi-state company. The previous examination of the Company covered the period of January 1, 2011, through December 31, 2015. The current examination covers the period of January 1, 2016, through December 31, 2020.

The examination was conducted in accordance with applicable statutory requirements of the Code of Alabama, 1975, as amended, the Alabama Insurance Department regulations, bulletins and directives, and in accordance with the procedures and guidelines promulgated by the NAIC, as deemed appropriate, and in accordance with generally accepted examination standards and practices.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook*. The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with Statutory Accounting Principles. 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, as mentioned in the Code of Alabama, 1975, as amended, and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature, are not included within the

examination report but separately communicated to other regulators and/or the Company.

The Company's annual statements for each year under examination were compared with or reconciled to the corresponding general ledger account balances.

An examination of the Company's information technology systems (IT) was conducted concurrently with the financial examination. The examination included a review of management and organizational controls, logical and physical security controls, changes in application controls, system and program development controls, contingency planning controls, service provider controls, operations controls, processing controls, e-commerce controls, and network and internet controls.

A market conduct examination was performed concurrently with the financial examination. The examination included reviews of the Company's territory, plan of operation, claims handling, advertising and marketing, policy forms and underwriting, policyholders' complaints, producers' licensing requirements, and privacy standards.

Ernst & Young, LLP (E&Y), was the Company's certified public accountant (CPA) for all years under examination. The examiners reviewed the CPAs' workpapers, copies of which were incorporated into the examination as deemed appropriate.

A signed letter of representation was obtained at the conclusion of the examination. In this letter, management attested to having valid title to all assets and to the nonexistence of unrecorded liabilities as of December 31, 2020.

ORGANIZATION AND HISTORY

Berkley Insurance Company of the Carolinas (Berkley) was organized on December 8, 1995, under the laws of the state of North Carolina for the purpose of providing multiple lines of property and casualty insurance. July 10, 2006, Emerald Investments, LLC acquired 100% of Berkley's stock and changed the name of the Company to Agent Alliance Insurance Company. December 31, 2009, the Company re-domesticated and reincorporated under the laws of the state of Alabama. Article Two of the Articles of Redomestication and Incorporation list the purpose for which the organization was formed as:

To conduct and transact generally the business of an insurance corporation under Title 27, Chapter 5, Code of Alabama 1975, and to do all things and exercise all powers and perform all functions that an insurance corporation is authorized or empowered to do, exercise or to perform under and by virtue of the laws of Alabama, or that may be by law hereafter authorized to do, exercise or perform; and do all the above things as an Alabama corporation and insofar as is consistent with the laws of Alabama.

Article V of the Articles of Redomestication and Incorporation authorized 10,000,000 shares of common stock with a par value of \$1 per share.

Integon National Insurance Company, a North Carolina insurer, acquired 100% of the issued and outstanding capital stock of the Company from Emerald Investments, LLC on September 1, 2011. ACP Re, Ltd., a company organized under the laws of Bermuda and under the same common ownership as Integon National, acquired all the issued and outstanding capital stock of the Company effective November 9, 2012. Integon National re-acquired Agent Alliance on July 1, 2014, after purchasing 100% of the issued and outstanding stock from ACP Re, Ltd.

In 2015, the Company began voluntary run-off of its private passenger automobile coverage (non-standard), with the liability portion ceded to the North Carolina Motor Vehicle Reinsurance Facility (NCMVRF).

During the second quarter of 2016 the Company began writing surplus lines business. The Company does business on a non-admitted basis in forty-eight (48) states plus the District of Columbia.

The Company reported the following in its December 31, 2020, Annual Statement: Bonds totaling \$46,338,411, Gross paid in and contributed surplus of \$37,417,279, Unassigned funds (surplus) of \$547,929 and Surplus as regards policyholders of \$47,765,208.

Subsequent to December 31, 2020: Effective January 4, 2021, National General Holdings Corp., (NGHC), became a wholly owned subsidiary of The Allstate Corporation (Allstate). As a result of the acquisition, Allstate became the ultimate controlling entity of NGHC and its subsidiaries.

MANAGEMENT AND CONTROL

Stockholders

As of December 31, 2020, the Company is a wholly owned subsidiary of Integon National Insurance Company.

Board of Directors

Members elected to the Board of Directors of the Company by the sole member and serving as December 31, 2020, were as follows:

<u>Director and Residence</u>	<u>Principal Occupation</u>
Robert Edwin Bruce Daphne, Alabama	Senior Territory Sales Manager National General Holdings Corp.
Barry Samuel Karfunkel* Lawrence, New York	Chief Executive Officer National General Holdings Corp.
Michael Hal Weiner* New York, New York	Executive Vice President, Chief Financial Officer, and Treasurer National General Holdings Corp.

*Resigned subsequent to December 31, 2020

Officers

The following Officers were appointed by the Board of Directors and serving as of December 31, 2020:

<u>Name</u>	<u>Title</u>
Barry Samuel Karfunkel*	President
Jeffrey Allan Weissmann*	Secretary/General Counsel
Donald Jerome Bolar	Vice-President/Chief Accounting Officer

*Resigned subsequent to December 31, 2020

Audit Committee

The following were serving as members of the Audit Committee as of December 31, 2020:

John Marshaleck

Patrick Fallon

Barbara Paris

Subsequent to December 31, 2020, the Allstate Insurance Holdings, LLC Audit Committee was appointed the Audit Committee of the Company, effective March 24, 2021.

Investment Committee

The following were serving as members of the Investment Committee as of December 31, 2020:

Barry Karfunkel*

Michael Weiner*

Peter Rendall

*Resigned subsequent to December 31, 2020.

Conflict of Interest

Conflict of Interest Statements were reviewed for each director, officer, and key personnel. No material conflicts were noted.

CORPORATE RECORDS

The Articles of Incorporation and By-Laws, as amended, were inspected during the examination period of January 1, 2016 through December 31, 2020 and were found to provide for the Company's operation in accordance with the usual corporate practices and applicable statutes and regulations.

Minutes of the Stockholder and Board of Directors meetings that took place during the examination period were reviewed. The minutes appeared complete and adequately documented the actions of the respective governing bodies.

HOLDING COMPANY AND AFFILIATE MATTERS

Holding Company Registration

The Company is subject to the Alabama Holding Company Regulatory Act as defined by ALA. CODE § 27-29-1 (1975), as amended. The review of the holding company filings during the examination period indicated that appropriate filings required under the Holding Company Act were made regarding the Company.

Dividends to Stockholders

No dividends were paid during the examination period.

Management and Service Agreements

Amended and Restated Management Services Agreement

This Amended and Restated Management Services Agreement (Agreement) was among the Company and several of its affiliates and National General Management Corp. (the Administrator). The Agreement was effective January 1, 2012. The Agreement was amended on November 1, 2012 and June 26, 2014. In this Agreement the Companies delegate certain underwriting and claims services, policyholders' services, accounting, information technology and other administrative functions to the Administrator. In this Agreement the Companies delegate certain underwriting and claims services, policyholders' services, accounting, information technology and other administrative functions to the Administrator. During the examination period the following Amendments were made to the Agreement:

Amended and Restated Management Services Agreement

Amendment 3 Effective Date: June 1, 2016

The Agreement was amended to add an affiliate to the Agreement and provided the guidance for compensation owed to the Administrator of the Agreement must be paid in cash or cash equivalents and guidance for parties whose business is not ceded to Integon National under a reinsurance agreement. All other provisions of the Agreement remain in full force and effect.

Amended and Restated Management Services Agreement

Amendment 4 Effective Date: June 26, 2016

The Agreement was amended to include affiliates, provide guidance for compensation/reimbursement expenses, added/amended Articles in accordance with the Accounting Practices and Procedures Manual, the Missouri Code of State Regulations, the Missouri Revised Statutes: Article IV.E, Article IV.F, Article V.F, and Article V.G. Amendment 4 of this Agreement also amended Article X (1) was amended as follows: "This Agreement shall be governed and interpreted in accordance with the laws of the State of New York, except as it applies to Agent Alliance Insurance Company, an Alabama domestic insurer, which shall be governed by the laws of the State of Alabama. ...". All other provisions of the Agreement remain in full force and effect.

Amended and Restated Management Services Agreement

Amendment 5 - Effective Date: October 7, 2016

The Agreement was amended to add an affiliate. All other provisions of the Agreement remain in full force and effect.

Investment Management Agreement

The Investment Management Agreement (Agreement) was effective May 7, 2018, by and among BlackRock Financial Management, Inc. (Manager) and National General Management Corp. (Client), the ultimate parent of the Company.

In the Agreement the Client has authority to appoint investment managers to invest and manage a portion or all of the assets of the Client and its affiliates, set forth in Schedule 1 of this Agreement.

This Agreement may be terminated without penalty at any time by either party giving at least thirty (30) days advance written notice to the other party. On the effective date of termination or close to such date as is reasonable possible, the Manager shall provide the Client with a final report containing information as specified this Agreement.

Any such termination shall not affect any outstanding orders or transactions or legal rights or obligations which may already have arisen. See Subsequent Events page 21 which notes this Agreement was terminated effective January 4, 2021.

Tax Allocation Agreement

The Tax Allocation was effective March 1, 2010, between the Company and several of its affiliates. This Agreement was amended April 1, 2014, and June 26, 2014. During the examination period the following Amendments were made to the Agreement:

Tax Allocation Agreement – Amendment 3

Effective June 1, 2016

The Agreement was amended to add Century-National Insurance Company was added as a party to the Agreement, Section 6.4 of the Agreement was amended to provide the governance and interpretation in accordance with applicable state laws and jurisdiction of the federal and state courts. All other provisions of the Agreement remain in full force and effect.

Tax Allocation Agreement – Amendment 4

Effective October 7, 2016

The Agreement was amended to add Standard Property and Casualty Insurance Company, to provide guidance for income taxes incurred. All other provisions of the Agreement remain in full force and effect.

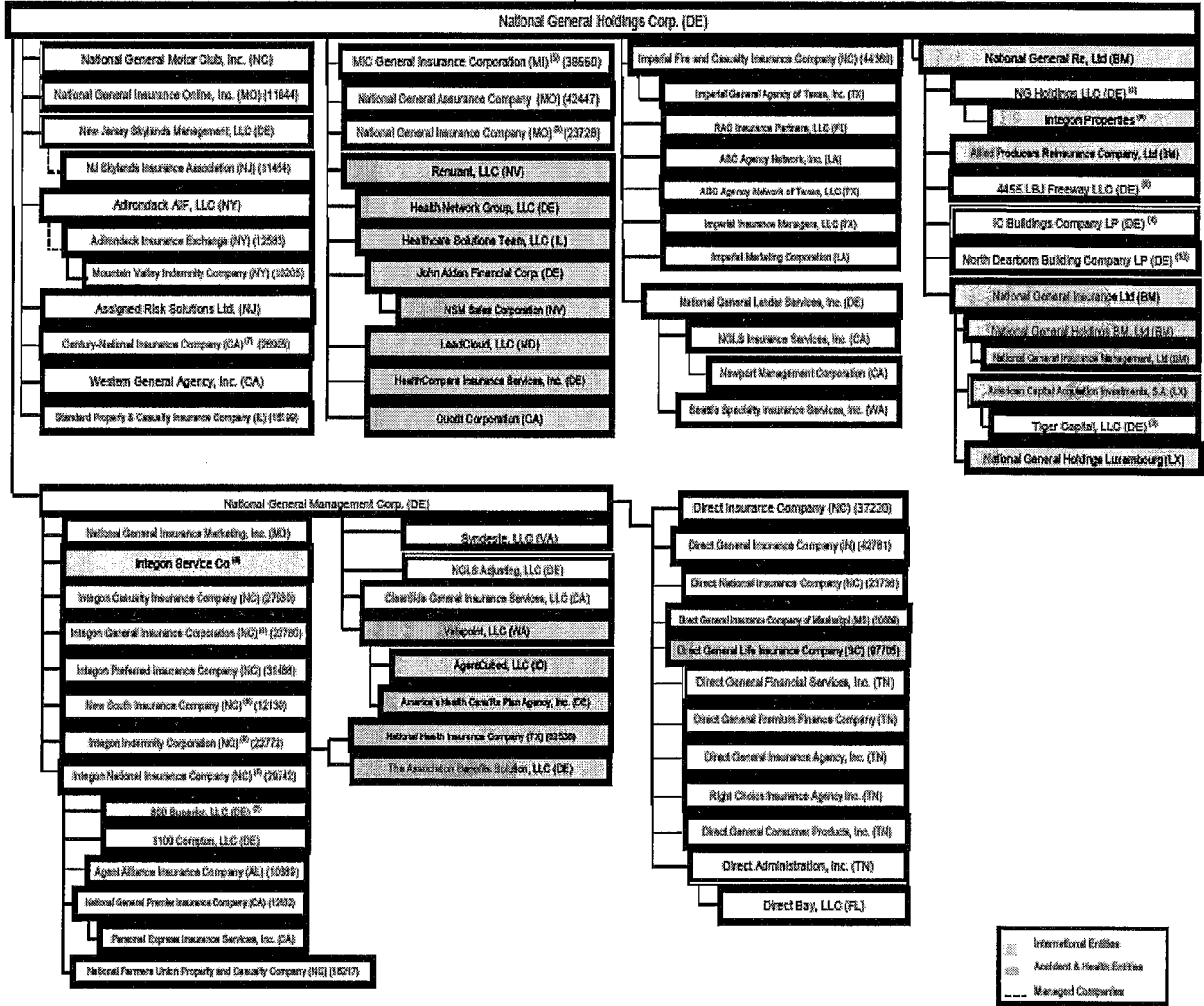
ORGANIZATIONAL CHART



Legal Entity Structure National Gen Grp 4928

12/31/2020

Leah Karfunkel ⁽¹⁾



- (1) Leeh Karntulid, Individually (1.6%) and as Trustee of each of the (i) Leeh Karntulid 2019-ANG GRAT (0.4%), (ii) Barry Karntulid 2020-06 Trust (9.4%), (iii) Robert Karntulid Family 2020-06 Trust (3.4%) and (iv) Esther Zykelid Family 2020-05 Trust (0.4%) directly and indirectly controls 30.8% of NCHC's common stock. The Barry Karntulid 2020-06 Trust, Robert Karntulid Family 2020-06 Trust, and Esther Zykelid Family 2020-05 Trust are the owners of ACP Re Holdings, LLC; see Exhibit A.
- (2) Integon National Insurance Company and Wisco Insurance Company, a subsidiary of AmTrust Financial Services, Inc. ("AFSI"), each control 50%.
- (3) American Capital Acquisition Investments, S.A. ("ACAI") and AMT Capital Holdings II S.A. (a subsidiary of AFSI) each control 50%.
- (4) Nat Gen Re holds a 37.5% LP interest, subsidiaries of AFSI hold a 37.5% LP interest, ACP Re Group, Inc. holds a 16% LP interest and NA-Advisors GP LLC (an entity owned by Karntulid family members and managed by an unrelated third party) owns a 70% interest and serves as general partner.
- (5) National General Georgia, LLC, a Delaware limited liability company, is owned 28.75% by National General Insurance Company, 12.6% by New South Insurance Company, 24.375% by NIG General Insurance Corporation, 7% by Integon Indemnity Corporation, 5.75% by Integon National Insurance Company, 3.6% by Integon General Insurance Corporation, with a third party owning the remaining 13.625%.
- (6) Nat Gen Re and AFSI each own 50%.
- (7) Integon National holds 22% of the stock of Century-National Insurance Company.
- (8) Direct Administration, Inc. owns 1%.
- (9) National General Management Corp. owns 1%.
- (10) Nat Gen Re and subsidiaries of AFSI each hold a 45% LP interest. NA-Advisors GP LLC owns a 10% interest and serves as general partner.

The insurance subsidiaries in the Amtrust Group (Group 2506) may be deemed to be affiliates of the National General Group (Group 4628) in certain jurisdictions.

Note: All ownership is 100% unless otherwise noted

FIDELITY BONDS AND OTHER INSURANCE

The examiners reviewed the Company's Fidelity Bonds and Other Insurance. The review determined the Company maintained sufficient insurance coverage to protect itself against hazards to which it may be exposed.

PENSIONS AND STOCK OWNERSHIP

Management services and the operations of the Company are provided under the Amended and Restated Management Services Agreement with National General Management Corp. See page 7 for the Amended and Restated Management Services Agreement. The Company has no employees. The Company does not offer pensions and stock ownership.

COMPLIANCE WITH 18 U.S.C. § 1033

18 U.S.C. § 1033 of the U.S. Code and ALA. ADMIN. CODE 482-1-146-.11 (2009) requires the Company to determine if prospective and current employees are in conflict with 18 U.S.C. § 1033, which prohibits persons with certain felony offenses from participating in the conducting the business of insurance.

The Company has no employees. The operational functions of the Company were performed by National General Management Corp. (NGMC) under the terms of the Amended and Restated Management Services Agreement.

The examiners obtained a listing of the NGMC Accounting Department employees for each year under examination. ACL was utilized to select a proportional sample selection from each year under examination. The proportional sample selection was reviewed to determine if an initial background check is performed on new hires and a periodic procedure is in place to determine if employees were convicted of a Section 1033 offense.

The review determined an initial background check was performed on new hires and a periodic procedure was in place to determine if employees were convicted of a Section 1033 offense. The review determined the Company was in compliance with 18 U.S.C. § 1033 of the U.S. Code and ALA. ADMIN. CODE 482-1-146-.11 (2009).

SCHEDULE OF SPECIAL DEPOSITS

As of December 31, 2020, as required or permitted by law, the Company maintained deposits with the respective statutory authorities as follows:

<u>State</u>	<u>Book/Adjusted Carrying Value</u>	<u>Fair Value</u>
Alabama*	205,638	220,456
North Carolina	1,907,671	1,960,514
South Carolina	161,377	161,861
Total	2,274,686	2,342,831

*For the benefit of all Policyholders

FINANCIAL CONDITION / GROWTH OF THE COMPANY

The following information presents significant items that reflect the growth of the Company for the period under review.

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Admitted Assets	\$63,531,464	\$63,829,894	\$69,443,691	\$67,180,937	\$58,373,074
Liabilities	15,766,256	16,199,581	23,476,156	16,204,582	8,406,669
Common Capital Stock	9,800,000	9,800,000	9,800,000	9,800,000	9,800,000
Surplus notes	0	0	0	350,000	350,000
Gross paid in and Contributed Surplus	37,417,279	37,417,279	37,417,279	38,557,289	38,557,289
Unassigned funds (surplus)	547,929	412,433	(1,249,744)	2,269,066	1,259,116

MARKET CONDUCT ACTIVITIES

Plan of Operation and Territory

The Company writes two lines of business.

- The Company writes private passenger automobile coverage (non-standard). This line of business is currently in voluntary run-off. The liability portion is ceded to the North Carolina Motor Vehicle Reinsurance Facility (NCMVRF).

- The Company writes lien holder placed property insurance. Agent Alliance Insurance Company is licensed as an admitted surplus line carrier in forty-eight states plus the District of Columbia.

The review determined the Company was properly licensed and held certificates of authority in Alabama and North Carolina. The Company has received approval to write surplus line business in forty-eight states plus the District of Columbia.

Advertising and Marketing

The Company's private passenger automobile coverage is in voluntary run-off. There were no advertising and marketing materials for review during the examination period.

Claims Handling

The Company's private passenger automobile coverage is in voluntary run-off. There were no Alabama claims during the examination period.

Dividends to Policyholders

The Company paid no dividends to policyholders during the examination period.

Policyholders' Complaints

There were no complaints during the examination period. The review determined the Company has an adequate method for distribution, obtaining and recording complaints.

Producers' Licensing Requirements

The Company's private passenger automobile coverage is in voluntary run-off. The Company had no new Alabama business during the examination period, therefore, the review to determine if Alabama producers were properly licensed and appointed was not performed.

Underwriting and Rating

The Company's private passenger automobile coverage is in voluntary run-off. The Company did not write any business in Alabama during the examination period. There were no new policy forms filed during the examination period. There were no rate filings during the examination period.

Privacy

The Company's private passenger automobile coverage is in voluntary run-off. The Company is not actively writing Alabama business. The Company has a privacy policy in place, which disclosed the types of information collected, how the information is used, the way the information is collected and how the information is protected. The Company's Privacy Notice also stated the customers' rights, and the Company does not disclose any information to any nonaffiliated third parties unless permitted to do so by law.

REINSURANCE

Reinsurance Assumed

The Company did not assume any reinsurance during the examination period.

Reinsurance Ceded

The Company and several of its property and casualty insurance affiliates are party to an Amended and Restated Reinsurance Agreement with Integon National Insurance Company, an affiliate and the lead insurance company of the National General Group during the examination period. The effective date of the agreement was January 1, 2012. Under the terms of this Agreement, the Company and its affiliated ceding companies cede and transfer 100% of all of the ceding companies' respective books of business in force to Integon National Insurance Company an affiliate by common ownership.

ACCOUNTS AND RECORDS

The Company's principal accounting records were maintained in electronic format. The operational functions of the Company were performed by National General Management Corp. (NGMC) under the terms of the Amended and Restated Management Services Agreement.

The Company has obtained a permitted practice letter from the Alabama Department of Insurance that allows the Company to keep its records in Winston-Salem, North Carolina.

FINANCIAL STATEMENT INDEX

The following financial statements are based on the statutory financial statements filed by the Company with the Alabama Department of Insurance and present the financial condition of the Company for the period ending December 31, 2020. The accompanying comments on the financial statement reflect any examination adjustments to the amount reported in the annual statement and should be an integral part of the financial statements.

	<u>Page</u>
Statement of Assets.....	17
Statement of Liabilities, Capital and Surplus.....	18
Statement of Revenue and Expenses.....	19
Statement of Changes in Capital and Surplus.	20

AGENT ALLIANCE INSURANCE COMPANY
STATEMENT OF ASSETS
For the Year Ended December 31, 2020

	<u>Assets</u>	<u>Nonadmitted</u> <u>Assets</u>	<u>Net Admitted</u> <u>Assets</u>
ASSETS			
Bonds	\$ 46,338,411		\$ 46,338,411
Cash (\$223,580, Schedule E-Part 1), cash equivalents (\$1,406,316 Schedule E-Part2) and short-term investments (\$ 0, Schedule DA)	1,626,896		1,629,896
Receivables for securities	<u>5,000</u>		<u>5,000</u>
Subtotals, cash and invested assets	\$ 47,973,307		\$ 47,973,307
Investment income due and accrued	313,929		313,929
Premiums and considerations:			
Uncollected premiums and agents' balances in the course of correction	14,488,071	635,102	13,852,969
Deferred premiums, agents' balances and installments booked but deferred and not yet due including \$ 0 earned but unearned premiums)	786,320		786,320
Reinsurance:			
Amounts recoverable from reinsurers	70,689		70,689
Net deferred tax asset	76,818	8,822	67,996
Receivables from parent, subsidiaries and affiliates	<u>466,254</u>	<u>0</u>	<u>466,254</u>
TOTAL ASSETS	\$ 63,175,388	\$ 643,924	\$ 63,531,464

**THE NOTES IMMEDIATELY FOLLOWING THE FINANCIAL STATEMENTS
IN THIS REPORT ARE AN INTEGRAL PART THEREOF.**

AGENT ALLIANCE INSURANCE COMPANY
STATEMENT OF LIABILITIES, CAPITAL AND SURPLUS
For the Year Ended December 31, 2020

	<u>Current Year</u>
Liabilities:	
Taxes, licenses and fees (excluding federal and foreign income taxes)	\$ 220
Current federal and foreign income taxes (including \$7,723 on realized capital gains (losses))	60,035
Ceded reinsurance premiums payable (net of ceding commissions)	<u>15,706,001</u>
Total Liabilities	\$ 15,766,256
Capital and Surplus:	
Common capital stock	9,800,000
Gross paid in and contributed surplus	37,417,279
Unassigned funds (surplus)	<u>547,929</u>
Total Capital and Surplus	\$ 47,765,208
Total Liabilities, Capital and Surplus	\$ 63,531,464

**THE NOTES IMMEDIATELY FOLLOWING THE FINANCIAL STATEMENTS
IN THIS REPORT ARE AN INTEGRAL PART THEREOF.**

AGENT ALLIANCE INSURANCE COMPANY
STATEMENT OF REVENUE AND EXPENSES
For the Years Ended December 31, 2020, 2019, 2018, 2017 and 2016

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
UNDERWRITING INCOME					
Other underwriting expenses incurred			\$ <u>220</u>	\$ <u>233</u>	\$ <u>(125)</u>
Total underwriting deductions			220	233	(125)
Net underwriting gain (loss)			\$ (220)	\$ (233)	\$ 125
INVESTMENT INCOME					
Net investment income earned	\$ 913,497	\$ 1,385,284	\$ 1,521,629	\$ 1,607,296	1,447,608
Net realized capital gains (losses) less capital gains tax of \$7,723 (Exhibit of Capital Gains (Losses))	<u>33,840</u>	<u>319,287</u>	<u>(316,261)</u>	<u>223,690</u>	<u>1,412</u>
Net investment gain (loss)	\$ 947,337	\$ 1,704,571	\$ 1,205,368	\$ 1,830,986	\$ 1,449,020
OTHER INCOME					
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 947,337	\$ 1,704,571	\$ 1,205,148	\$ 1,830,753	\$ 1,449,145
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	947,337	1,704,571	1,205,148	1,830,753	1,449,145
Federal and foreign income taxes incurred	<u>246,153</u>	<u>243,486</u>	<u>295,366</u>	<u>501,248</u>	<u>554,127</u>
Net income	\$ <u>701,184</u>	\$ <u>1,461,085</u>	\$ <u>909,782</u>	\$ <u>1,329,505</u>	\$ <u>895,018</u>

**THE NOTES IMMEDIATELY FOLLOWING THE FINANCIAL STATEMENTS
IN THIS REPORT ARE AN INTEGRAL PART THEREOF.**

AGENT ALLIANCE INSURANCE COMPANY
STATEMENT OF CHANGES IN CAPITAL AND SURPLUS
For the Years Ended December 31, 2020, 2019, 2018, 2017 and 2016

	2020	2019	2018	2017	2016
Surplus as regards policyholders, December 31 prior year	\$47,629,713	\$45,967,535	\$50,976,355	\$49,966,405	\$48,810,966
Net income	701,184	1,461,085	909,782	1,329,505	895,018
Change in net unrealized capital gains or (losses) less capital gains tax of \$0				485	65,705
Change in net deferred income tax	67,680	(214,163)	70,603	(113,146)	198,793
Change in nonadmitted assets	(633,368)	819,260	(614,051)	(206,894)	(4,077)
Change in surplus notes			(350,000)		
Surplus Adjustments:					
Paid in			(1,140,000)		
Dividends to stockholders			(3,859,990)		
Aggregate write-ins for gains and losses in surplus	<u>0</u>	<u>(404,004)</u>	<u>(25,154)</u>	<u>0</u>	<u>0</u>
Change in surplus are regards policyholders for the year	\$ 135,495	\$ 1,662,178	\$(5,008,820)	\$ 1,009,950	\$ 1,155,439
Surplus as regards policyholders, December 31 current year	\$47,765,208	\$47,629,713	\$45,967,535	\$50,976,355	\$49,966,405

**THE NOTES IMMEDIATELY FOLLOWING THE FINANCIAL STATEMENTS
IN THIS REPORT ARE AN INTEGRAL PART THEREOF.**

NOTES TO FINANCIAL STATEMENTS

Note 1 - Analysis of Changes to Surplus

There were no adjustments made to surplus.

CONTINGENT LIABILITIES AND PENDING LITIGATION

The review of contingent liabilities and pending litigation included a review of the Company's statutory financial statement disclosures, minutes of the corporate governing bodies, examination of the accounts and unrecorded items; and obtaining a letter of representation from management. These reviews did not disclose any items that would have a material effect on the Company's financial condition.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

A review of the Company's compliance with recommendations made in the previous examination report indicated the Company had satisfactorily complied with the previous examination recommendations.

COMMENTS AND RECOMMENDATIONS

The examination did not result in any significant examination findings. There were no comments or recommendations.

SUBSEQUENT EVENTS

A review of events subsequent to the December 31, 2019, examination date was completed. The review of subsequent events included an inspection of the general journal entries, minutes of meetings, interim financial statements and an inquiry of accounting matters. These reviews did not disclose any items that would have a material effect on the Company's financial condition in the event of an adverse outcome.

Effective January 4, 2021, National General Holding Corporation (NGHC) became a wholly owned subsidiary of The Allstate Corporation ("Allstate") pursuant to the Agreement and Plan of Merger ("Merger") as of July 7, 2020,

by and among the companies, Allstate and Bluebird Acquisition Corp., an indirect wholly owned subsidiary of Allstate. As a result of the Merger, Allstate became the ultimate controlling entity of NGHC and its subsidiaries.

Effective January 4, 2021, the Investment Management Agreement with BlackRock was terminated in connection with Allstate's acquisition of National General and its subsidiaries.

The COVID-19 pandemic continued to develop throughout 2020, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of releasing this report, the examination's review of the Company noted that there has not been a significant impact to the Company. The Department has been in communication with the Company regarding the impact of COVID-19 on its business operations and financial position. The Department continues to closely monitor the impact of the pandemic on the Company and will take necessary action if a solvency concern arises.

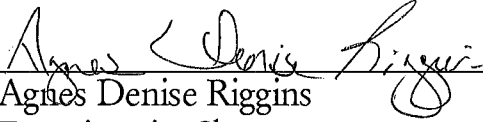
CONCLUSION

Acknowledgment is hereby made of the courtesy and cooperation extended by all persons representing Agent Alliance Insurance Company during the examination.

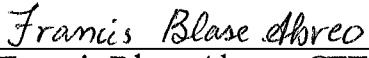
The customary insurance examination procedures, as recommended by the National Association of Insurance Commissioners, have been followed to the extent appropriate in connection with the verification and valuation of assets and determination of liabilities set forth in this report.

In addition to the undersigned, Charles Hale, ACAS, MBA, Actuary, and Stefan Obereichholz-Bangert, AES, CISA, CISM, CDPSE, Noble Consulting Services, Inc., all representing the Alabama Department of Insurance, participated in certain phases of this examination.

Respectfully submitted,



Agnes Denise Riggins
Examiner-in-Charge
State of Alabama Department of Insurance



Francis Blase Abreo, CFE
Insurance Examination Supervisor
State of Alabama Department of Insurance