

**REPORT OF
EXAMINATION**

OF

MUTUAL SAVINGS FIRE INSURANCE COMPANY

ST. LOUIS, MISSOURI

AS OF

DECEMBER 31, 2023

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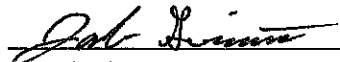
EXAMINER'S AFFIDAVIT

STATE OF ALABAMA COUNTY OF MONTGOMERY

Jacob Austin Grissett, CFE (Fraud), being duly sworn, states as follows:

1. I have the authority to represent Alabama in the examination of Mutual Savings Fire 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 Mutual Savings Fire Insurance Company was performed in a manner consistent with the standards and procedures required by the State of Alabama.

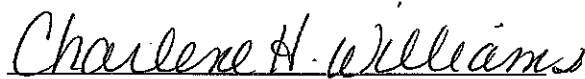
The affiant says nothing further.



Jacob Austin Grissett, CFE (Fraud)
Examiner-in-Charge

Subscribed and sworn before me by Jacob A. Grissett on the 28th day of May, 2025.

(Seal)



(Signature of Notary Public)

My commission expires 1-13-2027

EXAMINER'S AFFIDAVIT

**STATE OF ALABAMA
COUNTY OF MONTGOMERY**

Francis Blase Abreo, CFE, being duly sworn, states as follows:

1. I have the authority to represent Alabama in the examination of Mutual Savings Fire 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 Mutual Savings Fire 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 Examinations Supervisor

Subscribed and sworn before me by Francis Blase Abreo on the 28th day of May, 2025.

(Seal)

Charlene H. Williams
(Signature of Notary Public)

My commission expires 1-13-2027



KAY IVEY
GOVERNOR

MARK FOWLER
COMMISSIONER

STATE OF ALABAMA
DEPARTMENT OF INSURANCE

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STATE FIRE MARSHAL
SCOTT F. PILGREEN

GENERAL COUNSEL
REYN NORMAN

May 28, 2025

Honorable Mark Fowler
Commissioner of Insurance
Alabama Department of Insurance
201 Monroe Street, Suite 502
Montgomery, Alabama 36104

Dear Commissioner Fowler:

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 financial and market conduct examination has been made of

**Mutual Savings Fire Insurance Company
St. Louis, Missouri**

as of December 31, 2023, at its home office located at 12115 Lackland Road, St. Louis, Missouri 63146. The report of examination is submitted herewith.

Where the description "Company" or "MSFIC" appears herein, without qualification, it will be understood to indicate Mutual Savings Fire Insurance Company.

SCOPE OF EXAMINATION

We have performed an examination of Mutual Savings Fire Insurance Company, a multi-state insurance company. The last examination covered the period of January 1, 2015, through December 31, 2019. The current examination covers the period of January 1, 2020, through December 31, 2023.

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.

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.

Concurrent examinations of the Company's 40 affiliates were completed by their respective states with Illinois being the lead state and facilitating the coordinated examination.

The Alabama Department of Insurance relied on the examination work performed in the coordinated examination to complete much of the financial examination. Work completed on key activities of the Company by Illinois on investments, capital and surplus, reinsurance (life), premiums and underwriting, claims handling (life), and related parties; Texas on reinsurance (P&C); Indiana on premiums (P&C) and claims handling (P&C); and Louisiana on policyholder services were accepted to support conclusions in the respective areas of work. In addition, reviews related to corporate governance, audit function assessment, IT general control assessment, prospective risks, and reviews related to fraud were utilized. Procedures specific to the Alabama entity were performed and the Company's compliance with Alabama laws and regulations was determined. Market Conduct procedures included a review of territory, plan of operation, claims handling practices, advertising and marketing, underwriting and rating, policyholders' complaints, compliance with producers' licensing requirements, and privacy standards. See the "Market Conduct Activities" section of this report on page 9 for further discussion.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This included 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 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.

Deloitte & Touche, LLP 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. The workpapers of the Company's internal audit department were used to complete examination work as determined to be appropriate.

A signed Certificate of Representation for the Company was obtained during the course of the examination. In this certificate, management attested to having valid title to all assets and to the nonexistence of unrecorded liabilities as of December 31, 2023.

ORGANIZATION AND HISTORY

The Company was incorporated in Decatur, Alabama, on September 16, 1971, under the laws of the State of Alabama and commenced business on January 2, 1973. The Certificate of Incorporation stated that the objects and purposes of the corporation were "to engage in, maintain and transact general fire and casualty insurance business, and to do all things necessary and incidental thereto." The Articles of Incorporation were filed and recorded in the office of the Judge of Probate of Morgan County, Alabama.

The original charter provided that the total authorized capital was 1,000,000 shares of common stock with a par value of \$1 per share. The Company was capitalized initially with \$200,000 of Paid-up capital and \$300,000 of contributed surplus. On

July 15, 1975, the Company increased its contributed surplus to \$500,000, through the sale of additional shares of common stock. The Company increased its common stock par value to \$3 per share on December 18, 1992, thereby increasing its Paid-up capital to \$1,500,000.

On December 4, 1998, Primesco, Inc., a Delaware corporation, acquired 100% of the outstanding common stock of Mutual Savings Life Insurance Company (MSLIC), the sole stockholder of the Company.

During March 2008, a Form "A" filing made by Unitrin, Inc. was approved by the Alabama Department of Insurance. On April 1, 2008, Primesco, Inc. and its subsidiary MSLIC were acquired by Unitrin, Inc., a Delaware corporation, along with the Company. On June 1, 2009, United Insurance Company of America purchased MSLIC and the Company from Primesco, Inc.

Effective January 1, 2009, the Company entered into a 100% quota share reinsurance agreement with Trinity Universal Insurance Company, a Texas-domiciled, affiliated company. The agreement was approved on February 17, 2009, by the Alabama Department of Insurance.

At December 31, 2023, the Company's Annual Statement reflected outstanding capital stock totaling \$1,500,000, consisting of 500,000 shares of \$3 par value common stock; Gross paid in and contributed surplus of \$2,400,000; and, Unassigned funds of \$106,231.

MANAGEMENT AND CONTROL

Stockholder

The Company is a stock corporation with ultimate control vested in its stockholders. At December 31, 2023, 100% of the Company's issued and outstanding common stock was owned by Mutual Savings Life Insurance Company (MSLIC), an Alabama corporation. MSLIC is 100% owned by United Insurance Company of America. Kemper Corporation is the ultimate parent of the Company.

Board of Directors

Members elected to the Board of Directors by the sole shareholder and serving on December 31, 2023, were as follows:

Director/Residence	Principal Occupation
John Michael Boschelli Chicago, IL	Executive VP and Chief Investment Officer of Kemper Corporation
Matthew Joseph Varagona Hoover, AL	Senior VP and Chief Information and Insights Officer of Kemper Corporation
Christopher Wade Flint Vestavia, AL	Executive VP, Kemper Corporation and President, Kemper Life

Officers

Officers of the Company elected by the Board of Directors and serving on December 31, 2023, were as follows:

Officer	Title
Christopher Wade Flint	President
Christian Albert Dancer	Treasurer
Jennifer Marie Kopps-Wagner	Secretary

Committees

The following committees were functioning on behalf of the Company as of December 31, 2023:

Audit Committee

John M. Boschelli
Matthew J. Varagona

Executive Committee

John M. Boschelli
Matthew J. Varagona

Investment Committee

John M. Boschelli
Matthew J. Varagona

Conflict of Interest

The most current conflict of interest statements filed by the officers and directors of the Company were reviewed. There were no disclosures that indicated any officers or directors had a conflict of interest.

CORPORATE RECORDS

The Company's Articles of Incorporation, By-Laws, and amendments thereto were inspected and found to provide for the operation of the Company in accordance with Alabama statutes and regulations and with accepted corporate practices.

Minutes of the meetings of the Stockholder and Board of Directors were reviewed for the period under examination. The minutes appeared to be complete with respect to actions taken on matters before the respective bodies for deliberation and action.

HOLDING COMPANY AND AFFILIATE MATTERS

Holding Company

As of December 31, 2023, the Company was subject to the Alabama Insurance Holding Company System Regulatory Act as part of an Insurance Holding Company System, as defined in ALA. CODE § 27-29-1 (2022). A review of the holding company filings made during the examination period indicated that appropriate disclosures were made regarding the Company.

Dividends to Stockholders

The following dividends were paid to stockholders during the examination period:

<u>Year</u>	<u>Amount</u>
2023	\$ 100,000
2022	\$ 150,000
2021	\$ 100,000
2020	\$ -

Affiliated Agreements

The following agreements with affiliates were in effect at December 31, 2023:

General Services Agreement

Effective January 1, 2019, the Company was part of a general service agreement whereby affiliates Infinity Insurance Company and Merastar Insurance Company (collectively, “Service Providers”) agreed to provide general corporate services, insurance administration services, and computer and information technology services to Kemper Corporation’s life and health insurance affiliates, including the Company.

Federal Income Tax Agreement

Kemper Corporation (f/k/a Unitrin, Inc.) and certain of its affiliates entered into a Federal Income Tax Agreement effective December 31, 1995. The purpose of this agreement is to establish the method of settlement of federal income tax (FIT) payments and refunds between Kemper Corporation and its affiliates. Affiliates are included in consolidated FIT returns with Kemper Corporation. The agreement was amended to include the Company in the consolidated FIT return effective beginning the calendar year ending on December 31, 2014.

See “Ceded Reinsurance” on page 14 for the Company’s affiliated agreement with Trinity Universal Insurance Company.

ORGANIZATIONAL CHART

The following chart presents the identities of and interrelationships among all affiliated persons at December 31, 2023:

FIDELITY BOND AND OTHER INSURANCE

As of December 31, 2023, the Company was a named insured on an insurance policy issued by Hartford Fire Insurance Company which included fidelity coverage. The amount of fidelity coverage exceeded the minimum amount suggested by the NAIC *Financial Condition Examiners Handbook*.

In addition to the fidelity bond, the Company's other insurance coverages were reviewed, and it was determined that adequate coverage was in force covering the hazards to which the Company was exposed.

EMPLOYEE AND AGENT WELFARE

The Company's duties and functions are performed by employees of affiliated entities in accordance with the terms of the administrative and management and services agreements with affiliated entities. The Company contracts with captive agents, most of whom are licensed for both life and health business and property and casualty business, to market its products. Because the Company does not have any direct employees, no liabilities are accrued relating to pensions or post employee benefits.

Compliance with 18 U.S.C § 1033

18 U.S.C. § 1033(e)(1)(A) and ALA. ADMIN. CODE 482-1-146 (2009) prohibit individuals who have been convicted of specified criminal activity from engaging in the business of insurance without written consent from the Commissioner of Insurance. The examiners verified that criminal background checks were performed for newly hired staff and that the Company had a procedure in place to determine whether existing employees have been convicted of a felony. Reviews of the Company's policy and procedures did not identify any instances of non-compliance.

MARKET CONDUCT ACTIVITIES

Territory

At December 31, 2023, the Company was licensed to transact business in the following states: Alabama, Georgia, Louisiana, and Mississippi.

Certificates of authority were issued by the respective states and were reviewed for the period under examination. No issues were noted.

Plan of Operation

The Company's lines of business primarily included Fire and Allied lines. Writing was primarily limited contents coverage on low valued dwellings in Alabama, Mississippi, and Georgia. The Company also participated in involuntary property pools in each state where it wrote business. The insurance products were offered to lower, middle-income households through a home service approach.

Advertising and Marketing

The examiners reviewed the Company's advertising materials for January 1, 2020, through December 31, 2023. The Company's advertising and marketing strategy was executed using printed sales aids that were provided to producers for soliciting prospective clients and to counsel clients during the sale of products. The Company also had a website, <http://www.kemper.com>, which included basic product information and limited product descriptions. All advertisements were required to be approved by the Company prior to use. The advertisements did not misrepresent policy benefits, forms, or conditions, make unfair or incomplete comparisons with other policies, or make false, deceptive, or misleading statements or representations. The Company's system of control, file maintenance, and implemented procedures and guidelines for its advertisements complied with the requirements of ALA. ADMIN. CODE 482-1-132 (2005).

Policyholders' Complaints

The Company recorded all its complaints in its complaint register in the required format, including those received directly from consumers and complaints received by the Department of Insurance related to the Company. The examiner selected the entire population of one complaint recorded in its complaints register. It was determined that the complaint was responded to timely, and that the response and action fully addressed the issue raised.

Claims Handling

Paid Claims

A sample of 108 Alabama paid claims were selected from a total population of 2,216 transactions during the examination period. The sample was reviewed for compliance with the Company's policy provisions, timeliness of payments, and adequacy of documentation. The examiners determined that the Company properly

followed its policy provisions, timeliness of payment, and documented its claims files for the sample selected.

No discrepancies were noted.

Closed Without Payment/Denied Claims

A sample of Alabama 105 denied and closed without payment claims was selected from a population of 776 denials for the examination period. The sample was reviewed for compliance with the Company's policy provisions and adequacy of documentation. It was determined that the Company did not provide documentation for two of the 105 items from the sample selection. It was determined the Company was not compliant with ALA. CODE § 27-27-29(a)(2012), which states:

Every domestic insurer shall have, and maintain, its principal place of business and home office in this state and shall keep in this state complete records of its assets, transactions, and affairs in accordance with such methods and systems as are customary or suitable as to the kind, or kinds, of insurance transacted.

Closed Litigated Claims

The population of closed litigated claims was reviewed during the examination period. No problematic claim handling practices were noted during the review.

Compliance with Producer Licensing Requirements

Appointments

A random sample of 116 premiums transactions was selected from the direct written premiums file for the examination period. The examiners used the NAIC's State Based System (SBS) to verify that all the producers that produced the business represented in the sample were appropriately licensed and appointed by the Company prior to writing the business. No issues of non-compliance were identified as a result.

Terminated Producers

A random sample of 84 terminated producers was selected from a population of 504 Alabama terminations during the examination period. The Company did not send termination notification to 13 of the producers' last known addresses as required by

ALA. CODE § 27-7-30.1(a)(2001), which states, "Within 15 days after making the notification required by subsection (e) of Section 27-7-30, the insurer shall mail a copy of the notification to the producer at his or her last known address. ..."

For eight of the producers in the sample, the Company did not notify the Alabama Department of Insurance within 30 days following the effective date of the termination as required by ALA. CODE § 27-7-30(e)(2001), which states:

... An insurer or authorized representative of the insurer that terminates the appointment, employment, or contract with a producer for any reason shall within 30 days following the effective date of the termination, using a format prescribed by the commissioner, give notice of the termination to the commissioner.

Underwriting and Ratings

Rates and Forms

The Company appropriately filed its rates with the Alabama Department of Insurance (ALDOI). The examination indicated that all the forms and endorsements used in Alabama during the examination period have been properly filed and approved by the ALDOI. The Company's rates that were used were filed with the ALDOI.

Underwriting Practices

The examiner selected samples of direct written premium, insured requested cancellations, Company requested cancellations, and rejected applications for insurance during the examination period.

A random sample of 116 Alabama premium transactions was selected from a population 235,669 that included all lines of business. The sample was selected to determine whether the policy premiums were calculated in accordance with the Company's guidelines and rates.

A random sample of 105 Alabama rejected applications for insurance was selected from 674 rejected applications received by the Company during the examination period. The sample reviewed for rejected applications indicated they were denied in a nondiscriminatory manner and were based on underwriting reasons.

Based on the examiners' review of the Mutual Savings Fire Insurance Company cancellations, the Company was unable to provide the documentation for 14 of the cancellations for the examination period. It was determined the Company was not in compliance with ALA. CODE §27-27-29(a)(2012) which states,

Every domestic insurer shall have, and maintain, its principal place of business and home office in this state and shall keep in this state complete records of its assets, transactions, and affairs in accordance with such methods and systems as are customary or suitable as to the kind, or kinds, of insurance transacted.

Privacy Standards

The Company's privacy notices were reviewed for compliance with ALA. ADMIN. CODE 482-1-122 (2001). The Company provides a privacy notice to customers for each policy written. The privacy notices indicated the types of information collected, the way the information is used, and the manner that it is collected. The privacy notices also stated the customers' rights to access and correct nonpublic personal financial information.

The Company had proper procedures regarding the disclosure of nonpublic personal financial information in compliance with ALA. ADMIN. CODE 482-1-122 (2001).

SPECIAL DEPOSITS

On December 31, 2023, as required or permitted by law, the Company maintained the following deposits with statutory authorities:

State	Book Value	Fair Value
Alabama*	\$ 132,010	\$ 135,430
Georgia	108,698	106,031
Total	\$ 240,708	\$ 241,461

*Held for the protection of all policyholders

FINANCIAL CONDITION AND GROWTH OF THE COMPANY

The following information presents significant items that reflect the growth of the Company for the years under examination.

	2023	2022	2021	2020
Admitted Assets	4,928,062	5,743,432	5,306,537	5,345,558
Liabilities	921,831	1,724,706	1,243,937	1,298,470
Capital and Surplus	4,006,231	4,018,726	4,062,600	4,047,088
Direct Written Premiums	3,975,627	4,340,794	4,757,227	4,752,691

REINSURANCE

Assumed Reinsurance

Schedule F Part 1 – Assumed Reinsurance indicated that the Company is a party to pooling arrangements with certain state mandatory risk pool associations. The 2023 assumed premiums were \$57,502, or approximately 1.42% of the Company's gross premiums. Typically, a company's participation is calculated by the pool as a percentage of written or earned premiums to the total of all premiums written or earned in the respective state.

Ceded Reinsurance

Effective January 1, 2009, the Company entered into an affiliated reinsurance agreement with Trinity Universal Insurance Company (TUIC). The 100% quota share reinsurance agreement covers all losses prior to and after the effective date. The agreement continues in-force until terminated by either party by written twelve month notice to the other party. In a separate but related assignment and consent agreement, all liabilities for existing claims were transferred to TUIC.

The agreement was approved by the Alabama Department of Insurance on February 17, 2009.

ACCOUNTS AND RECORDS

The Company maintained its accounting, premiums and losses data electronically. The Company maintained additional electronic workpapers, reconciliations and statements in its database of imaged records.

The Company's independent audit was performed by Deloitte & Touche, LLP, a certified public accounting firm.

FINANCIAL STATEMENTS

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, 2023. The accompanying comments on the financial statement reflect any examination adjustments to the amount reported in the annual statement and should be considered an integral part of the financial statements.

Statement of Assets	16
Statement of Liabilities, Surplus and Other Funds	17
Statement of Income.....	18

MUTUAL SAVINGS FIRE INSURANCE COMPANY
STATEMENT OF ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2023

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	3,349,326	-	3,349,326
Cash, cash equivalents and short-term investments	218,382	-	218,382
Subtotals, cash and invested assets	3,567,708	-	3,567,708
Investment income due and accrued	39,978	-	39,978
Uncollected premiums and agents' balances in the course of collection	115,393	-	115,393
Amounts recoverable from reinsurers	34,943	-	34,943
Funds held by or deposited with reinsured companies	765,194	-	765,194
Other amounts receivable under reinsurance contracts	99,259	-	99,259
Net deferred tax asset	124,260	72,734	51,526
Receivables from parent, subsidiaries and affiliates	75,534	-	75,534
Aggregate write-ins for other-than-invested assets	178,526	-	178,526
Total	5,000,796	72,734	4,928,062

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART THEREOF.

MUTUAL SAVINGS FIRE INSURANCE COMPANY
STATEMENT OF LIABILITIES, SURPLUS AND OTHER FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2023

Reinsurance payable on paid losses and loss adjustment expenses	385,097
Commissions payable, contingent commissions and other similar charges	2
Other expenses	4,575
Advance premium	37,368
Ceded reinsurance premiums payable	378,922
Remittances and items not allocated	486
Payable to parent, subsidiaries and affiliates	79,032
Aggregate write-ins for liabilities	36,352
Total liabilities	921,831
Common capital stock	1,500,000
Gross paid in and contributed surplus	2,400,000
Unassigned funds (surplus)	106,231
Surplus as regards policyholders	4,006,231
Total	4,928,062

THE NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART THEREOF.

MUTUAL SAVINGS FIRE INSURANCE COMPANY
STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022, 2021, & 2020

	2023	2022	2021	2020
Net investment income earned	91,521	95,957	91,577	85,379
Net realized capital gains or (losses)	-	-	27,774	189
Federal and foreign income taxes incurred	-	-	(109)	-
Net income	91,251	95,957	119,460	85,569

CAPITAL AND SURPLUS ACCOUNT

Surplus as regards policyholders, December 31 prior year	4,018,726	4,062,600	4,047,088	3,961,518
Net income	91,251	95,957	119,460	85,569
Change in net deferred income tax	(15,126)	(7,604)	(31,961)	965
Change in nonadmitted assets	11,380	17,774	28,013	(964)
Dividends to stockholders	(100,000)	(150,000)	(100,000)	-
Change in surplus as regards policyholders	(12,495)	(43,874)	15,512	85,570
Surplus as regards policyholders, December 31 current year	4,006,231	4,018,726	4,062,600	4,047,088

THE NOTES TO FINANCIAL STATEMENTS ARE AN INTEGRAL PART THEREOF.

NOTES TO FINANCIAL STATEMENTS

Note 1 – Receivables from parent, subsidiaries and affiliates	\$75,534
Payable to parent, subsidiaries and affiliates	\$79,032

The above captioned balance is the same as reported by the Company in the 2023 Annual Statement.

A review of the Company's annual statements for the years under examination noted multiple errors in Notes to Financial Statements. In the Company's 2023 Annual Statement, Notes to the Financial Statement – Note 10, the Company did not disclose amounts due to or from related parties. Further, in Note 13, the Company did not disclose the \$100,000 dividend paid.

In Schedule Y, Part 2 of the Company's 2021 Annual Statement, the Company reported shareholder dividends of \$100,000. The amount should have been reported as \$(100,000).

It was determined the Company did not complete the Notes to Financial Statements, Note 10, Note 13, and Schedule Y, Part 2, in accordance with the NAIC Annual Statement Instructions.

Analysis of Changes to Surplus

No adjustments were made to surplus as a result of this examination.

CONTINGENT LIABILITIES AND PENDING LITIGATION

The review of contingent liabilities and pending litigation included an inspection of representations made by the Company's managers, a review of the Company's records and files for the period under examination, and a review of the records subsequent to the examination date. The reviews performed did not identify any items that would have a material effect on the Company's financial condition in the event of an adverse outcome.

SUBSEQUENT EVENTS

A review of events subsequent to the December 31, 2023, examination date was performed. No significant subsequent events were identified.

COMPLIANCE WITH PREVIOUS RECOMMENDATIONS

A review was performed to determine if the Company had complied with the recommendations made in the last examination report. The review indicated that the Company had complied with the recommendations contained in the most recent report of examination except for the item noted below.

During the last examination it was recommended that the Company comply with ALA. CODE § 27-7-30.1(a)(2001), which states: "Within 15 days after making the notification required by subsection (e) of Section 27-7-30, the insurer shall mail a copy of the notification to the producer at his or her last known address..." The examination indicated that the Company did not comply with the previous recommendation.

COMMENTS AND RECOMMENDATIONS

Denied Claims – Page 11

It is recommended that the Company maintain adequate records and workpapers at its principal place of business, which complies with ALA. CODE §27-27-29 (a) (2012), which states:

Every domestic insurer shall have, and maintain, its principal place of business and home office in this state and shall keep in this state complete records of its assets, transactions, and affairs in accordance with such methods and systems as are customary or suitable as to the kind, or kinds, of insurance transacted.

Terminated Producers – Page 11

It is recommended that the Company send termination notifications to producers' last known addresses in accordance with ALA. CODE § 27-7-30.1(a)(2001), which states, "Within 15 days after making the notification required by subsection (e) of Section 27-7-30, the insurer shall mail a copy of the notification to the producer at his or her last known address..."

It is recommended that the Company notify the Alabama Department of Insurance within 30 days following the effective date of producer terminations in accordance with ALA. CODE § 27-7-30(e)(2001), which states:

... An insurer or authorized representative of the insurer that terminates the appointment, employment, or contract with a producer for any reason shall within 30 days following the effective date of the termination, using a format prescribed by the commissioner, give notice of the termination to the commissioner.

Underwriting Practices – Page 12

It is recommended that the Company maintain adequate records and workpapers at its principal place of business, which complies with ALA. CODE §27-27-29 (a) (2012), which states:

Every domestic insurer shall have, and maintain, its principal place of business and home office in this state and shall keep in this state complete records of its assets, transactions, and affairs in accordance with such methods and systems as are customary or suitable as to the kind, or kinds, of insurance transacted.

Notes to Financial Statements – Page 19

It is recommended that the Company comply with the NAIC Annual Statement Instructions when completing the Annual Statement, Notes to the Financial Statements, Note 10, Note 13, and Schedule Y, Part 2.


CONCLUSION

Acknowledgement is hereby made of the courteous cooperation extended by the officers and employees of the Company during this examination.

The customary insurance examination procedures, as recommended by the NAIC 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.

Examiners representing Illinois and nine other states participated in the coordinated group examination, which included the Company. The Alabama Department of Insurance relied on the examination work performed by the group to complete much of the financial examination. In addition to the undersigned, Theo Goodin, AIE, ALMI, MCM; Mora Perkins-Taylor, MCM; and Jackson Goodwin represented the Alabama Department of Insurance and participated in the examination of the Company.

Respectfully submitted,



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Examiner-in-Charge
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