

Combined Report of the Examination of
Church Mutual Insurance Company, S.I. and its Property and Casualty Affiliates
As of December 31, 2022

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December 1, 2023

Honorable Nathan D. Houdek
Commissioner of Insurance
State of Wisconsin
125 South Webster Street
Madison, Wisconsin 53703

Commissioner:

In accordance with your instructions, a compliance examination has been made of the affairs and financial condition of the following Wisconsin-domiciled, multi-state property and casualty insurance companies, hereinafter referred to as the Church Mutual Group, or Group:

CHURCH MUTUAL INSURANCE COMPANY, S.I.
CM INDEMNITY INSURANCE COMPANY
CM SELECT INSURANCE COMPANY
CM REGENT INSURANCE COMPANY
Merrill, Wisconsin

CM VANTAGE SPECIALTY INSURANCE COMPANY
Madison, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of the Church Mutual Group was conducted in 2018 as of December 31, 2017. The current examination covered the intervening period ending December 31, 2022, and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination of the Group included the following companies:

Company	State
Church Mutual Insurance Company, S.I. (CMICSI)	Wisconsin
CM Indemnity Insurance Company (CMI)	Wisconsin
CM Regent Insurance Company (CMR)	Wisconsin
CM Select Insurance Company (CMS)	Wisconsin
CM Vantage Specialty Insurance Company (CMV)	Wisconsin

The examination was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*. This approach sets forth guidance for planning and performing the examination of an insurance company to evaluate the financial condition, assess corporate governance, identify current and prospective risks (including those that might materially affect the financial condition, either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

All accounts and activities of the companies in the Group 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, annual statement instructions, and Wisconsin laws and regulations. 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 at the end of the "Financial Data" section in the area captioned "Reconciliation of Surplus per Examination."

Emphasis was placed on those areas of the Group's operations accorded a high priority by the examiner-in-charge when planning the examination. Special attention was given to the action taken by the Group to satisfy the recommendations and comments made in the previous examination report.

The Group is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the

independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

Independent Actuary's Review

An independent actuarial firm was engaged under a contract with the Office of the Commissioner of Insurance. The actuary reviewed the adequacy of the company's loss and loss adjustment expense reserves. The actuary also reviewed the reasonableness of the company's pricing practices. The actuary's results were reported to the examiner-in-charge. As deemed appropriate, reference is made in this report to the actuary's conclusion.

II. HISTORY AND PLAN OF OPERATION

Church Mutual Insurance Company, S.I. was organized in 1897 as the Wisconsin Church Mutual Fire Insurance Association. The company was founded for the purpose of providing insurance under the mutual plan to any church, church society, or pastor of one of the synods constituting the Evangelical Lutheran Synodical Conference, or the Norwegian Evangelical Church of America. In 1947, the name of the company was changed to the Wisconsin Church Mutual Fire Insurance Company, and the company began providing insurance coverage to religious organizations of all denominations. In 1952 the name was changed to Church Mutual Insurance Company (CMIC). In 1954, through the formation of Church Mutual Agency Inc., the company began providing insurance solutions to customers outside the religious market. Effective January 1, 2020, CMIC converted into a stock insurance company owned by a newly formed mutual insurance holding company and changed its name to Church Mutual Insurance Company, S.I.

CMICSI formed the subsidiaries, CM Vantage Specialty Insurance Company, and CM Select Insurance Company, in 2015 and 2017, respectively. CMV is an excess and surplus lines stock insurance company, formed to provide the Group with operating flexibility and efficiencies, and earnings diversification. CMS is a stock property and casualty insurance company which sells commercial multiple peril business policies directly to consumers. As described in the Subsequent Events section of this report, CMS was sold by the Group in October of 2023.

CMICSI acquired 100% of School Boards Insurance Company of Pennsylvania, Inc. (SBIC) and School Claims Services, LLC (SCS) on June 1, 2016. The names of both SBIC and SCS were changed in 2016 to CM Regent Insurance Company and CM Regent LLC, respectively. CMR is a stock property and casualty insurance company which was domiciled in the State of Pennsylvania until December 31, 2022. CM Regent LLC is a limited liability company organized under the laws of Pennsylvania; it performed insurance services for the Group. Effective December 31, 2022, CMR was redomiciled to Wisconsin. In 2018 CMICSI acquired 100% interest in American Sterling Insurance Company (ASIC), a liquidated company domiciled in California. In 2019, ASIC was redomiciled to Wisconsin and the name was changed to CM Indemnity Insurance Company.

Effective January 1, 2020, the Group's corporate structure was reorganized as a mutual insurance holding company. As part of the reorganization, Church Mutual Insurance Company formed two new holding company entities: a mutual holding company, Church Mutual Holding Company, Inc., and a holding company, CM Companies, Inc. CMIC converted to a stock insurer, changed its name to Church Mutual Insurance Company, S.I., and issued five million shares of \$1 par common stock to CMHC. Existing and future mutual policyholders' membership interests in CMIC were replaced with membership interests in CMHC. CMICSI transferred 100% of its shares in CMV, CMR, CMS, and CMI to CMHC. It also transferred 100% of its shares in CMIC Specialty Services, Inc., and 100% of its membership interests in CM Regent, LLC to CM Companies, Inc.

CMICSI is the leading insurer of religious organizations of all denominations. The Group also insures nonprofit and human services organizations, public and private K-12 schools, colleges and universities, senior living facilities, and secular and non-secular camps, sports, and outdoor recreation facilities throughout the United States. The major products are marketed through two distinct channels: a direct writers' sales force and a network of independent agents and brokers.

Church Mutual Insurance Company S.I.

In 2022, Church Mutual Insurance Company S.I. wrote direct premium in the following states:

Texas	\$ 129,861,733	12.4%
California	100,810,131	9.7
New York	89,365,172	8.6
Illinois	42,225,214	4.0
Pennsylvania	39,912,364	3.8
Georgia	39,675,114	3.8
North Carolina	33,654,592	3.2
Wisconsin	31,150,392	3.0
Florida	30,174,105	2.9
All others	<u>507,594,573</u>	<u>48.6</u>
Total	<u>\$1,044,423,390</u>	<u>100.0%</u>

CMICSI is licensed in all 50 states and the District of Columbia and wrote business in all 50 states and the District of Columbia in 2022. The major products marketed by the company include commercial multiple peril, worker's compensation, commercial auto liability, and other liability.

CM Indemnity Insurance Company

CM Indemnity Insurance Company has not started writing any business after it was acquired by the Group in 2018. The company is currently licensed in California, Colorado, Georgia, Louisiana, Missouri, North Carolina, Tennessee, Texas, Washington, and Wisconsin.

CM Regent Insurance Company

In 2022, CM Regent Insurance Company wrote direct premium in the following states:

Pennsylvania	\$64,760,212	90.3%
Wisconsin	5,211,011	7.3
Kentucky	900,371	1.3
Georgia	675,452	0.9
Indiana	80,803	0.1
Minnesota	<u>53,508</u>	<u>0.1</u>
Total	<u>\$71,681,357</u>	<u>100.0%</u>

The company is licensed in 48 states and the District of Columbia and wrote business in six states in 2022. The major products marketed by the company include commercial multiple peril, worker's compensation, other liability, and commercial auto liability. CMR primarily writes in Pennsylvania at this time and focuses on providing a variety of insurance products to members of the Pennsylvania School Boards Association.

CM Select Insurance Company

In 2022, CM Select Insurance Company wrote direct premium in the following states:

Texas	\$ 3,268,597	23.6%
North Carolina	728,528	5.3
Tennessee	680,836	4.9
Michigan	656,357	4.7
Arkansas	602,485	4.3
Georgia	574,820	4.1
Missouri	567,440	4.1
Pennsylvania	567,074	4.1
All others	<u>6,216,739</u>	<u>44.8</u>
Total	<u>\$13,862,876</u>	<u>100.0%</u>

The company is licensed in 48 states and the District of Columbia and wrote business in 46 states and the District of Columbia in 2022. CMS operates as a commercial property and casualty insurance company, writing business owner's policy products for direct distribution to non-secular

organizations such as food banks, hospice centers, rehabilitation facilities, and camps. The major products marketed by the company include commercial multiple peril and commercial auto liability.

CM Vantage Specialty Insurance Company

In 2022, CM Vantage Specialty Insurance Company wrote direct premium in the following states:

California	\$ 24,379,710	20.8%
Washington	14,337,702	12.2
Florida	11,186,947	9.5
Texas	7,927,941	6.8
New York	7,867,308	6.7
Colorado	5,123,388	4.4
Arizona	4,518,866	3.9
All others	<u>42,117,559</u>	<u>35.9</u>
Total	<u>\$117,459,421</u>	<u>100.0%</u>

The company is an approved or eligible surplus lines writer in all 50 states and the District of Columbia and wrote business in all 50 states and the District of Columbia in 2022. CMV writes excess and surplus (E&S) lines coverage business through licensed surplus lines brokers in the market segments compatible with the religious institutional marketplace. The major products marketed by the company include other liability, allied lines, and medical professional liability.

The following table is a summary of the net insurance premiums written by the Group in 2022. CMICSI assumes 100% of the business of all its subsidiaries on a quota share basis. As such, substantially all the Group net results ultimately reside with CMICSI.

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Fire	\$ 1,374,501	\$ 297,176	\$ 50,211	\$ 1,621,466
Allied lines	8,380,119	28,973,902	1,522,386	35,831,635
Multiple Peril crop	53,110,036		53,110,036	0
Private crop	4,044,504		4,044,504	0
Farmowners multiple peril		(9,830)		(9,830)
Homeowners multiple peril	4,140	3,203,523		3,207,663
Commercial multiple peril (non-liability portion)	511,832,829	35,541,419	110,920,032	436,454,217
Commercial multiple peril (liability portion)	156,132,621	10,298,828	11,630,452	154,800,997
Inland marine	716,503		76,153	640,350
Medical professional liability - occurrence	8,637,513	10,036,130	397,981	18,275,662
Medical professional liability - claims made	13,010,794	3,460,827	605,333	15,866,288
Worker's compensation	164,286,686	11,829,240	7,453,815	168,662,111
Other liability – occurrence	35,271,981	68,106,808	1,718,853	101,659,935
Other liability – claims made	3,813,878	8,081,988	163,428	11,732,438
Commercial auto no-fault (personal injury)	2,254,272	266,080	191,768	2,328,584
Other commercial auto liability	62,288,152	4,722,808	2,632,250	64,378,711
Commercial auto physical damage	19,248,213	1,239,058	1,448,988	19,038,283
Burglary and theft	16,649		3,206	13,443
Reinsurance – non-proportional assumed property		7,901,055		7,901,055
Reinsurance – non-proportional assumed liability		13,556,883		13,556,883
Total All Lines	<u>\$1,044,423,390</u>	<u>\$207,505,893</u>	<u>\$195,969,395</u>	<u>\$1,055,959,889</u>

Church Mutual Group distributes its business through two distinct channels - a direct writers' sales force and a network of independent agents and brokers. A Division Manager is responsible for the production of business in assigned states through home-based employee Regional Representatives.

The Direct Sales business unit is supported by 67 Account Manager (AM) territories. The Group's AMs provide on-site service to Church Mutual Group policyholders. The Group's direct system is supported by a service team which includes Service Representatives.

The Group's Broker/Specialty Markets business unit distributes products through active contracted agencies in select states (California, Nevada, Hawaii, and Montana) as well as independent agents and brokers. Through December 31, 2022, the Group has business written with 231 brokers or independent agents.

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors of CMHC, the ultimate parent of the Group, consists of 11 members. There are three classes of directors, and each class is elected by CMHC members annually to serve a three-year term. Officers are elected at the board's annual meeting. Members of the company's board of directors may also be members of other boards of directors in the holding company group.

Currently, the board of directors consists of the following persons:

Name	Principal Occupation	Term Expires
Rhonda S. Brandon Durham, North Carolina	SVP & Chief Human Resources Officer Duke University Health System	2026
Michael Concannon III Madison, Connecticut	Founder & Principal Wellwood Advisors, LLC	2024
Judith P. Greffin Oak Park, Illinois	Retired	2025
Allen L. Leverett Shorewood, Wisconsin	Retired	2025
Marsha A. Lindsay Monona, Wisconsin	Founder & Chief Executive Officer Lindsay Foresight & Stratagem, LLC	2024
Alan S. Ogilvie Fitchburg, Wisconsin	President Church Mutual Group	2024
Richard V. Poirier Lac du Flambeau, Wisconsin	Chief Executive Officer Church Mutual Group	2024
Gregory A. Smith Fox Point, Wisconsin	Professor of Practice and Executive-in-Residence UW Milwaukee Lubar School of Business	2024
Adam L. Stanley Austin, Texas	Non-profit Advisor & Real Estate Investor	2026
Lori A. Weyers Appleton, Wisconsin	Retired	2025
John (Jay) B. Williams Milwaukee, Wisconsin	Self-Employed/Retired	2026

Officers of the Company

The officers serving at the time of this examination are as follows:

Name	Office
Richard V. Poirier*	Chief Executive Officer
Alan S. Ogilvie	President
Michael M. Smith	Senior Vice President - Secretary & General Counsel
Douglas D. Sippel	Assistant Vice President – Treasurer & Corporate Controller
Kurtis L. Brandau	Vice President – Underwriting Operations
Cynthia M. Brandt	Assistant Corporate Secretary & Senior Paralegal
Dwayne A. Gantz	Senior Vice President – Chief Financial Officer
Rebecca A. Hudzik-Presson	Vice President – Chief Claims Officer
Craig S. Huss	Vice President – Chief Information Officer
Dean J. Jarnow	Vice President – Strategic Resource Management
Dawn R. Lemke	Vice President - Asst. General Counsel & Chief Regulatory Officer
Stephanie I. Lynn	Vice President – ERM & Chief Risk Officer
Peter J. Mahler	Vice President – Religious Markets Underwriting
Scott M. Names	Senior Vice President – Shared Services
Randall W. Oja	Vice President – Chief Actuary
Kevin D. Root	Senior Vice President – Sales & Customer Experience
Pamela J. Rushing	President-Subsidiaries, & Chief Underwriting Officer
Guy A. Russ	Vice President – Innovation & Data
Janet L. Selnes	Vice President – Broker Distribution
Pamela W. Stampen	Senior Vice President – Chief People Officer
John R. Tribble	Vice President – Chief Diversity Officer

Committees of the Board

CMHC's bylaws allow for the formation of certain committees by the board of directors. The committees at the time of the examination are listed below:

Executive Committee

Richard V. Poirier, Chair
 Alan S. Ogilvie
 Gregory A. Smith
 Jay B. Williams

Audit Committee

Gregory A. Smith, Chair
 Allen L. Leverett
 Marsha A. Lindsay
 Adam L. Stanley
 Lori A. Weyers

Risk Management Committee

Judith P. Greffin, Chair
 Rhonda S. Brandon
 Michael Concannon, III
 Richard V. Poirier
 Gregory A. Smith

Capital Investments Committee

Marsha A. Lindsay, Chair
 Judith P. Greffin
 Allen L. Leverett
 Adam L. Stanley

* Richard V. Poirier is set to retire on 12/31/2023, and the listed President Alan S. Ogilvie will assume the CEO Position starting on January 1, 2024.

Human Capital Committee

Lori A. Weyers, Chair
Rhonda S. Brandon
Michael Concannon, III
Gregory A. Smith
Jay B. Williams

Nomination/Governance Committee

Allen L. Leverett, Chair
Marsha A. Lindsay
Gregory A. Smith

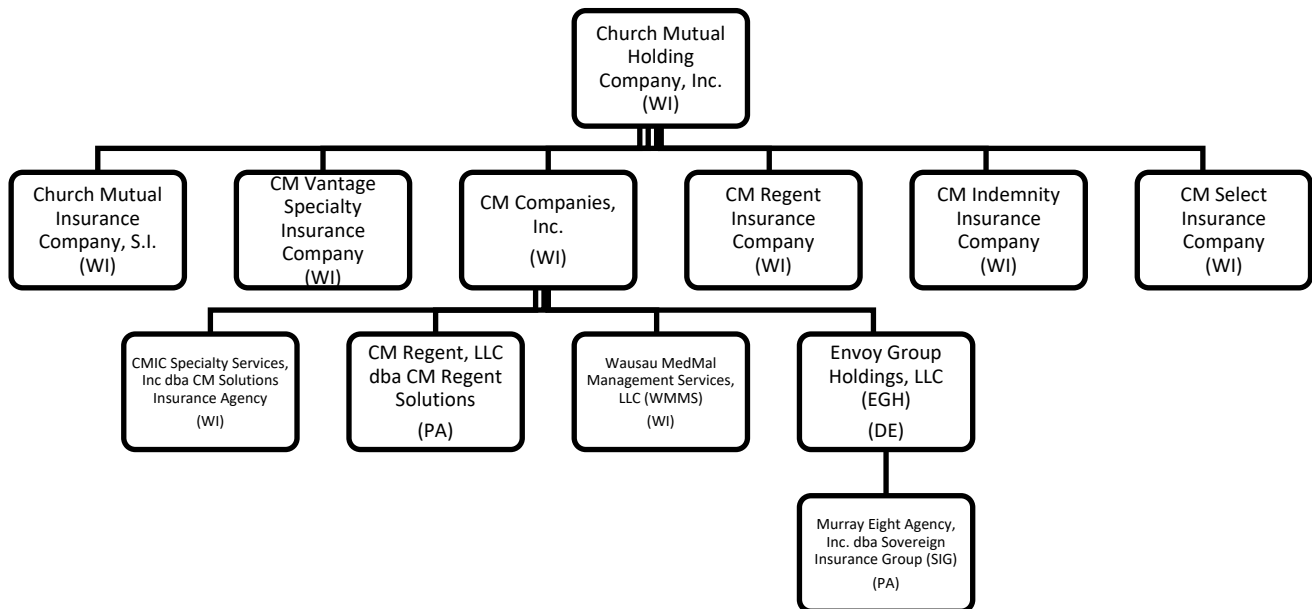
Investment Sub-Committee

Judith P. Greffin, Chair
Alan S. Ogilvie
Richard V. Poirier
Gregory A. Smith

IV. AFFILIATED COMPANIES

CMICSI and its affiliates are members of a holding company system. The ultimate parent of the Group is CMHC, which directly owns all five insurance companies. The organizational chart below depicts the relationships among the affiliates in the group. A brief description of the significant affiliates follows the organizational chart.

**Organizational Chart
As of December 31, 2022**



CM Indemnity Insurance Company

CM Indemnity Insurance Company is a wholly owned stock insurance subsidiary of Church Mutual Holding Company, Inc. It was purchased in 2018 as a liquidated shell company domiciled in California. The company was redomiciled in 2019 to Wisconsin and has not written any business to date. As of December 31, 2022, the audited financial statements of CMI reported assets of \$21,423,000, liabilities of \$77,000, and capital and surplus of \$21,346,000. Operations for 2022 produced a net income of \$288,000.

CM Regent Insurance Company

CM Regent Insurance Company is a wholly owned stock insurance subsidiary of Church Mutual Holding Company, Inc. Church Mutual Group acquired CMR on June 1, 2016, from the Pennsylvania School Boards Association Insurance Trust, a Business Trust, organized under the laws of

the State of Pennsylvania. CMR provides a variety of insurance products to Association member school boards, including worker's compensation, property and casualty, and general liability coverage. CMR redomiciled to Wisconsin as of December 31, 2022. As of December 31, 2022, the audited statutory financial statements of CM Regent Insurance Company reported assets of \$146,499,000, liabilities of \$24,091,000, and capital and surplus of \$122,408,000. Operations for 2022 produced a net income of \$5,160,000.

CM Regent, LLC

CM Regent, LLC provides various claims and administrative related services to the Group. As of December 31, 2022, the audited financial statements of CM Regent, LLC reported assets of \$20,626,000, liabilities of \$7,573,000, and member's equity of \$13,053,000. Operations for 2022 produced a net income of \$1,649,000. The company was acquired in 2016 and was previously known as School Claims Services, LLC.

CM Select Insurance Company

CM Select Insurance Company is a wholly owned stock insurance subsidiary of Church Mutual Holding Company Inc. It was incorporated on May 4, 2017, under the laws of the State of Wisconsin and began writing business in 2018. It provides businessowners policies directly to customers. As of December 31, 2022, the audited statutory financial statements of CMS reported assets of \$27,155,000, liabilities of \$5,378,000, and capital and surplus of \$21,777,000. Operations for 2022 produced a net income of \$314,000.

CMIC Specialty Services, Inc.

CMIC Specialty Services, Inc., was organized as an insurance agency in 2005 to obtain and maintain agency licenses in the states in which CMICSI does business and placing business with other insurers on lines of business which Church Mutual Group was unwilling or not licensed to write, such as fidelity and surety bond insurance, liquor liability insurance, and group travel accident insurance. As of December 31, 2022, CMIC Specialty Services, Inc., reported assets of \$818,000, liabilities of \$392,000, and equity of \$426,000. Operations for 2022 produced a net income of \$102,000.

CM Vantage Specialty Insurance Company

CM Vantage Specialty Insurance Company is a wholly owned stock insurance subsidiary of Church Mutual Holding Company Inc. It was incorporated on November 12, 2015, under the laws of the State of Wisconsin. CMV commenced operations in 2016 providing property and liability lines of insurance in the surplus lines market. As of December 31, 2022, the audited statutory financial statements of CM Vantage Specialty Insurance Company reported assets of \$86,373,000, liabilities of \$29,213,000, and capital and surplus of \$57,160,000. Operations for 2022 produced a net income of \$746,000.

Envoy Group Holdings, LLC

In December 2021, CMHC formed Envoy Group Holdings, LLC (EGH), an intermediary holding company created to facilitate the acquisition of Murray Eight Agency, Inc. (MEA). EGH owns 75% of MEA; the remaining 25% is held by three individuals. As of December 31, 2022, the audited financial statements of Envoy Group Holdings, LLC reported assets of \$45,966,000, liabilities of \$0, and member's equity of \$45,966,000. Operations for 2022 produced a net loss of \$2,811,000.

Murray Eight Agency, Inc

Envoy Group Holdings, LLC acquired majority interest in Murray Eight Agency in December 2021. MEA conducts business as Sovereign Insurance Group. MEA is a Pennsylvania corporation and specializes in niche-focused commercial property and casualty insurance, including nonprofits, houses of worship, education, cultural institutions, and middle market commercial products. As of December 31, 2022, the audited financial statements of Murray Eight Agency, Inc. reported assets of \$13,027,000, liabilities of \$4,662,000, and member's equity of \$8,365,000. Operations for 2022 produced a net income of \$2,090,000.

Wausau MedMal Management Services, LLC.

Wausau MedMal Management Services, LLC (Wausau MedMal) was acquired on December 31, 2021. It provides services for the Wisconsin Injured Patients and Families Compensation Fund and the Wisconsin Health Care Liability Insurance Plan. As of December 31, 2022, the audited financial statements of Wausau MedMal reported assets of \$2,205,000, liabilities of \$636,000, and member's equity of \$1,569,000. Operations for 2022 produced a net income of \$606,000.

Agreements with Affiliates

Services Agreement

The amended and restated services agreement[†] between CMHC and all its subsidiaries, originally dated August 16, 2016, and most recently amended by Amendment No. 6 effective October 1, 2023, covers general and administrative services to be provided by the companies to one another and establishes the cost allocation methods and procedures for allocation of expenses related to those services.

Tax Sharing Agreement

The amended and restated tax sharing agreement[‡] between CMHC and its subsidiaries, originally dated June 1, 2016, and most recently amended by Amendment No. 7 effective October 1, 2023, provides that the federal tax liability determined at the end of the taxable year of any individual member of the affiliated group shall not be more than it would have paid if it had filed on a separate return basis. Intercompany tax balances are settled with payments made within 30 days of the filing of the affiliated group's return, and refunds are paid within 30 days after the requested receipt of a tax refund.

Capital Maintenance Agreement

The capital maintenance agreement[§] was entered into between CMICISI and CMS on May 31, 2018. This agreement ensures that CM Select's surplus is adequate to produce a Risk-Based Capital level at or above 350% as calculated based on the most recent year-end annual financial statements.

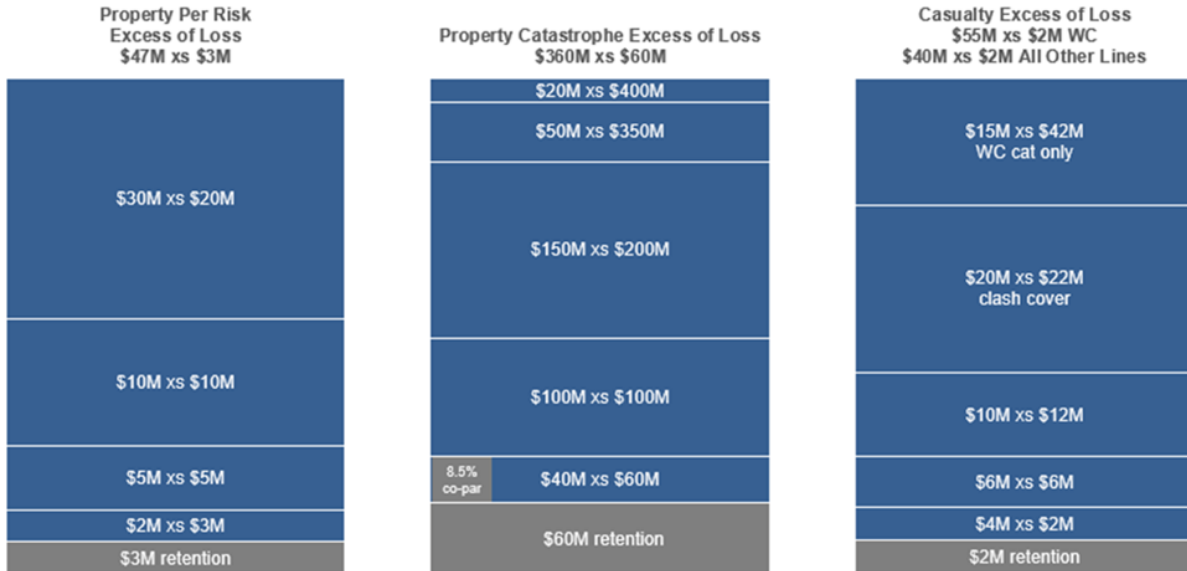
[†] CMS was removed from those agreements following its sale in 2023.

[‡] CMS was removed from those agreements following its sale in 2023.

[§]This agreement has been terminated following the sale of CMS in 2023.

V. REINSURANCE

The Group's reinsurance portfolio and strategy at the time of the examination are described below. A list of the companies that have a significant amount of reinsurance in force at the time of the examination follows. The contracts contained the proper insolvency provisions.



Nonaffiliated Ceding Contracts

- Type: Property Per Risk Excess of Loss Reinsurance Contract
 Reinsured: All the five insurance entities of the Group (CMICSI, CMV, CMR, CMS, and CMI).
 Reinsurer: The reinsurers, and their respective participation by layer, include the following. Only reinsurers who are allocated at least 5% of a single layer are listed individually.

Subscribing Reinsurer	Layer 1	Layer 2	Layer 3	Layer 4
Accident Fund Ins. Co of America	5.0%	2.0%	1.0%	0.0%
Arch Reins. Co.	0.0	0.0	0.0	12.25
Convex Ins. UK Ltd.	0.0	0.0	10.0	10.0
General Reins. Corp.	10.0	10.0	10.0	10.0
Hannover Ruck SE	18.0	20.0	18.0	18.0
Munich Reins. America, Inc.	6.0	6.0	8.0	0.0
Odyssey Reins. Co.	2.5	2.5	2.5	5.0
Partner Reins. Co. of the U.S.	0.0	5.0	0.0	0.0
R+V Versicherung AG	12.0	12.0	13.5	12.0
Renaissance Re, U.S Inc.	7.5	10.5	0.0	0.0
SCOR Reins. Co.	8.0	11.0	9.5	0.0
TOA Reins. Co of America	10.0	5.0	0.0	0.0
Underwriters at Lloyd's, London	0.0	7.5	11.0	11.0
All Other Subscribing Reinsurers	13.5	7.0	6.0	6.0
Total Subscribing Reinsurers	100.0%	100.0%	100.0%	100.0%

- Scope: Policies classified by the Group as Property business, in force at the inception of this Contract, or written or renewed during the term of this Contract by or on behalf of the Group. Terrorism coverage is included with an aggregate coverage limit indicated below.
- Retention: Retention is \$3.0 million for the first excess layer, \$5.0 million for the second excess layer, \$10.0 million for the third excess layer and \$20.0 million for the fourth excess layer.
- Coverage (in Millions):
- | | <u>Layer 1</u> | <u>Layer 2</u> | <u>Layer 3</u> | <u>Layer 4</u> |
|---|----------------|----------------|----------------|----------------|
| Limit per Risk per Loss Occurrence* | \$2.0 | \$ 5.0 | \$10.0 | \$30.0 |
| Limit per Loss Occurrence for All Risks | 6.0 | 10.0 | 20.0 | 30.0 |
| Term Limit for All Act(s) of Terrorism | 6.0 | 10.0 | 20.0 | 60.0 |
| Term Limits for All Loss Occurrences | N/A | 40.0 | 30.0 | 90.0 |
- Effective Date: July 1, 2023, through July 1, 2024
- Termination: The Group may terminate this agreement at any time by giving written notice in the event of circumstances listed in the Special Termination and Funding article. The Group may elect to terminate on either a run-off or cut-off basis subject to notice to the reinsurer of intent prior to the termination date.
2. Type: Property Facultative Agreement of Reinsurance
- Reinsured: CMICSI, and CMR.
- Reinsurer: Arch Reinsurance Company and General Reinsurance Company are subscribing to reinsurers with 55% and 45% participation, respectively.
- Scope: Policies classified by the Company as Property business
- Retention: \$50 million
- Coverage: The limit of liability is \$50 million. Liability for all risks involved in terrorism occurrences during each annual term will not exceed \$50 million.
- Effective Date: July 1, 2023, through July 1, 2024
- Termination: Either party may terminate this agreement by giving the other party 90 days' prior written and certified notice. CMICSI and CMR may elect to terminate on either a run-off or cut-off basis subject to notice to the reinsurer of intent prior to the termination date.
3. Type: Property Catastrophe Excess of Loss Reinsurance Contract
- Reinsured: All the five insurance entities of the Group (CMICSI, CMV, CMR, CMS, and CMI).

Reinsurer: The reinsurers, and their respective participation by layer, include the following. Only reinsurers who are allocated at least 5% of a single layer are listed individually.

<u>Subscribing Reinsurer</u>	<u>Layer 1</u>	<u>Layer 2</u>	<u>Layer 3</u>	<u>Layer 4</u>	<u>Layer 5</u>	<u>Drop-Down</u>
Convex Ins. UK Ltd	5.0%	2.5%	0.0%	0.0%	0.0%	0.0%
DaVinci Reins.	6.0	0.0	0.0	0.0	0.0	0.0
Everest Reins. Co.	17.0	15.0	15.0	15.0	5.0	10.0
General Reins. Corp.	7.5	7.5	7.5	7.5	0.0	0.0
Hannover Re (Bermuda) Ltd.	0.0	3.0	5.0	5.0	0.0	0.0
Hannover Rück SE	0.0	5.0	3.0	0.0	0.0	0.0
HCC International	0.0	0.0	0.0	30.0	50.0	0.0
Lumen Re	0.0	4.5	5.0	0.0	0.0	0.0
Odyssey Reins. Co.	5.0	2.0	2.0	2.0	0.0	0.0
Partner Reins. Co. Ltd.	5.0	5.0	5.0	5.0	0.0	0.0
R+V Versicherung AG	10.0	6.5	5.0	5.0	0.0	0.0
Underwriters at Lloyd's, London	20.75	23.0	28.25	26.5	50.0	7.75
All Other Subscribing Reinsurers	15.25	26.0	24.25	14.0	0.0	3.5
Total Subscribing Reinsurers	91.5%	100.0%	100.0%	100.0%	100.0%	21.25%

Scope: Property coverage, including automobile physical damage and excluding collision

Retention: Retention is \$60 million for the first excess layer, \$100 million for the second excess layer, \$200 million for the third excess layer, \$350 million for the fourth excess layer and \$400 million for the fifth excess layer. A second event drop down layer has a retention of \$30 million. This layer was placed at 21.25%.

Coverage (in Millions):

	<u>Layer 1</u>	<u>Layer 2</u>	<u>Layer 3</u>	<u>Layer 4</u>	<u>Layer 5</u>	<u>Drop-Down</u>
Limit per Risk per Loss Occurrence	\$40	\$100	\$150	\$50	\$20	\$30
Term Limit for All Loss Occurrences	80	200	300	50	20	60

Effective Date: July 1, 2023, through July 1, 2024

Termination: The Group may terminate this agreement at any time by giving written notice in the event of circumstances listed in the Special Termination and Funding article. The Group may elect to terminate on either a run-off or cut-off basis subject to notice to the reinsurer of intent prior to the termination date.

4. Type: Casualty Excess of Loss Reinsurance Contract

Reinsured: All the five insurance entities of the Group (CMICSI, CMV, CMR, CMS, and CMI).

Reinsurer: The reinsurers, and their respective participation by layer, including the following:

<u>Subscribing Reinsurers</u>	<u>Layer 1</u>	<u>Layer 2</u>	<u>Layer 3</u>	<u>Layer 4</u>	<u>CAT Layer</u>
Hannover Ruck SE	40.0%	40.0%	30.0%	20.0%	0.0
Korean Reins. Co.	5.0	5.0	5.0	5.0	5.0

<u>Subscribing Reinsurers</u>	<u>Layer 1</u>	<u>Layer 2</u>	<u>Layer 3</u>	<u>Layer 4</u>	<u>CAT Layer</u>
Mutual Re Munich Reins. America, Inc.	7.5	6.5	0.0	0.0	0.0
Partner Reins. Co. of the U.S.	3.0	10.0	10.0	10.0	17.0
SCOR Reins. Co.	20.0	10.0	0.0	0.0	0.0
Renaissance Re, U.S. Inc	5.5	9.5	5.0	5.0	0.0
TOA Reins. Co of America	9.0	11.5	0.0	0.0	0.0
Markel Global Reins. Co.	10.0	7.5	0.0	0.0	0.0
Convex Insurance UK Limited	0.0	0.0	0.0	0.0	2.0
XL Re Europe SE Underwriters at Lloyd's, London	0.0	0.0	7.5	6.5	0.0
	0.0	0.0	5.0	10.0	8.75
Total Subscribing Reinsurers	0.0	0.0	37.5	43.5	67.25
	100.0%	100.0%	100.0%	100.0%	100.0%

Scope: The first, second, third, and fourth excess layers include casualty coverage, including worker's compensation and employer's liability coverage. The catastrophe (CAT) excess layers include worker's compensation and employer's liability coverage only.

Retention: Retention is \$2 million for the first excess layer, \$6 million for the second excess layer, \$12 million for the third excess layer, \$22 million for the fourth excess layer and \$42 million for the catastrophe excess layer.

Coverage (in Millions):

	<u>Layer 1</u>	<u>Layer 2</u>	<u>Layer 3</u>	<u>Layer 4</u>	<u>CAT Layer</u>
Limit per Risk per Loss Occurrence	\$4.0	\$6.0	\$10.0	\$20.0	\$15.0
Term Limit for All Acts of Terrorism	8.0	12.0	10.0	20.0	15.0
Term Limit for All Loss Occurrences	N/A	36.0	40.0	40.0	30.0

Effective Date: July 1, 2023, through July 1, 2024

Termination: The Group may terminate this agreement at any time by giving written notice in the event of circumstances listed in the Special Termination and Funding article. The Group may elect to terminate on either a run-off or cut-off basis subject to notice to the reinsurer of intent prior to the termination date.

5. **Type:** Multiple Line Reinsurance Agreement
Equipment Breakdown and Identity Recovery

Reinsured: All the five insurance entities of the Group (CMICSI, CMV, CMR, CMS, and CMI).

Reinsurer: Hartford Steam Boiler Inspection and Insurance Company

Scope: Equipment breakdown liability as respects accidents and electronic circuitry impairments
Losses covered under Identity Recovery

Retention:	None
Coverage:	Equipment: 100% coverage subject to a maximum of \$150 million for any one covered accident and/or electronic circuitry impairment. Identity: 100% coverage subject to a maximum of \$15 million annual aggregate per identity recovery insured.
Effective Date:	January 1, 2018, until termination
Termination:	Either party may terminate the agreement by giving the other party 90 days' prior written notice.
6. Type:	Cyber Liability Quota Share Reinsurance Contract
Reinsured:	All the five insurance entities of the Group (CMICSI, CMV, CMR, CMS, and CMI).
Reinsurer:	Beazley Syndicates 623 and 2623
Scope:	Cyber liability and data breach business
Retention:	None
Coverage:	The Cyber Liability Policy coverage limit is \$1 million in aggregate. The Data Breach Policy coverage limit is \$250 thousand in aggregate.
Effective Date:	November 1, 2022, to October 31, 2023
Termination:	Either party may terminate the agreement by giving the other party 90 days' prior written notice.
7. Type:	Multiple Peril Crop Insurance and Crop Hail Multi-Year Quota Share Reinsurance
Reinsured:	CMICSI
Reinsurer:	The brokered reinsurers are Starstone National Insurance Company at 57%, Validus Reinsurance at 16%, Toa Reinsurance Company of America (TRCA) at 12.5%, Arch Reinsurance Company at 7%, American Agricultural Insurance Company at 5.5% and Catlin Re at 2%.
Scope:	Multiple Peril Crop Insurance (MPCI) and Crop Hail business
Retention:	None
Coverage:	100% coverage with no indicated limits
Effective Date:	MPCI: January 1, 2023, until the close of the 2023 FCIC Reinsurance Year Crop Hail: January 1, 2022, until December 31, 2024 The reinsurers are liable for all losses for business written during the term upon expiration of the contract.
Termination:	CMICSI may terminate this agreement by giving the reinsurer 15 days' prior written notice in the event of circumstances listed in the Special

Funding and Termination article. CMICSI may elect to terminate on a cut-off basis subject to notice to the reinsurer of intent prior to the termination date.

8. Type: PSBA Property Excess of Loss
- Reinsured: CMR
- Reinsurer: National Union Fire Insurance Company of Pittsburgh, PA
- Scope: Certificates issued under the Property Master Policy issued to the Pennsylvania School Boards Association (PSBA) Insurance Trust by the Company, including but not limited to Fire, Allied Lines, Inland Marine, Crime, or Commercial Multiple Peril (Property coverages), in force at the inception of this Contract, or written or renewed during the term of this Contract by or on behalf of the Company.
- Retention: \$50 million
- Coverage: The limit of liability is \$100 million. Liability for all risks involved in terrorism occurrences during each annual term will not exceed \$100 million.
- Effective Date: July 1, 2023, through July 1, 2024
- Termination: CMR may terminate this agreement at any time by giving written notice in the event of circumstances listed in the Special Termination and Funding article. CMR may elect to terminate on either a run-off or cut-off basis subject to notice to the reinsurer of intent prior to the termination date.
9. Type: Violent Incident Protection Excess of Loss
- Reinsured: CMR
- Reinsurer: Beazley Syndicates 623 and 2623
- Scope: Policies classified by the Company as Violent Incident Protection coverage.
- Retention: \$10,000
- Coverage: Policy Limit up to \$20 million
- Effective Date: July 1, 2023, through July 1, 2024
- Termination: CMR may terminate this agreement at any time by giving written notice in the event of circumstances listed in the Special Termination and Funding article. CMR may elect to terminate on either a run-off or cut-off basis subject to notice to the reinsurer of intent prior to the termination date.

Affiliated Assuming Contracts

CMICSI has entered into separate 100% quota share reinsurance contracts** with each of its insurance subsidiaries. The contracts include provisions for deposit funds made by CMICSI to the subsidiaries providing them with a source of funds for payments of claims.

1. Type:	Quota Share Reinsurance Agreements
Reinsured:	CMV, CMR, CMS, and CMI
Scope:	Losses arising under Policies in force, issued, or renewed by the reinsured companies
Retention:	None
Coverage:	100% of the ultimate net loss under policies in force, issued, or renewed by the reinsured companies. Ultimate net loss is determined after making deductions for all recoveries, all salvages, and all claims upon other reinsurances which directly insure to the benefit of and collected by the reinsured companies. CMICSI is liable for all third-party reinsurance that is not collected by the reinsured companies.
Rate/Premium:	100% of the written premium collected, net of all inuring reinsurance purchased directly by the reinsured companies.
Commissions:	Underwriting expenses incurred by companies in connection with the policies ceded under these agreements
Effective date:	CMV: March 31, 2016, until termination CMR: October 1, 2016, until termination CMS: September 1, 2017, until termination CMI: September 14, 2018, until termination
Termination:	Cancellation may occur with 365 days' prior written notice by either company. Coverage will remain in effect for all policies this agreement was attached to.

Nonaffiliated Assuming Contracts

Effective January 1, 2013, Church Mutual Insurance Company, S.I. became an assuming company member of Mutual Reinsurance Bureau (Mutual Re). Mutual Re is an unincorporated joint reinsurance association located in Cherry Valley, Illinois. The purpose of Mutual Re is to facilitate reinsurance arrangements between the member companies and other insurance companies through the

** CMS entered into a new *Amended and Restated Reinsurance Agreement* in October 2023 subsequent to the sale.

establishment of an office and the other member companies' appointment of an attorney-in-fact to arrange and effectuate reinsurance agreements on their behalf. The member companies are as follows: Church Mutual Insurance Company, S.I., Farm Bureau Mutual Insurance Company of Michigan, Kentucky Farm Bureau Mutual Insurance Company, Motorists Mutual Insurance Company, and Renaissance Re.

Each member company shares in the reinsurance premiums received through Mutual Re in proportion to the liability each member company assumes bears a proportionate share of losses and loss adjustment expenses incurred on reinsurance assumed and will participate in all salvage.

Each member is required to collateralize 100% of its Mutual Re liabilities including, but not limited to, its share of the unearned premium reserve, outstanding loss reserve (including incurred-but-not-reported reserve), and contingent commission reserve for which the member company is liable based on its respective participation in Mutual Re.

CMICSI's assumed business is from the Mutual Re pool and assigned risk involuntary pools. The company has ceded various types of business to Mutual Re for over 80 years. As part of its current arrangement with Mutual Re, CMICSI does not assume any of its own business ceded to Mutual Re.

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of CMICSI, the lead insurance company of the Group, as reported to the commissioner of insurance in the December 31, 2022, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of CMICSI and the compulsory and security surplus calculation for CMICSI. The financial statements of the remaining companies included in this report are included in Appendix B

Church Mutual Insurance Company, S.I.
Assets
As of December 31, 2022

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$1,191,226,122	\$	\$1,191,226,122
Stocks:			
Common stocks	226,218,676		226,218,676
Real estate:			
Occupied by the company	10,620,217		10,620,217
Cash, cash equivalents, and short- term investments	96,101,567		96,101,567
Other invested assets	104,602,983		104,602,983
Receivables for securities	205,467		205,467
Investment income due and accrued	8,992,866		8,992,866
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	128,580,386	7,384,672	121,195,715
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	189,070,390		189,070,390
Reinsurance:			
Amounts recoverable from reinsurers	37,719,208		37,719,208
Funds held by or deposited with reinsured companies	10,266,000		10,266,000
Other amounts receivable under reinsurance contracts	2,017,363		2,017,363
Current federal and foreign income tax recoverable and interest thereon	28,787,230		28,787,230
Net deferred tax asset	44,542,000	970,000	43,572,000
Guaranty funds receivable or on deposit	892,858		892,858
Electronic data processing equipment and software	19,135,810	17,555,817	1,579,993
Furniture and equipment, including health care delivery assets	2,254,697	2,254,697	0
Receivable from parent, subsidiaries, and affiliates	5,440,928		5,440,928
Write-ins for other than invested assets:			
Receivables from FCIC	29,065,190		29,065,190
CSV-Life Insurance	24,873,493		24,873,493
Prepaid Pension Costs	7,017,177	7,017,177	0
Prepaid Expenses	6,107,297	6,107,297	2
Other Receivables	5,976,767		5,976,767
DDC Segregated Funds	3,061,282		3,061,282
Deductible Recoverable	72,367		72,367
	<u>\$2,182,848,342</u>	<u>\$41,289,660</u>	<u>\$2,141,558,682</u>
Total Assets			

Church Mutual Insurance Company, S.I.
Liabilities, Surplus, and Other Funds
As of December 31, 2022

Losses	\$ 685,017,115
Reinsurance payable on paid loss and loss adjustment expenses	4,351,268
Loss adjustment expenses	146,014,760
Commissions payable, contingent commissions, and other similar charges	29,521,532
Other expenses (excluding taxes, licenses, and fees)	33,005,759
Taxes, licenses, and fees (excluding federal and foreign income taxes)	5,560,753
Borrowed money and interest thereon	249,344
Unearned premiums	557,415,663
Advance premium	5,917,064
Dividends declared and unpaid:	
Policyholders	16,955,968
Ceded reinsurance premiums payable (net of ceding commissions)	77,753,908
Funds held by company under reinsurance treaties	1,770,753
Amounts withheld or retained by company for account of others	8,848,102
Payable for securities	7,090,027
Write-ins for liabilities:	
Reserve for Pension & Deferred Compensation	20,689,591
Funds Held Under Deductible Programs	<u>241,554</u>
Total Liabilities	1,600,403,159
Write-ins for special surplus funds:	
Guaranty Fund	\$ 1,600,000
Common capital stock	5,000,000
Gross paid in and contributed surplus	8,875,000
Unassigned funds (surplus)	<u>525,680,523</u>
Surplus as Regards Policyholders	<u>541,155,523</u>
Total Liabilities and Surplus	<u>\$2,141,558,682</u>

Church Mutual Insurance Company, S.I.
Summary of Operations
For the Year 2022

Underwriting Income		
Premiums earned		\$ 999,973,494
Deductions:		
Losses incurred	\$584,248,657	
Loss adjustment expenses incurred	107,636,258	
Other underwriting expenses incurred	333,292,810	
Total underwriting deductions		<u>1,025,177,725</u>
Net underwriting gain (loss)		(25,204,231)
Investment Income		
Net investment income earned	37,842,887	
Net realized capital gains (losses)	<u>(14,409,051)</u>	
Net investment gain (loss)		23,433,836
Other Income		
Net gain (loss) from agents' or premium balances charged off	(1,212,384)	
Finance and service charges not included in premiums	1,513,319	
Write-ins for miscellaneous income:		
OPEB Curtailment Gain	28,616,022	
Miscellaneous	843,640	
Increase in Cash Value of Life Insurance	370,099	
Interest on Reinsurance Contract	9,306	
Interest on Borrowed Money	<u>(8,504)</u>	
Total other income		<u>30,131,497</u>
Net income (loss) before dividends to policyholders and before federal and foreign income taxes		28,361,102
Dividends to policyholders		<u>11,857,842</u>
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		16,503,260
Federal and foreign income taxes incurred		<u>18,896,000</u>
Net Income (Loss)		<u>\$ (2,392,740)</u>

Church Mutual Insurance Company, S.I.
Cash Flow
For the Year 2022

Premiums collected net of reinsurance		\$1,004,282,257
Net investment income		42,669,248
Miscellaneous income		<u>30,131,497</u>
Total		1,077,083,002
Benefit- and loss-related payments	\$551,047,022	
Commissions, expenses paid, and aggregate write-ins for deductions	433,485,755	
Dividends paid to policyholders	12,896,847	
Federal and foreign income taxes paid (recovered)	<u>(12,441,995)</u>	
Total deductions		<u>984,987,629</u>
Net cash from operations		92,095,373
Proceeds from investments sold, matured, or repaid:		
Bonds	\$871,679,852	
Stocks	33,235,355	
Real estate	88,110	
Other invested assets	9,102,042	
Net gains (losses) on cash, cash equivalents, and short-term investments	(10,522)	
Miscellaneous proceeds	<u>6,883,494</u>	
Total investment proceeds		920,978,330
Cost of investments acquired (long- term only):		
Bonds	926,039,167	
Stocks	20,678,230	
Other invested assets	<u>5,021,247</u>	
Total investments acquired		<u>951,738,644</u>
Net cash from investments		(30,760,314)
Cash from financing and miscellaneous sources:		
Borrowed funds	(241,496)	
Dividends to stockholders	6,200,000	
Other cash provided (applied)	<u>(37,303,424)</u>	
Net cash from financing and miscellaneous sources		<u>(43,744,920)</u>
Reconciliation:		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		17,590,140
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>78,511,427</u>
End of Year		<u>\$ 96,101,567</u>

**Church Mutual Insurance Company, S.I.
Compulsory and Security Surplus Calculation
December 31, 2022**

Assets		\$2,141,558,682
Less liabilities		<u>1,600,403,159</u>
Adjusted surplus		541,155,523
Annual premium:		
Lines other than accident and health	\$1,039,377,097	
Factor	<u>20%</u>	207,875,419
Medical Malpractice	\$ 34,141,950	
Factor	<u>50%</u>	17,070,975
Compulsory surplus (subject to a minimum of \$2 million)		<u>224,946,394</u>
Compulsory Surplus Excess (Deficit)		<u>\$ 316,209,129</u>
Adjusted surplus (from above)		\$ 541,155,523
Security surplus (140% of compulsory surplus, factor reduced 1% for each \$33 million in premium written in excess of \$10 million, with a minimum factor of 110%)		<u>247,441,033</u>
Security Surplus Excess (Deficit)		<u>\$ 293,714,490</u>

Church Mutual Insurance Company, S.I.
Analysis of Surplus
For the Five-Year Period Ending December 31, 2022

The following schedule details items affecting surplus during the period under examination as reported by the company in its filed annual statements:

	2022	2021	2020	2019	2018
Surplus, beginning of year	\$570,751,700	\$532,979,509	\$679,430,373	\$619,857,648	\$703,689,554
Net income	(2,392,740)	43,274,957	80,183,588	17,504,086	(85,211,082)
Change in net unrealized capital gains/losses	(47,014,084)	19,863,726	520,196	43,224,377	(7,259,449)
Change in net deferred income tax	10,028,000	20,702,000	(30,720,000)	6,639,000	2,789,000
Change in nonadmitted assets	(2,735,148)	(16,045,547)	11,051,574	1,892,442	2,146,874
Change in provision for reinsurance	7,764	248,389	(255,914)	(238)	14,282
Transferred from surplus			5,000,000		
Surplus adjustments:					
Paid in		7,700,000	1,175,000		
Transferred to capital			(5,000,000)		
Dividends to stockholders	(6,200,000)	(51,000,000)	(197,630,383)		
Write-ins for gains and (losses) in surplus:					
Change in Post Retirement Liability SSAP 92	11,944,083	3,990,062	3,694,747	(9,761,000)	5,823,085
Tax Impact of Re-evaluation of SSAP 92 & 102	3,929,107	2,736,020	(2,262,734)	(2,034,257)	3,513,639
Change in Pension Liability SSAP 102	2,836,843	6,302,584	(12,206,938)	1,154,299	(7,246,818)
Surplus Impact of Application of Settlement Accounting to Defined Benefit Plan				954,017	1,598,563
Surplus, End of Year	<u>\$541,155,523</u>	<u>\$570,751,700</u>	<u>\$532,979,509</u>	<u>\$679,430,373</u>	<u>\$619,857,648</u>

Growth of Church Mutual Insurance Company, S.I.

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2022	\$2,141,558,682	\$1,600,403,159	\$541,155,523	\$(2,392,740)
2021	2,120,745,617	1,549,993,917	570,751,700	43,274,957
2020	2,011,141,597	1,478,162,088	532,979,509	80,183,588
2019	1,981,276,274	1,301,845,901	679,430,373	17,504,086
2018	1,831,626,025	1,211,768,377	619,857,648	(85,211,082)
2017	1,739,843,576	1,036,154,022	703,689,554	28,536,835

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2022	\$1,251,929,283	\$1,055,959,889	\$999,973,494	69.2%	32.8%	101.9%
2021	1,123,390,998	934,049,425	907,378,451	64.4	34.8	99.3
2020	1,059,540,559	904,793,235	847,671,455	68.3	35.7	104.1
2019	931,133,193	845,741,493	806,823,684	69.4	34.2	103.6
2018	840,425,577	772,190,829	750,707,746	86.0	33.7	119.6
2017	791,794,914	730,427,072	697,372,303	66.6	33.2	99.7

Over the five-year examination period, CMICSI experienced growth of its admitted asset of 23.1%, supported by premium income from other insurance entities through quota share agreements. At the same time, its surplus also contracted by 23.1%. The contraction of surplus during the examination period is due largely to the restructuring of the Group that took place on January 1, 2020. As a result of the new mutual holding company structure, CMICSI transferred 100% of its shares in all insurance entities to CMHC, and 100% of its shares in non-insurance entities to CM Companies, Inc., which reduced its surplus.

CMICSI assumes 100% of the business written by its insurance affiliates. Over the examination period, the Group posted a 58.1% and 44.6% increase in gross and net premium written premiums, respectively. Direct premium written by the affiliated insurance companies increased 155% and their share of the total premium written by the Group increased from 11.2% in 2018 to 14.3% in 2022.

During the period under examination, net results varied, with a net income reported in three of the five years. The combined ratio was above 100% in four of the five years with a high of 119.6% in 2018 which coincides with a spike in the net loss ratio to 86% due mainly to catastrophic weather events. The Group has begun implementing various loss-prevention strategies to mitigate these losses going

forward which include stopping property writings in some regions, changes in underwriting standards, and a focus on increased writings in casualty lines.

Reconciliation of Surplus per Examination

No adjustments were made to the surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2022, is accepted.

Examination Reclassifications

There were no examination reclassifications as a result of this examination.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

Specific recommendations included in the previous separate examination reports dated as of December 31, 2017, are listed below. The actions taken by the companies as a result of the recommendations were as follows:

Church Mutual Insurance Company, S.I.:

1. Custodial Agreements—It is recommended that the company amend its custodial agreement to include the guideline provisions contained in the NAIC Financial Condition Examiners Handbook.

Action—Compliance.
2. Report on Executive Compensation—It is recommended that the company comply with s. 611.63 (4) Wis. Stat., by reporting all compensation received by officers, executive management, and directors in accordance with the instructions stated in the Report on Executive Compensation.

Action—Compliance.

CM Select Insurance Company:

1. Report on Executive Compensation—It is recommended that the company comply with s. 611.63 (4) Wis. Stat., by reporting all compensation received by officers, executive management, and directors in accordance with the instructions stated in the Report on Executive Compensation.

Action—Compliance.

CM Vantage Specialty Insurance Company:

1. Report on Executive Compensation—It is recommended that the company comply with s. 611.63 (4) Wis. Stat., by reporting all compensation received by officers, executive management, and directors in accordance with the instructions stated in the Report on Executive Compensation.

Action—Compliance.

Summary of Current Examination Results

This section contains comments and elaboration on those areas where adverse findings were noted or where unusual situations existed. Comment on the remaining areas of the Group's operations is contained in the examination work papers.

Church Mutual Insurance Company, S.I:

Conflict of Interest:

During the review of the company's conflict of interest disclosure forms, the company was not able to provide the forms for some officers listed on the Jurat page in 2021. The company indicated that the completed conflict of interest statements for 2021 were not properly saved in a network folder. It is recommended that each of the company's officers, directors, and key employees annually make conflict of interest disclosures to the company and that the company retain the disclosures in the company's records from examination to examination, in compliance with the relevant directive of the commissioner of insurance.

CM Select Insurance Company:

The current examination resulted in no recommendations for CMS.

CM Vantage Specialty Insurance Company:

The current examination resulted in no recommendations for CMV.

CM Indemnity Insurance Company:

The current examination resulted in no recommendations for CMI.

CM Regent Insurance Company:

The current examination resulted in no recommendations for CMR.

VIII. CONCLUSION

Church Mutual Group included five property and casualty insurance companies, all domiciled in Wisconsin as of December 31, 2022. The current examination, which covered the period from January 1, 2018, to December 31, 2022, included all five insurance companies, with CMICSI acting as a lead insurance company, because it assumes 100% of the business written by its insurance affiliates.

Effective January 1, 2020, as part of the new mutual holding company structure, CMICSI became a stock insurance company, and its previous subsidiaries became a member of a holding company system, where CMHC became the ultimate controlling party.

The Group has grown year-over-year at a steady pace. The Group's gross and net written premium increased 58.1% and 44.6%, respectively, over the examination period. At the same time, the profitability of the Group's underwriting performance was mixed as the combined ratio remained mostly over 100% during the examination period. Church Mutual Group is implementing a new strategy to mitigate the Catastrophe Losses that the company has been experiencing.

The current examination determined that all companies included in this report complied with the recommendations from the prior examination. The examination resulted in one recommendation for CMICSI. There were no adjustments to the surplus and no reclassifications of account balances.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

Church Mutual Insurance Company, S.I:

1. Page 36 - Conflict of Interest—It is recommended that each of the company's officers, directors, and key employees annually make conflict of interest disclosures to the company and that the company retain the disclosures in the company's records from examination to examination, in compliance with the relevant directive of the commissioner of insurance.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended by the officers and employees of the Group during the course of the examination are acknowledged.

In addition to the undersigned, the following representatives of the Office of the Commissioner of Insurance, State of Wisconsin, participated in the examination:

Name	Title
Ian Anderson	Insurance Financial Examiner
Caleb Lindert	Insurance Financial Examiner
Kenton Harrison	Insurance Financial Examiner
Adam Donovan, CISSP	IT Specialist
Kongmeng Yang, AFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Abdel-Aziz T. Kondoh
Examiner-in-Charge

XI. Subsequent Events

On April 14, 2023, a Form A, Change in Control, was filed with the Wisconsin Office of the Commission of Insurance (OCI) by MGT Partners LLC, Michael Topol, Graham Topol, Riviera Capital Partners I, LP, Riviera Capital Partners II, LP and Riviera Capital Partners SPV III, LP, regarding the intended acquisition of 100% of the outstanding stock of CM Select Insurance Company. The transaction was approved by the OCI on September 26, 2023, and subsequently closed with an effective date of October 1, 2023.

XII. Appendix A: Management and Control

Church Mutual Insurance Company, S.I.

Board of Directors

The board of directors of CMICSI consists of 11 members. Directors are elected annually by the shareholders to serve a one-year term. Officers are elected at the annual board meeting. Currently, the board of directors of CMICSI consists of the same people as the board of directors of CMHC. Officers serving for CMHC also serve in the same capacity for CMICSI. CMICSI's bylaws allow for the formation of certain committees by the board of directors. The committees formed by the board of directors of CMHC also serve in the same capacity for CMICSI.

CM Indemnity Insurance Company

Board of Directors

The board of directors of CM Indemnity Insurance Company consists of six members. Directors are elected annually by the shareholder to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of the company consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Dwayne A. Gantz Kronenwetter, Wisconsin	Senior Vice President CFO & Treasurer	2024
Scott M. Names Wausau, Wisconsin	Senior Vice President Shared Services	2024
Alan S. Ogilvie Fitchburg, Wisconsin	President	2024
Richard V. Poirier Lac du Flambeau, Wisconsin	Chief Executive Officer	2024
Kevin D. Root Bradenton, Florida	Senior Vice President Sales & Customer Experience	2024
Michael M. Smith Gleason, Wisconsin	Senior Vice President Secretary & General Counsel	2024

Officers of the Company

The officers currently serving are as follows:

Name	Office
Richard V. Poirier	Chief Executive Officer
Alan S. Ogilvie	President
Michael M. Smith	SVP – Secretary & General Counsel
Dwayne A. Gantz	Treasurer, CFO, & Senior Vice President
Cynthia M. Brandt	Assistant Secretary
Rebecca A. Hudzik-Presson	Vice President – Chief Claims Officer
Craig S. Huss	Vice President – Chief Information Officer
Stephanie I. Lynn	Vice President – ERM & Chief Risk Officer
Scott M. Names	Senior Vice President – Shared Services
Randall W. Oja	VP – Product & Chief Actuary
Kevin D. Root	SVP – Sales & Customer Experience
Pamela J. Rushing	President-Subsidiaries, Chief Underwriting Officer
Pamela W. Stampen	Senior Vice President – Chief People Officer

CM Regent Insurance Company

Board of Directors

The board of directors of CM Regent Insurance Company consists of six members. Directors are elected annually by the shareholders to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of the company consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Dwayne A. Gantz Kronenwetter, Wisconsin	Senior Vice President CFO & Treasurer	2024
Alan S. Ogilvie Fitchburg, Wisconsin	Chief Executive Officer	2024
Richard V. Poirier Lac du Flambeau, Wisconsin	Chairman of the Board	2024
Kevin D. Root Bradenton, Florida	Senior Vice President Sales & Customer Experience	2024
Michael M. Smith Gleason, Wisconsin	Senior Vice President Secretary & General Counsel	2024
Pamela J. Rushing Franklin, Wisconsin	President	2024

Officers of the Company

The officers currently serving are as follows:

Name	Office
Alan S. Ogilvie	Chief Executive Officer
Pamela J. Rushing	President
Michael M. Smith	SVP – Secretary & General Counsel
Dwayne A. Gantz	Treasurer, CFO & Senior Vice President
Cynthia M. Brandt	Assistant Secretary
Brett E Eater	Vice President – Chief Underwriting Officer
Rebecca A. Hudzik-Presson	Vice President – Chief Claims Officer
Craig S. Huss	Vice President – Chief Information Officer
Stephanie I. Lynn	Vice President – ERM & Chief Risk Officer
Scott M. Names	Senior Vice President – Shared Services
Kevin D. Root	SVP – Sales & Customer Experience
Pamela W. Stampen	Senior Vice President – Chief People Officer
Randall W. Oja	Vice President – Product & Chief Actuary

CM Select Insurance Company

Board of Directors

The board of directors of CM Select Insurance Company consisted of six members at the time of entity sale on October 1st, 2023. Directors were elected annually by the shareholders to serve a one-year term. Officers were elected at the annual board meeting. Members of the company's board of directors may also have been members of other boards of directors in the Group.

At the time of entity sale on October 1st, 2023, the board of directors of the company consisted of the following persons:

Name and Residence	Principal Occupation	Term Expires
Dwayne A. Gantz Kronenwetter, Wisconsin	Senior Vice President CFO & Treasurer	2024
Alan S. Ogilvie Fitchburg, Wisconsin	Chief Executive Officer	2024
Richard V. Poirier Lac du Flambeau, Wisconsin	Chairman of the Board	2024
Kevin D. Root Bradenton, Florida	Senior Vice President Sales & Customer Experience	2024
Michael M. Smith Gleason, Wisconsin	Senior Vice President Secretary & General Counsel	2024
Pamela J. Rushing Franklin, Wisconsin	President-Subsidiaries & Chief Underwriting Officer	2024

Officers of the Company

The officers who served were as follows:

Name	Office
Alan S. Ogilvie	Chief Executive Officer
Kurtis L. Brandau	President
Michael M. Smith	SVP –Secretary & General Counsel
Dwayne A. Gantz	Treasurer, CFO, & Senior Vice President

Name	Office
Cynthia M. Brandt	Assistant Secretary
Robert M. Buckley	EVP – Operations
Rebecca A. Hudzik-Presson	Vice President – Chief Claims Officer
Craig S. Huss	Vice President – Chief Information Officer
Stephanie I. Lynn	Vice President – ERM & Chief Risk Officer
Scott M. Names	Senior Vice President – Shared Services
Randall W. Oja	VP – Product & Chief Actuary
Kevin D. Root	SVP – Sales & Customer Experience
Pamela J. Rushing	President-Subsidiaries, Chief Underwriting Officer
Lester J. Smith	VP – CM Select Chief Information Officer
Pamela W. Stampen	Senior Vice President – Chief People Officer

CM Vantage Specialty Insurance Company

Board of Directors

The board of directors of CM Vantage Specialty Insurance Company consists of six members. Directors are elected annually by the shareholders to serve a one-year term. Officers are elected at the annual board meeting. Members of the company's board of directors may also be members of other boards of directors in the Group.

Currently, the board of directors of company consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Dwayne A. Gantz Kronenwetter, Wisconsin	Senior Vice President CFO & Treasurer	2024
Alan S. Ogilvie Fitchburg, Wisconsin	Chief Executive Officer	2024
Richard V. Poirier Lac du Flambeau, Wisconsin	Chairman of the Board	2024
Kevin D. Root Bradenton, Florida	Senior Vice President Sales & Customer Experience	2024
Michael M. Smith Gleason, Wisconsin	Senior Vice President Secretary & General Counsel	2024
Pamela J. Rushing Franklin, Wisconsin	President	2024

Officers of the Company

The officers currently serving are as follows:

Name	Office
Alan S. Ogilvie	Chief Executive Officer
Pamela J. Rushing	President
Michael M. Smith	Secretary, SVP & General Counsel
Dwayne A. Gantz	Treasurer, SVP – Chief Financial Officer
Cynthia M. Brandt	Assistant Secretary
Rebecca A. Hudzik-Presson	Vice President – Chief Claims Officer
Craig S. Huss	Vice President – Chief Information Officer
Stephanie I. Lynn	Vice President – ERM & Chief Risk Officer
Scott M. Names	Senior Vice President – Shared Services
Randall W. Oja	VP – Product & Chief Actuary
Kevin D. Root	SVP – Sales & Customer Experience
Pamela W. Stampen	Senior Vice President – Chief People Officer
Michael L. York, II	VP – Chief Underwriting Officer

XIII. Appendix B: Financial Data

CM Indemnity Insurance Company

**CM Indemnity Insurance Company
Assets
As of December 31, 2022**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$20,905,192	\$	\$20,905,192
Cash, cash equivalents, and short-term investments	411,872		411,872
Investment income due and accrued	<u>105,685</u>		<u>105,685</u>
Total assets excluding separate accounts, segregated accounts and protected cell assets	<u>21,422,749</u>	<u> </u>	<u>21,422,749</u>
Total Assets	<u>\$21,422,749</u>	<u>\$ </u>	<u>\$21,422,749</u>

**CM Indemnity Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2022**

Current federal and foreign income taxes		\$ <u>76,620</u>
Total Liabilities		76,620
Common capital stock	\$ 5,000,000	
Gross paid in and contributed surplus	15,000,000	
Unassigned funds (surplus)	<u>1,346,128</u>	
Surplus as Regards Policyholders		<u>21,346,128</u>
Total Liabilities and Surplus		<u>\$21,422,749</u>

**CM Indemnity Insurance Company
Summary of Operations
For the Year 2022**

Investment Income

Net investment income earned	370,979	
Net realized capital gains (losses)	<u>(5,758)</u>	
Net investment gain (loss)		365,221

Other Income

Net income (loss) before dividends to policyholders and before federal and foreign income taxes		<u>365,221</u>
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Net income (loss) after dividends to policyholders but before federal and foreign income taxes		365,221
Federal and foreign income taxes incurred		<u>77,000</u>

Net Income (Loss)		<u>\$288,221</u>
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**CM Indemnity Insurance Company
Cash Flow
For the Year 2022**

Net investment income		\$ 444,548
Total		444,548
Federal and foreign income taxes paid (recovered)	\$ 76,570	
Total deductions		<u>76,570</u>
Net cash from operations		367,978

Proceeds from investments sold, matured, or repaid:		
Bonds	<u>\$3,460,692</u>	
Total investment proceeds		3,460,692
Cost of investments acquired (long- term only):		
Bonds	<u>4,606,803</u>	
Total investments acquired		<u>4,606,803</u>
Net cash from investments		(1,146,111)

Reconciliation:

Net Change in Cash, Cash Equivalents, and Short-Term Investments		(778,133)
Cash, cash equivalents, and short- term investments:		
Beginning of year		<u>1,190,005</u>
End of Year		<u>\$ 411,872</u>

CM Regent Insurance Company

**CM Regent Insurance Company
Assets
As of December 31, 2022**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$109,442,380	\$	\$109,442,380
Stocks:			
Common stocks	21,310,923		21,310,923
Cash, cash equivalents, and short-term investments	5,823,455		5,823,455
Investment income due and accrued	603,258		603,258
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	3,416,760	51,355	3,365,405
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	2,732,414		2,732,414
Reinsurance:			
Amounts recoverable from reinsurers	2,802,753		2,802,753
Funds held by or deposited with reinsured companies	250,000		250,000
Other amounts receivable under reinsurance contracts	135,203		135,203
Current federal and foreign income tax recoverable and interest thereon	32,396		32,396
Write-ins for other than invested assets:			
Other Intangible Assets	1,500,000	1,500,000	
Deductible Recovery	<u>891</u>		<u>891</u>
Total assets excluding separate accounts, segregated accounts and protected cell assets	<u>148,050,434</u>	<u>1,551,354</u>	<u>146,499,079</u>
Total Assets	<u>\$148,050,434</u>	<u>\$1,551,354</u>	<u>\$146,499,079</u>

CM Regent Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2022

Losses		\$ 10,693,382
Reinsurance payable on paid loss and loss adjustment expenses		126,942
Loss adjustment expenses		591,291
Commissions payable, contingent commissions, and other similar charges		37,036
Other expenses (excluding taxes, licenses, and fees)		1,805,305
Taxes, licenses, and fees (excluding federal and foreign income taxes)		149,674
Current federal and foreign income taxes		818,000
Ceded reinsurance premiums payable (net of ceding commissions)		2,628,013
Funds held by company under reinsurance treaties		5,016,375
Amounts withheld or retained by company for account of others		140,220
Provision for reinsurance		5,708
Payable to parent, subsidiaries, and affiliates		573,124
Write-ins for liabilities:		
Other Payables		<u>1,506,022</u>
Total liabilities excluding protected cell liabilities		<u>24,091,092</u>
 Total Liabilities		 24,091,092
 Common capital stock	 \$ 5,000,000	
Gross paid in and contributed surplus	24,025,000	
Unassigned funds (surplus)	<u>93,382,987</u>	
 Surplus as Regards Policyholders		 <u>122,407,987</u>
 Total Liabilities and Surplus		 <u>\$146,499,079</u>

**CM Regent Insurance Company
Summary of Operations
For the Year 2022**

Underwriting Income

Deductions:		
Losses incurred	\$(2,841,554)	
Loss adjustment expenses incurred	(1,234,887)	
Other underwriting expenses incurred	<u>149,819</u>	
Total underwriting deductions		<u>\$(3,926,622)</u>
Net underwriting gain (loss) not including protected cells		<u>3,926,622</u>
Net underwriting gain (loss)		3,926,622

Investment Income

Net investment income earned	2,475,716	
Net realized capital gains (losses)	<u>(20,564)</u>	
Net investment gain (loss)		2,455,153

Other Income

Net gain (loss) from agents' or premium balances charged off	(499)	
Write-ins for miscellaneous income:		
Misc. Income (Expense)	<u>108</u>	
Total other income		<u>(309)</u>

Net income (loss) before dividends to policyholders and before federal and foreign income taxes		6,381,384
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Net income (loss) after dividends to policyholders but before federal and foreign income taxes		6,381,384
Federal and foreign income taxes incurred		<u>1,221,000</u>

Net Income (Loss)		<u>\$5,160,384</u>
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CM Regent Insurance Company
Cash Flow
For the Year 2022

Premiums collected net of reinsurance		\$(535,202)
Net investment income		2,530,127
Miscellaneous income		<u>2,199,610</u>
Total		4,194,535
Benefit- and loss-related payments	\$ (609,925)	
Commissions, expenses paid, and aggregate write-ins for deductions	983,314	
Federal and foreign income taxes paid (recovered)	<u>1,874,808</u>	
Total deductions		<u>2,248,197</u>
Net cash from operations		1,946,338
Proceeds from investments sold, matured, or repaid:		
Bonds	<u>\$17,619,468</u>	
Total investment proceeds	17,619,468	
Cost of investments acquired (long-term only):		
Bonds	<u>21,554,655</u>	
Total investments acquired	<u>21,554,655</u>	
Net cash from investments		(3,935,187)
Other cash provided (applied)	<u>(994,654)</u>	
Net cash from financing and miscellaneous sources		<u>(994,654)</u>
Reconciliation:		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		(2,983,504)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>8,806,959</u>
End of Year		<u>\$5,823,455</u>

CM Select Insurance Company

**CM Select Insurance Company
Assets
As of December 31, 2022**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$21,248,011	\$	\$21,248,011
Cash, cash equivalents, and short-term investments	2,107,919		2,107,919
Investment Income due and accrued	106,945		106,945
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	2,060,156	1,181	2,058,975
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	1,201,810		1,201,810
Reinsurance:			
Amounts recoverable from reinsurers	304,677		304,677
Current federal and foreign income tax recoverable and interest thereon	20,647		20,647
Net deferred tax asset	74,000		74,000
Guaranty funds received or on deposits	5,911		5,911
Write-ins for other than invested assets:			
Other Receivables	<u>26,354</u>	<u> </u>	<u>26,354</u>
Total assets excluding separate accounts, segregated accounts and protected cell assets	<u>27,156,429</u>	<u>1,181</u>	<u>27,155,248</u>
Total Assets	<u>\$27,156,429</u>	<u>\$1,181</u>	<u>\$27,155,248</u>

CM Select Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2022

Commissions payable, contingent commissions, and other similar charges		\$ (949,687)
Other expenses (excluding taxes, licenses, and fees)		771,156
Taxes, licenses, and fees (excluding federal and foreign income taxes)		190,526
Advance premium		260,223
Ceded reinsurance premiums payable (net of ceding commissions)		4,187,813
Funds held by company under reinsurance treaties		16,225
Amounts withheld or retained by company for account of others		4,911
Provision for reinsurance		26,984
Payable to parent, subsidiaries, and affiliates		<u>870,555</u>
Total Liabilities		5,378,707
Common capital stock	\$4,000,000	
Gross paid in and contributed surplus	16,000,000	
Unassigned funds (surplus)	<u>1,776,541</u>	
Surplus as Regards Policyholders		<u>21,776,54</u>
Total Liabilities and Surplus		<u>\$27,155,248</u>

**CM Select Insurance Company
Summary of Operations
For the Year 2022**

Investment Income		
Net investment income earned	430,486	
Net realized capital gains (losses)	<u>(8,621)</u>	
Net investment gain (loss)		421,865
Other Income		
Write-ins for miscellaneous income:		
Miscellaneous	<u>(614)</u>	
Total other income		<u>(614)</u>
Net income (loss) before dividends to policyholders and before federal and foreign income taxes		<u>421,251</u>
Federal and foreign income taxes incurred		<u>107,000</u>
Net Income (Loss)		<u>\$314,251</u>

**CM Select Insurance Company
Cash Flow
For the Year 2022**

Premiums collected net of reinsurance		\$ 850,181
Net investment income		463,029
Miscellaneous income		<u>(614)</u>
Total		1,312,595
Benefit- and loss-related payments	\$ 510,715	
Commissions, expenses paid, and aggregate write-ins for deductions	3,608	
Federal and foreign income taxes paid (recovered)	<u>128,571</u>	
Total deductions		<u>642,894</u>
Net cash from operations		669,701
Proceeds from investments sold, matured, or repaid:		
Bonds	<u>\$3,715,866</u>	
Total investment proceeds	3,715,866	
Cost of investments acquired (long-term only):		
Bonds	<u>4,210,831</u>	
Total investments acquired	<u>4,210,831</u>	
Net cash from investments		(494,965)
Cash from financing and miscellaneous sources:		
Other cash provided (applied)	<u>615,927</u>	
Net cash from financing and miscellaneous sources		<u>615,927</u>
Reconciliation:		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		790,664
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>1,317,255</u>
End of Year		<u>\$2,107,919</u>

CM Vantage Specialty Insurance Company

**CM Vantage Specialty Insurance Company
Assets
As of December 31, 2022**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$57,746,884	\$	\$57,746,884
Cash, cash equivalents, and short-term investments	13,148,454		13,148,454
Investment income due and accrued	286,184		286,184
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	12,997,067	1,241,471	11,755,596
Reinsurance:			
Amounts recoverable from reinsurers	2,840,591		2,840,591
Net deferred tax asset	<u>752,000</u>	<u>157,000</u>	<u>595,000</u>
Total Assets	<u>\$87,771,180</u>	<u>\$1,398,471</u>	<u>\$86,372,709</u>

**CM Vantage Specialty Insurance Company
Liabilities, Surplus, and Other Funds
As of December 31, 2022**

Commissions payable, contingent commissions and other similar charges		\$(3,847,890)
Other expenses (excluding taxes, licenses, and fees)		3,882,823
Current federal and foreign income taxes		175,533
Ceded reinsurance premiums payable (net of ceding commissions)		20,517,326
Funds held by company under reinsurance treaties		5,018,600
Amounts withheld or retained by company for account of others		295,634
Provision for reinsurance		41,880
Payable to parent, subsidiaries, and affiliates		2,792,579
Write-ins for liabilities:		
Other Payables		<u>336,040</u>
Total Liabilities		29,212,528
Common capital stock	\$ 2,600	
Gross paid in and contributed surplus	51,997,400	
Unassigned funds (surplus)	<u>5,160,180</u>	
Surplus as Regards Policyholders		<u>57,160,180</u>
Total Liabilities and Surplus		<u>\$86,372,709</u>

CM Vantage Specialty Insurance Company
Summary of Operations
For the Year 2022

Investment Income		
Net investment income earned	\$1,233,099	
Net realized capital gains (losses)	<u>(2,949)</u>	
Net investment gain (loss)		1,230,150
Other Income		
Write-ins for miscellaneous income:		
Miscellaneous	<u>(12,344)</u>	
Total other income		<u>(12,344)</u>
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		1,217,805
Federal and foreign income taxes incurred		<u>472,000</u>
Net Income (Loss)		<u>\$ 745,805</u>

CM Vantage Specialty Insurance Company
Cash Flow
For the Year 2022

Premiums collected net of reinsurance		\$2,186,266
Net investment income		1,335,754
Miscellaneous income		<u>(12,344)</u>
Total		3,509,676
Benefit- and loss-related payments	\$2,197,022	
Commissions, expenses paid, and aggregate write-ins for deductions	(5,683)	
Federal and foreign income taxes paid (recovered)	<u>287,523</u>	
Total deductions		<u>2,478,962</u>
Net cash from operations		1,030,714
Proceeds from investments sold, matured, or repaid:		
Bonds	\$7,691,456	
Total investment proceeds		7,691,456
Cost of investments acquired (long-term only):		
Bonds	9,773,885	
Total investments acquired		<u>9,773,885</u>
Net cash from investments		(2,082,430)
Cash from financing and miscellaneous sources:		
Other cash provided (applied)	<u>1,242,969</u>	
Net cash from financing and miscellaneous sources		<u>1,242,969</u>
Reconciliation:		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		191,253
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>12,957,202</u>
End of Year		<u>\$13,148,455</u>