

Report
of the
Examination of
Old Republic Surety Company
Brookfield, Wisconsin
As of December 31, 2016

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. HISTORY AND PLAN OF OPERATION	3
III. MANAGEMENT AND CONTROL	7
IV. AFFILIATED COMPANIES	9
V. REINSURANCE	19
VI. FINANCIAL DATA	24
VII. SUMMARY OF EXAMINATION RESULTS	34
VIII. CONCLUSION.....	37
IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS.....	38
X. ACKNOWLEDGMENT	39



State of Wisconsin / OFFICE OF THE COMMISSIONER OF INSURANCE

Scott Walker, Governor
Theodore K. Nickel, Commissioner

Wisconsin.gov

September 6, 2017

125 South Webster Street • P.O. Box 7873
Madison, Wisconsin 53707-7873
Phone: (608) 266-3585 • Fax: (608) 266-9935
E-Mail: ociinformation@wisconsin.gov
Web Address: oci.wi.gov

Honorable Theodore K. Nickel
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:

OLD REPUBLIC SURETY COMPANY
Brookfield, Wisconsin

and this report is respectfully submitted.

I. INTRODUCTION

The previous examination of Old Republic Surety Company (ORSC or the company) was conducted in 2013 as of December 31, 2012. The current examination covered the intervening period ending December 31, 2016, and included a review of such 2017 transactions as deemed necessary to complete the examination.

The examination of the company was conducted concurrently with the examination of Old Republic International's U.S.-based insurance companies. The Pennsylvania Insurance Department acted in the capacity as the lead state for the coordinated examinations. Work performed by the Pennsylvania Insurance Department was reviewed and relied on where deemed appropriate.

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 financial condition,

either currently or prospectively), and evaluate system controls and procedures used to mitigate those risks.

All accounts and activities of the company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles, 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 course of 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 company'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 company to satisfy the recommendations and comments made in the previous examination report.

The company 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 with respect to the alternative or additional examination steps performed during the course of 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'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

Old Republic Surety Company was incorporated on December 28, 1981, under the title Northwestern National Surety Company, and commenced business on the same date. The company was organized as a subsidiary of Northwestern National Insurance Company of Milwaukee, Wisconsin (NNIC) to specialize in underwriting surety and fidelity risks.

NNIC, a subsidiary of Armco Inc., is a multi-line P&C insurer and reinsurer, which is currently running off its existing business. Prior to the organization of the company, NNIC had acquired Lawyers Surety Corporation (LSC) and State Surety Company (SSC) and assumed their business. In 1982, the company began to assume the surety and fidelity risks of NNIC. In 1983, NNIC contributed the stock of LSC and SSC to the company.

Under NNIC's ownership, the company acted as a reinsurer as well as a direct writer. NNIC assumed 100% of the direct business of LSC and SSC, and ceded its direct fidelity and surety risks, together with the business assumed from LSC and SSC, to the company. Agents of LSC and SSC wrote business where these insurers were licensed, while NNIC's agents wrote in the other states. LSC and SSC functioned as the company's marketing vehicles and branch offices.

On May 30, 1986, NNIC sold the company and its subsidiaries to Old Republic International Corporation. ORI contributed the shares to Old Republic General Insurance Group, Inc. (ORGIG), which, in turn, contributed the shares to Old Republic Surety Group, Inc. (ORSG). In this manner, ORSC became a third-tier subsidiary of ORI and a direct, wholly owned subsidiary of ORSG. Effective with the acquisition, the company's name was changed to that presently used.

Effective November 15, 1991, ORSC entered into transfer and assumption contracts with LSC and SSC, rendering these companies inactive except to bonds of definite expiry for which premiums had already been collected. The licenses and charters of Lawyers Surety Corporation and State Surety Company were sold to nonaffiliated organizations on June 2, 1994, and February 1, 1995, respectively.

Plan of Operation

The company is staffed by its own officers and employees and pays most of its expenses on its own behalf. However, as a member of a holding company system, ORSC engages in the exchange of risks and services with affiliates under various written agreements. Accordingly, intercompany balances are created in the ordinary course of business with settlements made on either a monthly or quarterly basis, depending on the terms of the applicable written agreement. Expenses other than taxes are allocated on the basis of specific identification or resource utilization estimates. The company files its federal income taxes on a consolidated basis with Old Republic International Corporation and other affiliates that are regarded as being members of ORI's General Insurance Group.

The company leases all office facilities necessary to its operations. ORSC's operations are coordinated from its home office in Brookfield, Wisconsin. A nonaffiliated vendor is contracted for the storage of home office records. ORSC has a network of satellite offices in the following 22 cities:

Albany, New York	Atlanta, Georgia	Baton Rouge, Louisiana
Birmingham, Alabama	Boston, Massachusetts	Charlotte, North Carolina
Cincinnati, Ohio	Dallas, Texas	Decatur, Illinois
Denver, Colorado	Des Moines, Iowa	Detroit, Michigan
Kansas City, Missouri	Los Angeles, California	Milwaukee, Wisconsin
Orlando, Florida	Phoenix, Arizona	Pittsburgh, Pennsylvania
Portland, Oregon	Salt Lake City, Utah	San Francisco, California
Seattle, Washington		

In 2016, the company wrote direct premium in the following states:

Florida	\$ 4,691,189	10.5%
California	3,454,304	7.7
Illinois	3,117,819	7.0
Oregon	2,449,673	5.5
South Carolina	2,386,740	5.3
All others	<u>28,663,281</u>	<u>64.0</u>
Total	<u>\$44,763,006</u>	<u>100.0%</u>

The company is licensed in the District of Columbia and all states except Alaska, Connecticut, Delaware, Hawaii, Kentucky, Louisiana, Maine, Massachusetts, Michigan, New Hampshire, New Jersey, New York, Rhode Island, and Vermont.

The major products marketed by the company include contractors' performance and payment bonds, fidelity and surety bonds, and notary E&O. All direct business is written through approximately 3,800 independent agencies. ORSC offers approximately 500 classes of fidelity and surety bonds. ORSC has the ability to tailor the terms and conditions of the bond to the specific needs of both the agent and the principal. ORSC's strategy has been to avoid large contract surety and financial institution fidelity bonds. Through reinsurance agreements with ORI subsidiaries, ORSC underwrites fidelity, surety, and notary E&O business written by affiliates in those states where ORSC is not licensed. The company also assumes business from two affiliates, Old Republic Insurance Company and BITCO General Insurance Corporation (BITCO) (formerly known as Bituminous Casualty Corporation).

The company uses standard contract forms and commission schedule for its agents. Agents are compensated according to the following commission schedule, unless a special rate is negotiated:

Product Type	Commission Rate
Blanket fidelity bonds, including public employees' blanket bonds and forgery coverage	20.0%
<u>Contract bonds</u>	
First \$2,500,000 of contract price	30.0
Next \$2,500,000 of contract price	17.5
Next \$2,500,000 of contract price	12.5
Over \$7,500,000 of contract price	7.5
Any bonds involving abnormal acquisition costs or other expense or unusual hazards or exposure	Negotiated
All other product types	30.0

In addition, agents who meet a defined minimum premium volume are eligible to receive a contingent commission which ranges between 1% and 6% of the premiums earned by the company from that agent's production. The sliding scale for contingent commission is based on the agent's composite ratio which the company defines as the sum of (a) the ratio of incurred losses to earned premiums and (b) the ratio of commission to written premium. The lower an agent's composite ratio, the higher the agent's contingent commission rate. No contingent commission is paid if the agent's composite ratio is 55% or higher. Exceptionally favorable or unfavorable experience is carried forward but only to the first succeeding year.

The following table is a summary of the net insurance premiums written by the company in 2016. The growth of the company is discussed in the "Financial Data" section of this report.

Line of Business	Direct Premium	Reinsurance Assumed	Reinsurance Ceded	Net Premium
Other Liability - Occurrence	\$ 36,576	\$ 7,353	\$	\$ 43,929
Fidelity	3,240,157	335,485	159,045	3,416,597
Surety	<u>41,486,273</u>	<u>5,632,258</u>	<u>2,691,995</u>	<u>44,426,536</u>
Total All Lines	<u>\$44,763,006</u>	<u>\$5,975,096</u>	<u>\$2,851,040</u>	<u>\$47,887,062</u>

III. MANAGEMENT AND CONTROL

Board of Directors

The board of directors consists of four members. Directors are elected annually to serve a one-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. The board members currently receive no compensation for serving on the board.

Currently the board of directors consists of the following persons:

Name and Residence	Principal Occupation	Term Expires
Craig R. Smiddy Chicago, Illinois	Executive Vice President and Chief Operating Officer Old Republic International Corporation	2018
Karl W. Mueller Naperville, Illinois	Senior Vice President and Chief Financial Officer Old Republic International Corporation	2018
R. Scott Rager Oak Brook, Illinois	Senior Vice President Old Republic International Corporation	2018
Aldo C. Zucaro Sarasota, Florida	Chairman of the Board and Chief Executive Officer Old Republic International Corporation	2018

Officers of the Company

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

Name	Office	2016 Compensation
Alan P. Pavlic	President and Chief Operating Officer	\$285,063
John R. Heitkamp Jr.	Secretary	0
Jerold L. Topliff	Senior Vice President Underwriting	232,933
Rick A. Johnson	Senior Vice President Administration and Finance, Chief Financial Officer	252,377

Committees of the Board

The company'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

Alan P. Pavlic, Chair
Craig R. Smiddy
R. Scott Rager
Aldo C. Zucaro

Finance Committee

Craig R. Smiddy, Chair
Karl W. Mueller
R. Scott Rager

Compensation Committee

Craig R. Smiddy, Chair
R. Scott Rager
Aldo C. Zucaro

There is additional comment on the composition of committees in the "Summary of Current Examination Results" section of this report.

IV. AFFILIATED COMPANIES

Old Republic Surety Company is a member of a holding company system led by Old Republic International Corporation. The organizational chart below depicts the relationships among the affiliates in the group. A brief description of the significant affiliates follows the organizational chart. Note that the organizational chart is a simplified version of the complete organizational chart due to the size and complexity of the holding company system.

Old Republic International Corporation is a Chicago-based holding company engaged in the single business of insurance underwriting and related services. ORI is one of the 50 largest publicly held insurance organizations in the United States, with a substantial interest in a diversified range of insurance and reinsurance services. ORI manages its operations through a number of regulated insurance company subsidiaries operating in all 50 states and Canada which are organized into three major segments, namely, General Insurance Group (property and liability insurance), Title Insurance Group, and the Republic Financial Indemnity Group (which is a runoff business).

Old Republic General Insurance Group, Inc., provides a wide variety of property and casualty insurance coverages, as well as related services, to diverse business sectors including the transportation (trucking and general aviation), commercial construction, health care, education, retail and wholesale trade, forest products, energy, general manufacturing, and financial services industries. A small life and health insurance business is also conducted in the U.S. and Canada, principally as an adjunct to the General Insurance Group operations. Approximately 91% of general insurance premiums are produced through independent agency or brokerage channels, while the remaining 9% is obtained through direct production facilities.

The Title Insurance Group's business consists primarily of the issuance of policies to real estate purchasers and investors based upon searches of the public records which contain information concerning interests in real property. The policies insure against losses arising out of defects, liens and encumbrances affecting the insured title and not excluded or excepted from the coverage of the policy.

The Republic Financial Indemnity Group is a runoff business that consists of its mortgage guaranty and consumer credit indemnity operations. The mortgage guaranty operation insured only first mortgage loans, primarily on residential properties incorporating one- to four-family dwelling units. With the collapse of the housing and credit markets, the business has been in runoff mode since 2011.

Within these two broad active operating segments, ORI and its subsidiaries operate in a decentralized manner that emphasizes specialization by type of insurance coverage and ensures diversification and dispersion of risks. Growth has been sought through methodical progress within the specific industries and product niches to which the Old Republic holding company system has committed itself.

ORSC may be regarded as a member of a distinct holding company subsystem within the General Insurance Group, consisting of Old Republic Surety Group, Inc., ORSC, and Capital Service Agency, Inc. These entities serve the small- to mid-sized surety market segment.

**Organizational Chart
As of December 31, 2016**

Old Republic International Corporation (DE)	ORI
Old Republic General Insurance Group, Inc. (DE)	ORGIG
BITCO Corporation (DE)	BC
BITCO General Insurance Corporation (IL)	BITCO
Old Republic General Insurance Corporation (IL)	ORGENCO
Old Republic Insurance Company (PA)	ORINSCO
Old Republic Surety Group, Inc. (DE)	ORSG
Old Republic Surety Company (WI)	ORSC
Capital Service Agency, Inc. (IA)	CSA
Old Republic National Services Group, Inc. (IL)	ORNSG
Old Republic Asset Management Corporation (IL)	ORAM
Old Republic General Services, Inc. (IL)	ORGS
Old Republic Capital Corporation (DE)	ORCC

Note that the above organizational chart shows only a segment of the group's structure. Only the affiliates that directly affect the operations of Old Republic Surety Company are included.

Old Republic International Corporation

Old Republic International Corporation is a Chicago-based insurance holding company incorporated under the laws of Delaware on March 10, 1969. ORI's common shares are publicly traded on the New York Stock Exchange. On a consolidated basis for the fiscal year ending December 31, 2016, ORI reported total assets of \$18.6 billion, liabilities of \$14.12 billion, and total common shareholders' equity of \$4.47 billion. Operations for 2016 produced net income of \$467 million.

Old Republic General Insurance Group, Inc.

Old Republic General Insurance Group, Inc., was incorporated in Delaware on December 3, 1979. This subsidiary is the leading holding company of ORI's General Insurance Group. The General Insurance Group is the most significant operating division within the holding company system and contains the greatest diversity in terms of the lines of business and scope of ancillary insurance activities. ORGIG's combined statutory financial statements as of December 31, 2016, reported assets of \$10,461,434,890, liabilities of \$6,990,307,540, surplus of \$3,471,127,349, and net income of \$254,841,609.

Old Republic Surety Group, Inc.

Old Republic Surety Group, Inc., organized on March 27, 1986, is a holding company domiciled in Delaware. The corporation was organized as a means to reward executives responsible for the financial results of ORSC and its subsidiaries should their guidance in the initial years of these companies profit ORI. ORGIG provided \$13,400,000 of the corporation's initial capitalization through the purchase of 4,000 common shares at \$100 per share, 9,500 shares of redeemable voting preferred shares at \$1,000 per share, and \$3,500,000 in ten-year debenture. Seven executives subscribed to a total of 1,000 common shares at \$100 per share. Pursuant to a stock subscription and purchase agreement dated effective May 30, 1986, participating executives were able to exchange their common shares for cash or common shares of ORI between July 1, 1996, and July 1, 2001. All the executives exchanged their common shares resulting in ORGIG owning 100% of the ORSG. On a consolidated basis, for the fiscal

year ending December 31, 2016, ORSG reported assets of \$145,373,080, liabilities of \$69,276,372, shareholders' equity of \$76,096,708, and net income of \$7,709,077.

Old Republic Asset Management Corporation

Old Republic Asset Management Corporation (ORAM), organized as an Illinois corporation on January 28, 1966, provides investment management services to the members of the Old Republic holding company system, including ORSC, pursuant to written agreements. The corporation was initially known as Trinity Insurance Agency, Inc. In March 1980 the corporate title was changed to that presently used as a reflection of the change in its purposes and scope of activities. The corporation has no employees, rather it utilizes those of Old Republic General Services, Inc. Functionally, it serves as a cost allocation center for accounting control purposes. As of December 31, 2016, ORAM reported (unaudited) assets of \$7,645,642, liabilities of \$212,512, and shareholders' equity of \$7,433,130. Operations for 2016 produced net income of \$805,301.

Old Republic General Services, Inc.

Old Republic General Services, Inc., organized as an Illinois corporation on July 20, 1960, provides various general and administrative services for members of the Old Republic holding company system, including ORSC. Services include, but are not limited to, accounting, records management, tax preparation, legal activity, and data processing. Services of this type are provided pursuant to written service agreements. Functionally, it serves the same purpose as ORAM, except for different categories of expense. The corporation was formerly known as R.E. Flannery and Associates, Inc. In 1978, the corporate title was changed to that presently used as a reflection of the change in its purpose and scope of activities. As of December 31, 2016, ORGS reported assets of \$7,352,775, liabilities of \$10,853,702, common shareholders' equity of \$(3,500,927), and net loss of \$232,954.

Old Republic Insurance Company

Old Republic Insurance Company (ORINSCO) was incorporated under the laws of the Commonwealth of Pennsylvania on April 11, 1935, and commenced business on April 21, 1935. Interests identified with various coal companies and allied industrial concerns

organized the corporation under the title Coal Operators Casualty Company. On April 18, 1955, the Old Republic holding company system acquired control of Coal Operators Casualty Company from its original sponsors and on June 7 of the same year changed the name to that presently used.

ORINSCO is the lead carrier and primary employer in ORI's General Insurance Group. ORINSCO's marketing efforts are concentrated on large commercial accounts with specialized insurance requirements. It is licensed in all 50 U.S. states, the District of Columbia, Guam, Puerto Rico, and the U.S. Virgin Islands. As of December 31, 2016, the audited statutory basis financial statements of ORINSCO reported assets of \$2,813,767,678, liabilities of \$1,706,888,065, and capital and surplus of \$1,106,879,613. Operations for 2016 produced net income of \$106,482,026.

BITCO General Insurance Corporation

BITCO General Insurance Corporation (BITCO) (formerly known as Bituminous Casualty Corporation) is a property and liability insurance company domiciled in the state of Illinois. The company specializes in providing insurance coverage for businesses in the forest products, gas and oil, and building and construction industries in the midwestern, southwestern, and southeastern part of the United States. Effective April 1, 1989, ORSC entered into a quota share agreement with BITCO whereby BITCO cedes 100% of the net retained fidelity and surety risk underwritten through ORSC. As of December 31, 2016, the audited statutory basis financial statements of BITCO reported assets of \$851,809,433, liabilities of \$556,238,471, and capital and surplus of \$295,570,962. Operations for 2016 produced net income of \$24,093,294.

Subsidiary

Capital Service Agency, Inc.

Capital Service Agency, Inc. (CSA) was incorporated in Iowa on September 1, 1963. Old Republic Surety Company acquired CSA in connection with its acquisition of State Surety Corporation on December 31, 1982. CSA is an insurance agency that specializes in the placement of surety risks with its parent, ORSC, and affiliate, ORINSCO. As of December 31,

2016, CSA reported assets of \$206,470, liabilities of \$(4,300), retained earnings of \$210,770, and net loss of \$345.

Agreements with Affiliates

The company is staffed by its own officers and employees and pays most of its expenses on its own behalf. However, as a member of a holding company system, ORSC engages in the exchange of risks and services with affiliates under various written agreements. Reinsurance agreements are described in the reinsurance section of this report. A brief summary of the other eight agreements follows.

Tax-Sharing Agreement

The company entered into a federal tax-sharing agreement by and between ORI and its subsidiaries in the Old Republic Surety Group of companies through an addendum to this agreement dated April 28, 2004, with the effective tax year ended December 31, 2004. This agreement establishes a method for allocating the consolidated tax liability of the affiliated group among ORI and the subsidiaries, for reimbursing ORI for payment of such tax liability, and for compensating any party for use of its losses and/or tax credits. For each tax period each member in the group should calculate its separate federal income tax liability and pay such amount to ORI. If the sum of the amount payable to ORI in this manner exceeds the consolidated tax liability for the year, ORI will allocate the excess in accordance with each member's share of excess losses and tax credits that were absorbed in the consolidated return. ORI will pay to each member its allocable portion of such excess amount within 45 days after the date of filing of the consolidated return. This agreement may be terminated by mutual agreement of both parties.

Service Agreement with Old Republic Insurance Company

The company entered into a service agreement dated January 1, 1994, revised in its entirety June 1, 2009, with ORINSCO, whereby each party agreed to avail itself of certain resources and support to be provided by the other. ORSC agreed to provide ORINSCO with human resources support, administration of the executive fleet program, and payroll function. Though not specified in the agreement, ORSC's services with respect to this agreement apply only to employees of ORINSCO's Milwaukee branch. ORINSCO agreed to furnish ORSC with

data processing hardware and related software, lease management for its home office only, and mail room service. Either party may terminate this agreement at any time with 120 days' written notice to the other. In the event of termination, both parties will provide reasonable assistance to the other party in obtaining replacement services.

Expense Reimbursement Agreement with Old Republic Insurance Company

Effective January 1, 1994, revised in its entirety June 1, 2009, the company entered into an expense reimbursement agreement with ORINSCO. Under this agreement, the parties agree to furnish one another with monthly statements of expenses incurred with respect to their services agreement effective January 1, 1994, as described in the foregoing paragraph.

ORSC is to furnish a monthly billing reflecting services rendered based on the following:

- A. Human resource service charges are based on the proportionate share of employees multiplied by human resource salaries and associated costs.
- B. Cost of leases for fleet automobiles on actual billings as received from the leasing company.
- C. Health insurance on an actual basis for participation under the health insurance plan in force.

ORINSCO is to furnish a monthly billing reflecting service rendered based on the following:

- A. A negotiated percentage of the monthly ORINSCO charge for lease, disk drive, hardware maintenance, software maintenance, and hot site recovery charges.
- B. A negotiated percentage of the weighted average cost per month for MIS operations staff, rent, utilities, and insurance.
- C. Occupancy cost is to be apportioned on actual square footage utilized.
- D. Mail room at an hourly rate.

Any costs which are paid by either party to outside concerns which can be directly identified to the other party will be billed directly on a monthly basis and may be included with invoices for services rendered. Each party may set off any obligation or right under this agreement against any right or obligation against this or any other agreement or transaction between the parties. Either party may terminate this agreement at any time with 120 days' written notice to the other.

Service and Administrative Agreement with Old Republic Insurance Company

Effective June 1, 1986, the company entered into a service agreement whereby the company is to provide certain services with respect to the fidelity and surety business produced by ORINSCO including, but not limited to, underwriting, claims management, billing and receipts, rate and form filings, appointment, training, supervision of agents, and accounting services. Any party may terminate this agreement at any time with 120 days' prior written notice. The agreement would terminate automatically upon termination of reinsurance cessions to ORSC.

Expense Reimbursement Agreement with Old Republic Insurance Company

Effective June 1, 1986, the company entered into an expense reimbursement agreement with ORINSCO. Under this agreement, the company agrees to furnish ORINSCO with a quarterly statement of expenses incurred with respect to its service agreement effective June 1, 1986, as described in the foregoing paragraph. Invoiced expenses may include allocation of salaries and other overhead items but shall not in any case exceed on an annual basis 30% of the total premiums covered by the reinsurance agreement effective June 1, 1986. ORINSCO has the right to inspect relevant books and records of ORSC at any time during normal business hours. Each party may set off any obligation or right under this agreement against any right or obligation against this or any other agreement or transaction between the parties. There is no direct provision for termination, but as a practical matter, cancellation and runoff of the company's assumption reinsurance contract with ORINSCO would effectively nullify this agreement, as would cancellation of the service agreement described above.

Investment Counsel Services Agreement with Old Republic Asset Management Corporation

Effective July 1, 2012, the company entered into an investment counsel services agreement with ORAM. Under this agreement, ORAM is to act as investment counsel, advising the company on investment policy, executing purchases and sales of investments, monitoring the value of its invested assets, and preparing investment statements for insurance regulatory purposes on a quarterly basis. ORSC is to retain the custody of, responsibility for, and the control of all investments. This agreement may be terminated by either party upon 30 days' advance notice. The fee for services provided by ORAM is a sliding scale percentage that declines as

assets under management increase. ORSC is to pay ORAM the following quarterly fee based on assets under management (less a working capital credit in the amount of \$1,000,000) at the date the fee is assessed.

Net Account Assets	Quarterly Fee	Annualized Quarterly Fee
Minimum Fee	\$500	\$2,000
First \$100,000,000	1.25 basis points	5 basis points
Next \$150,000,000	0.75 basis points	3 basis points
Over \$250,000,000	0.50 basis points	2 basis points

In 2016, ORSC incurred \$54,215 in fees for investment counsel and services rendered by ORAM.

Expense Reimbursement Agreement with Old Republic Surety Group, Inc.

Effective January 1, 1997, the company entered into an expense reimbursement agreement with ORSG. Under this agreement, the company agrees to furnish ORSG with a statement in September and December of each year of expenses incurred with respect to any accounting and miscellaneous services that the company might perform for ORSG. Invoiced expenses may include costs incurred in performing accounting and administrative services and may include allocations of salaries and other overhead items. ORSG has the right to inspect the books and records of ORSC at any time during normal business hours. Any dispute that cannot be agreeably resolved is to be referred to the internal auditors of ORI for resolution. Each party may set off any obligation or right under this agreement against any right or obligation against this or any other agreement or transaction between the parties. There is no formal provision for the termination of services under this agreement.

Service and Expense Reimbursement Agreement with Capital Service Agency, Inc.

Effective January 1, 1999, the company entered into a service and expense reimbursement agreement with Capital Service Agency, Inc. Under this agreement, the company agrees to furnish CSA with a statement periodically throughout the year of expenses incurred with respect to any accounting and miscellaneous services that the company might perform for CSA. Invoiced expenses may include costs incurred in performing accounting and administrative services and may include allocations of salaries and other overhead items. CSA has the right to

inspect relevant books and records of ORSC at any time during normal business hours. Any dispute that cannot be agreeably resolved between the parties is to be referred to the internal auditors of ORI for resolution. Each party may set off any obligation or right under this agreement against any right or obligation against this or any other agreement or transaction between the parties. There is no formal provision for the termination of services under this agreement.

V. REINSURANCE

The company's reinsurance portfolio and strategy is 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 proper insolvency provisions.

Nonaffiliated Ceding Contracts

The company maintains a four-layer Surety and Fidelity Excess of Loss reinsurance contract, with 50% of the risk being ceded to Munich Reinsurance America, Inc., 40% of the risk ceded to Transatlantic Reinsurance Company, and 10% of the risk ceded to Hannover Reinsurance Company. The contract has been in place, on a yearly renewable basis, for the entire examination period. Contract surety bonds, commercial surety bonds, and fidelity policies are covered by the agreement, with certain exclusions. The contract is not continuous and can be terminated by the company with 30 days' written notice. The reinsurers shall not be liable for losses discovered after the effective date of termination, unless the company exercises an extended discovery option of either a 12-month or 24-month period, at the sole discretion of the company. There are no ceding commissions provided. Ultimate Net Loss is defined, in part, as all loss and allocated expense payments made by the company in the investigation, defense, settlement, or mitigation of claims or potential claims on the business reinsured, subject to deductions for all recoveries and inuring reinsurances. The coverages provided under this agreement effective for 2016 are summarized as follows:

1. Type: First Excess Cover of Loss
- Business reinsured: Surety and Fidelity
- Retention:
 - a. Contract Surety Bonds - \$500,000 each principal
 - b. Commercial Surety Bonds and Fidelity Bonds - \$250,000 each principal
- Coverage:
 - a. Contract Surety - 100% of net loss each principal in excess of \$500,000, not to exceed each principal limit of \$3,000,000
 - b. Commercial Surety Bonds and Fidelity Bonds - 100% of net loss each principal in excess of \$250,000, not to exceed each principal limit of \$3,000,000

Total coverage for all principals and loss events shall not exceed an annual aggregate limit of 100% of \$7,500,000 for each calendar year in which the contract remains in effect

- Premium: 2.716% of gross net subject premium written is the deposit and minimum premium due each calendar quarter of the agreement; the annual minimum premium is \$1,223,388
- Reinstatement: One at 50% and one at 100%
2. Type: Second Excess Cover of Loss
- Business reinsured: Surety and Fidelity
- Retention:
 - a. Contract Surety Bonds and Commercial Surety Bonds - \$3,000,000 each principal
 - b. Fidelity Bonds - \$3,000,000 each principal
- Coverage:
 - a. Contract Surety Bonds and Commercial Surety Bonds - 100% of net loss each principal in excess of \$3,000,000 up to a per principal limit of \$5,000,000
 - b. Fidelity Bonds - 100% of net loss each principal in excess of \$3,000,000 up to a per principal limit of \$5,000,000
- Total coverage for all principals and loss events shall not exceed an annual aggregate limit of 100% of \$6,000,000 for each calendar year in which the contract remains in effect
- Premium: 0.699% of gross net subject premium written is the deposit and minimum premium due each calendar quarter of the agreement; the annual minimum premium is \$314,856
- Reinstatement: One at 50% and one at 100%
3. Type: Third Excess Cover of Loss
- Business reinsured: Contract Surety
- Retention: \$5,000,000 per principal
- Coverage: 100% of net loss each principal in excess of \$5,000,000, not to exceed each principal limit of \$10,000,000
- Total coverage for all principals shall not exceed an annual aggregate limit of \$10,000,000 for each calendar year in which the contract remains in effect
- Premium: 0.562% of gross net subject premium written is the deposit and minimum premium due each calendar quarter of the agreement; the annual minimum premium is \$253,148
- Reinstatement: One at 100%
4. Type: Fourth Excess Cover of Loss
- Business reinsured: Contract Surety
- Retention: \$10,000,000 per principal

Coverage:	100% of net loss each principal in excess of \$10,000,000, not to exceed each principal limit of \$20,000,000 Total coverage for all principals shall not exceed an annual aggregate limit of \$10,000,000 for each calendar year in which the contract remains in effect
Premium:	0.471% of gross net subject premiums written are the deposit and minimum premium due each calendar quarter of the agreement; the annual minimum premium is \$212,156
Reinstatements:	None

Beginning in 2014 the company entered into a Large Account Quota Share Reinsurance Contract for contract surety principals with a bonded line of credit greater than \$20 million. The company cedes 60% participation of all subject bonds to three participating reinsurers, with 50% of the risk being ceded to Munich Reinsurance America, Inc., 40% of the risk ceded to Transatlantic Reinsurance Company, and 10% of the risk ceded to Hannover Reinsurance Company. The contract is on a yearly renewable basis and can be terminated by the company with 30 days' written notice. Upon termination or expiration of the contract, reinsurance shall terminate as follows: 1) as regards bonds written for an indefinite period and containing a valid cancellation clause, as of the next succeeding anniversary date, and 2) on all other bonds, as of the termination of the company's liability. The coverages provided under this agreement effective for 2016 are summarized as follows:

- | | |
|---------------------|---|
| Type: | 60% Quota Share |
| Business reinsured: | Contract surety principals with a bonded line of credit greater than \$20 million |
| Retention: | 40% of subject business |
| Coverage: | 60% of subject business |
| Premium: | 60% of the gross net written premium income collected by the company with respect to subject bonds |
| Commissions: | Ceding commission rate: 42.5%

Contingent commission: 20% of the amount by which income exceeds outgo, as contractually defined, calculated annually; any annual deficit is carried forward into the following year's calculation |

Affiliated Assuming Contracts

1. Type: 100% Quota Share
- Reinsured: Old Republic Insurance Company
- Scope: Covered open claims of the reinsured under binders, policies and reinsurance contracts providing fidelity, surety and notary public errors and omissions insurance or reinsurance
- Coverage:
- a. 100% of the liability in force as of April 1, 1996, assumed by the reinsured from the company under a portfolio reinsurance treaty effective January 1, 1986
 - b. 100% of the liability in force as of April 1, 1996, assumed by the reinsured under its agreements with six named insurers
 - c. 100% of the liability of the reinsured in force as of and written on or after April 1, 1996, under contracts underwritten and managed by the company
- Premium:
- With respect to coverage a. – c., above:
- a. Reinsured to pay all reserves for (i) unearned premium reserves, (ii) open claims, including IBNR, (iii) LAE, and (iv) policyholders' dividend liability for unexpired bonds, all as of April 1, 1996
 - b. Reinsured to pay (i) unearned premium reserves for liabilities in force and (ii) net written premiums defined as gross written premiums less premiums returned
 - c. Same as b., above
- Commissions:
- With respect to coverage a. – c., above:
- a. The company is to pay ceding commission rate equal to policy acquisition costs on unearned premium reserves
 - b. The company is to pay (i) ceding commission on reinsurance retroceded equal to policy acquisition costs on unearned premium reserves and (ii) ceding commission on retroceded net written premiums sufficient to reimburse the reinsured for ceding commission paid to its ceding reinsurers
 - c. The company is to pay (i) ceding commission equal to policy acquisition costs on unearned premium reserves and (ii) ceding commission on net written premiums equal to the sum of:
 - Commissions paid or due on insurance ceded
 - Premium taxes or other fees on insurance ceded
 - Board and bureau fees or assessments and guaranty fund or similar assessments, and
 - Between 2.00% to 0.75% of premium received on reinsurance ceded based on net written premiums
 - d. With respect to coverage b. and c., the company is to pay an additional ceding commission equal to a prorated amount of the reimbursement made by the reinsured to the company for servicing costs incurred by the company in servicing the issuance of all insurance retroceded
- Effective date: June 1, 1986

Termination:	At any December 31 st by either party providing at least 90 days' prior written notice
2. Type:	100% Quota Share
Reinsured:	Bituminous Casualty Corporation (now known as BITCO General Insurance Corporation)
Scope:	All fidelity and surety risks underwritten by Old Republic Surety Company, excluding fidelity on package policies
Coverage:	100% of all fidelity and surety losses, including loss adjustment expenses, incurred by the reinsured or its subsidiaries
Premium:	100% of written premium
Commissions:	100% reimbursement to the reinsured of all costs incurred by the fidelity and surety department
Effective date:	April 1, 1989
Termination:	At any date by either party giving 60 days' advance written notice

VI. FINANCIAL DATA

The following financial statements reflect the financial condition of the company as reported to the Commissioner of Insurance in the December 31, 2016, 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 the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation.

Old Republic Surety Company
Assets
As of December 31, 2016

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$ 83,685,347	\$	\$ 83,685,347
Stocks:			
Common stocks	33,175,575		33,175,575
Cash, cash equivalents, and short-term investments	1,377,679		1,377,679
Investment income due and accrued	812,853		812,853
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	3,590,682	590,774	2,999,908
Reinsurance:			
Amounts recoverable from reinsurers	16,730		16,730
Net deferred tax asset	270,976		270,976
Electronic data processing equipment and software	36,876	36,876	
Receivable from parent, subsidiaries, and affiliates	608,399		608,399
Write-ins for other than invested assets:			
Miscellaneous assets	38,499	38,499	
Prepaid expenses	249,494	249,494	
Leasehold improvements	71,900	71,900	
Other receivables	11,745	11,745	
	<hr/>	<hr/>	<hr/>
Total Assets	<u>\$123,946,754</u>	<u>\$999,287</u>	<u>\$122,947,467</u>

Old Republic Surety Company
Liabilities, Surplus, and Other Funds
As of December 31, 2016

Losses		\$ 13,594,037
Loss adjustment expenses		8,406,789
Commissions payable, contingent commissions, and other similar charges		1,692,797
Other expenses (excluding taxes, licenses, and fees)		2,773,682
Taxes, licenses, and fees (excluding federal and foreign income taxes)		736,482
Current federal and foreign income taxes		1,389,029
Unearned premiums		28,824,001
Advance premium		288,916
Ceded reinsurance premiums payable (net of ceding commissions)		821,194
Amounts withheld or retained by company for account of others		1,756
Drafts outstanding		41,716
Payable to parent, subsidiaries, and affiliates		16,931
Write-ins for liabilities:		
Escheat fund liability		46,550
Miscellaneous liabilities		48,969
Leasehold improvement tenant allowance		<u>29,716</u>
 Total liabilities		 58,712,565
 Common capital stock	 \$ 2,900,000	
Gross paid in and contributed surplus	16,534,036	
Unassigned funds (surplus)	<u>44,800,866</u>	
 Surplus as regards policyholders		 <u>64,234,902</u>
 Total Liabilities and Surplus		 <u>\$122,947,467</u>

**Old Republic Surety Company
Summary of Operations
For the Year 2016**

Underwriting Income		
Premiums earned		\$47,503,903
Deductions:		
Losses incurred	\$ 4,537,397	
Loss adjustment expenses incurred	2,769,634	
Other underwriting expenses incurred	<u>33,992,462</u>	
Total underwriting deductions		<u>41,299,493</u>
Net underwriting gain (loss)		6,204,410
Investment Income		
Net investment income earned	4,145,520	
Net realized capital gains (losses)	<u>805,322</u>	
Net investment gain (loss)		4,950,842
Other Income		
Net gain (loss) from agents' or premium balances charged off	<u>(10,640)</u>	
Total other income		<u>(10,640)</u>
Net income (loss) before dividends to policyholders and before federal and foreign income taxes		11,144,612
Dividends to policyholders		<u>49,885</u>
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		11,094,727
Federal and foreign income taxes incurred		<u>3,453,661</u>
Net Income		<u>\$ 7,641,066</u>

**Old Republic Surety Company
Cash Flow
For the Year 2016**

Premiums collected net of reinsurance		\$47,851,000
Net investment income		4,371,772
Miscellaneous income		<u>(10,640)</u>
Total		52,212,132
Benefit- and loss-related payments	\$ 3,579,517	
Commissions, expenses paid, and aggregate write-ins for deductions	36,399,843	
Dividends paid to policyholders	49,885	
Federal and foreign income taxes paid (recovered)	<u>3,759,200</u>	
Total deductions		<u>43,788,445</u>
Net cash from operations		8,423,687
Proceeds from investments sold, matured, or repaid:		
Bonds	\$15,822,722	
Stocks	<u>7,265,986</u>	
Total investment proceeds		23,088,708
Cost of investments acquired (long-term only):		
Bonds	19,766,255	
Stocks	<u>6,471,333</u>	
Total investments acquired		<u>26,237,589</u>
Net cash from investments		(3,148,880)
Cash from financing and miscellaneous sources:		
Dividends to stockholders	5,000,000	
Other cash provided (applied)	<u>(279,269)</u>	
Net cash from financing and miscellaneous sources		<u>(5,279,269)</u>
Reconciliation:		
Net change in cash, cash equivalents, and short-term investments		(4,463)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>1,382,141</u>
End of Year		<u>\$ 1,377,679</u>

**Old Republic Surety Company
Compulsory and Security Surplus Calculation
December 31, 2016**

Assets		\$122,947,467
Less liabilities		<u>58,712,565</u>
Adjusted surplus		64,234,902
Annual premium:		
Lines other than accident and health	\$47,887,062	
Less policyholder dividends	<u>49,885</u>	
Subtotal	47,837,177	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>9,567,435</u>
Compulsory Surplus Excess (or Deficit)		<u>\$ 54,667,467</u>
Adjusted surplus (from above)		\$ 64,234,902
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>13,298,734</u>
Security Surplus Excess (or Deficit)		<u>\$ 50,936,168</u>

**Old Republic Surety Company
Analysis of Surplus
For the Four-Year Period Ending December 31, 2016**

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

	2016	2015	2014	2013
Surplus, beginning of year	\$58,347,404	\$56,064,743	\$51,921,017	\$48,716,929
Net income	7,641,066	9,124,429	7,480,196	4,750,255
Change in net unrealized capital gains/losses	2,997,707	(1,701,159)	578,351	1,920,841
Change in net deferred income tax	7,933	82,771	115,599	(500,889)
Change in non-admitted assets	240,792	(223,380)	(30,420)	33,881
Cumulative effect of changes in accounting principles				
Dividends to stockholders	<u>(5,000,000)</u>	<u>(5,000,000)</u>	<u>(4,000,000)</u>	<u>(3,000,000)</u>
Surplus, End of Year	<u>\$64,234,902</u>	<u>\$58,347,404</u>	<u>\$56,064,743</u>	<u>\$51,921,017</u>

**Old Republic Surety Company
Insurance Regulatory Information System
For the Four-Year Period Ending December 31, 2016**

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. There were no unusual results.

Ratio	2016	2015	2014	2013
#1 Gross Premium to Surplus	79%	84%	82%	79%
#2 Net Premium to Surplus	75	81	79	73
#3 Change in Net Premiums Written	2	7	15	6
#4 Surplus Aid to Surplus	0	0	0	0
#5 Two-Year Overall Operating Ratio	75	73	76	83
#6 Investment Yield	3.7	3.8	3.6	3.8
#7 Gross Change in Surplus	10	4	8	7
#8 Change in Adjusted Surplus	10	4	8	7
#9 Liabilities to Liquid Assets	49	52	53	54
#10 Agents' Balances to Surplus	5	5	6	8
#11 One-Year Reserve Development to Surplus	-12	-13	-17	-17
#12 Two-Year Reserve Development to Surplus	-19	-23	-25	-19
#13 Estimated Current Reserve Deficiency to Surplus	-16	-14	-14	-19

Growth of Old Republic Surety Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2016	\$122,947,467	\$58,712,565	\$64,234,902	\$7,641,066
2015	115,080,869	56,733,465	58,347,404	9,124,429
2014	112,764,176	56,699,433	56,064,743	7,480,196
2013	105,661,490	53,740,473	51,921,017	4,750,255
2012	98,930,849	50,213,920	48,716,929	4,807,400

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2016	\$50,738,102	\$47,887,062	\$47,503,903	15.4%	71.0%	86.5%
2015	49,158,601	47,047,449	46,401,910	10.7	70.4	81.3
2014	46,065,862	44,058,948	42,262,351	8.8	73.3	82.2
2013	41,019,882	38,148,017	35,763,534	11.3	76.4	88.0
2012	37,665,042	35,945,315	37,629,148	21.9	76.1	98.2

Since its inception, the company has been consistently profitable. The company has reported a net income of at least \$4.7 million each year during the period under examination, with \$7.6 million net income in 2016. The company has reported positive underwriting results in all five years under examination and a steady stream of investment income derived from the company's conservative investment portfolio. The combined ratio has been consistently below 100% in the last five years, with the loss and LAE ratio component averaging below 14%, which has consistently and significantly outperformed its peers. The company's gross and net underwriting leverage ratios have generally decreased over the last five years reflective of moderate surplus that outpaced premium growth. Both premium and liability leverage approximate norms exhibited by the surety industry composite. Ceded leverage remains nominal as the company retains approximately 96% of its business.

Surplus has increased 31.9% over the past four years. The change in surplus over the past four years was almost exclusively driven by favorable operating earnings, partially offset by dividends declared—net income for four years was \$29 million, dividends were \$17 million, or about 59% of net income during the period. Admitted assets have increased 24.3% to \$123 million, while liabilities have increased 16.9% to \$59 million since year-end 2012. The positive results are supported by the company's historically consistent net underwriting profitability, double-digit net operating results, relatively conservative net underwriting leverage, as well as mix of business represented by contract surety bonds, fidelity bonds and other miscellaneous surety bonds. In general, the company's operating philosophy is to write small- and medium-size bonds that result in lower losses and create greater spread of risk.

Reconciliation of Surplus per Examination

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the company as of December 31, 2016, of \$64,234,902 is accepted.

Examination Reclassifications

There were no reclassifications required by the examination results.

VII. SUMMARY OF EXAMINATION RESULTS

Compliance with Prior Examination Report Recommendations

There was one specific comment and recommendation in the previous examination report. Comments and recommendations contained in the last examination report and actions taken by the company are as follows:

1. Claims Administration—It is recommended that the company follow its written claim procedures and controls in its claims administration processes.

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 company's operations is contained in the examination work papers.

Unclaimed Funds

In review of Old Republic Surety Company's unclaimed property filing procedures, it was noted that the company is using a different date other than the original check issue date to start the five-year period. Pursuant to ch. 177, Wis. Stat., property is considered abandoned if unclaimed for five years after the funds become due or payable. The company's procedure neglects to count the initial time, ranging from three to six months, spent to locate the payee in the five-year period to report unclaimed property, causing unclaimed property to be held for longer than five years before being remitted to the state. It is recommended that Old Republic Surety Company properly file its unclaimed property in a timely fashion in accordance with ch. 177, Wis. Stat.

IT Environment

Old Republic Surety Company's application change staging/testing environment utilized by users for testing of application program changes is not representative of the production environment. The current staging/testing environment does not provide for the complete and thorough testing of changes by users prior to changes being moved into production. This could lead to improperly tested, or incorrect, changes being moved into production. Old Republic Surety Company should work with the hosting provider to develop, plan and implement a staging/test environment that more accurately reflects the production environment. This environment could then be used by the user community to perform more robust and thorough testing of changes prior to being moved into production. It is recommended that Old Republic Surety Company work with the hosting provider to develop, plan and implement a staging/test environment that more accurately reflects the production environment.

Committees of Directors

The company's board of directors has elected a voting member, who is not a director of the company, to serve on the Executive Committee. Section 611.56 (1), Wis. Stat., allows members who are not directors to serve on committees only as nonvoting members. It is recommended that the composition of the Executive Committee of the board of directors comply with s. 611.56 (1), Wis. Stat.

VIII. CONCLUSION

The company has reported positive net income in each year since 2012. The company has maintained conservative gross and net underwriting leverage ratios. Admitted assets have increased 24.3% to \$123 million, while liabilities have increased 16.9% to \$59 million since year-end 2012. Policyholders' surplus has increased 31.9% to \$64 million. The current examination of Old Republic Surety Company resulted in three recommendations related to unclaimed funds, ineffective application software test environment, and directors' committees. No adjustments to surplus were made as a result of this examination.

IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 35 - Unclaimed Funds—It is recommended that Old Republic Surety Company properly file its unclaimed properly in a timely fashion in accordance with ch. 177, Wis. Stat.
2. Page 35 - IT Environment—It is recommended that Old Republic Surety Company work with the hosting provider to develop, plan and implement a staging/test environment that more accurately reflects the production environment.
3. Page 36 - Committees of Directors—It is recommended that the composition of the Executive Committee of the board of directors comply with s. 611.56 (1), Wis. Stat.

X. ACKNOWLEDGMENT

The courtesy and cooperation extended during the course of the examination by the officers and employees of the company 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
Robert McLaughlin	Insurance Financial Examiner
Dana Tice	Insurance Financial Examiner
Sheng Vang	Insurance Financial Examiner
Joshua Daggett	Insurance Financial Examiner
Judith Michael	ACL Specialist
David Jensen	IT Specialist
Jerry DeArmond	Reserve Specialist

Respectfully submitted,

Nicholas Hartwig
Examiner-in-Charge