

Report of the Examination of  
Point Specialty Insurance Company  
Stevens Point, Wisconsin  
As of December 31, 2022

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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:

POINT SPECIALTY INSURANCE COMPANY  
Stevens Point, Wisconsin

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of Point Specialty Insurance Company (PSIC or the company) 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 was conducted using a risk-focused approach in accordance with the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*. The approach used for this examination was modified in order to account for the circumstances described below. The risk-focused 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. PSIC's ownership changed in 2020, as described in Section II of this report, the change in ownership resulted in different examination cycles for PIC and its new parent group. An examination of PSIC prior to the examination of its parent, which is scheduled for the subsequent year, was necessary in order to not exceed the five-year examination cycle requirement. A full scope risk-focused examination will be

conducted of the new owner of PSIC, Sentry Insurance Group, in 2024. As of December 31, 2023, certain areas of the current examination which are handled at the group level such as corporate governance, related party transactions, etc., have been deferred to the examination of the Sentry Insurance Group. Emphasis was placed on those areas of PSIC's operations accorded a high priority by the examiner-in-charge when planning the examination, and focused mainly on the areas that are unique to the company.

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."

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 concerning the alternative or additional examination steps performed during the examination.

## II. HISTORY AND PLAN OF OPERATION

The company was organized in 1960 as Northwestern Security Insurance Company, under the laws of the State of Washington. The company's name was changed to Unigard Insurance Company (UnigardIns) on September 14, 1968. Winterthur Group was acquired by the Credit Suisse Group in 1997, and remained part of that group until December 22, 2006, when Winterthur Group was sold again, to the French-based AXA Insurance Group. Winterthur owned 100% of UnigardIns through its wholly-owned direct subsidiary Winterthur U.S. Holdings, Inc., which acted as the holding company for Winterthur's U.S. operations.

Effective May 31, 2007, Winterthur U.S. Holdings, Inc., and its consolidated subsidiaries were sold by AXA, to QBE Holdings, Inc., a subsidiary of Australian-based QBE Insurance Group Limited (QBE Limited). Winterthur U.S. Holdings, Inc., was renamed QBE Regional Companies (N.A.), Inc. (QBE Regional) and became part of QBE North America. On March 31, 2011, the company redomesticated from Washington to Wisconsin.

On June 26, 2020, UnigardIns was acquired by Sentry Insurance a Mutual Company (SIAMCO), which later became Sentry Insurance Company (SIC) from QBE Regional Companies (N.A.), Inc. through a Stock Purchase Agreement. UnigardIns was renamed to Dairyland American Insurance Company before later being renamed to Point Specialty Insurance Company.

Point Specialty Insurance Company is a Wisconsin-domiciled stock insurer and a member of the Sentry Insurance Group (the group). The company is a property and casualty insurance writer and is licensed in 49 states. Currently, the company has a paid-up capital of \$3,000,000 consisting of 30,000 shares of common stock authorized, issued, and outstanding, with a par value per share of \$100. The stock is owned by Sentry Insurance Company. As of December 31, 2022, the company has not written any business since its acquisition by the Sentry Insurance Group. PSIC currently writes guaranteed renewal business comprised of policies entered into prior to its acquisition by the Sentry Group. This business is currently in runoff. All aspects of policy administration of the legacy business for the company are administered by QBE Insurance Corporation under an administrative services agreement, and all current and future obligations from legacy business is reinsured through a Loss Portfolio Transfer and 100% Quota Share agreement between QBE Insurance Corporation and PSIC.

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The board of directors consists of five members. Five directors are elected annually to serve a one-year term. Officers are elected at the board's annual meeting. The company does not have any outside board members. All board members are internal Sentry officers. There is no additional compensation provided to internal directors for being a member of the board of the company.

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

<b>Name</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Peter McPartland Stevens Point, Wisconsin	Chief Executive Officer of Sentry Insurance Company	2024
Timothy Kovac Stevens Point, Wisconsin	Secretary of Sentry Insurance Company	2024
James McDonald Stevens Point, Wisconsin	Vice President of Sentry Insurance Company	2024
Todd Schroeder Mosinee, Wisconsin	Vice President and Treasurer of Sentry Insurance Company	2024
Michael Williams Stevens Point, Wisconsin	Vice President and Chief Actuary of Sentry Insurance Company	2024

#### Officers of the Company

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

<b>Name</b>	<b>Office</b>
Scott Allan Miller	President
Timothy Kovac	Secretary
Michael Williams	Vice President
Todd Schroeder	Treasurer

#### Committees of the Board

PSIC's bylaws allow for the formation of certain committees by the board of directors. Currently, there are no committees formed by the members of PSIC's board of directors.

#### **IV. AFFILIATED COMPANIES**

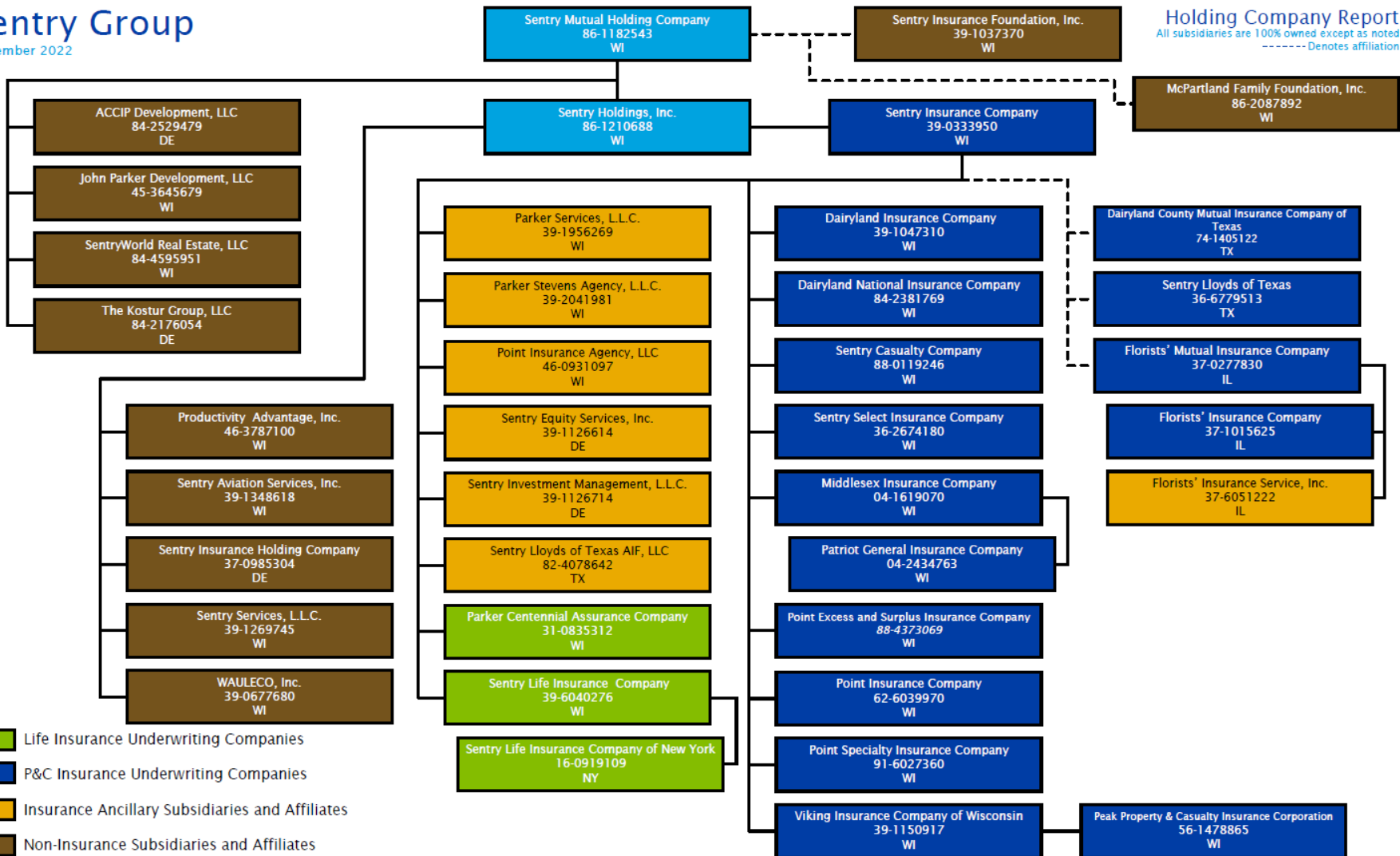
PSIC is a member of a holding company system in which Sentry Mutual Holding Company (SMHC) is the ultimate parent. Effective January 1, 2021, SIAMCO reorganized its corporation structure. As part of the reorganization, SIAMCO converted to SIC, a stock insurer. PSIC is 100% owned by SIC. SIC is 100% owned by Sentry Holdings, Inc. Sentry Holdings, Inc. is 100% owned by SMHC. As of December 31, 2022, SMHC directly and indirectly owned or was affiliated with 19 insurance entities and 18 non-insurance entities.

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

**Sentry Group**

December 2022





## **Sentry Mutual Holding Company**

Sentry Mutual Holding Company is a Wisconsin-domiciled mutual holding company. Sentry Mutual Holding Company is the ultimate parent company of the Sentry Group. As of December 31, 2022, the consolidated audited financial statements of SMHC and subsidiaries and affiliates reported total assets of \$22,921.3 million, liabilities of \$15,374.8 million, and policyholders' surplus of \$7,546.5 million. Operations for 2022 produced net income of \$290.6 million.

## **Sentry Insurance Company**

Sentry Insurance Company (SIC) is a Wisconsin-domiciled stock insurer licensed in 50 states and the District of Columbia and provides property and casualty insurance. All insurance-producing and insurance ancillary affiliates of the Sentry Group are subsidiaries and affiliates of SIC.

SIC was incorporated on June 10, 1903, as Hardware Dealers Mutual Fire Insurance Company of Wisconsin, and commenced business on April 8, 1904. In 1971 the company changed its name to Sentry Insurance a Mutual Company; on January 1, 2021, the name was changed again to Sentry Insurance Company.

As of December 31, 2022, the financial statements of SIC reported net admitted assets of \$11,424,492,365, liabilities of \$3,969,261,344, and policyholders' surplus of \$7,455,231,021. Operations for 2022 produced net income of \$314,807,898.

## **Sentry Group Operations**

SIC is the lead company in a pooling arrangement where all P&C premiums are ceded to the pool and retroceded to certain subsidiaries. SIC also owns several life and annuity companies which primarily sell products to P&C customers, but operations are small relative to the size of the group. As of December 31, 2022, direct property and casualty premiums written by the Sentry Insurance Group were \$3.4 billion, and direct life premium were \$900 million.

The Sentry Insurance Group sells a wide range of insurance products, including both commercial and personal lines. Commercial line products include property and casualty coverages for small to mid-sized businesses, dealerships, long-haul truckers, horticultural businesses, and large commercial clients. Personal line products include non-standard auto and motorcycle coverage.

The group's personal lines business is comprised of non-standard auto and motorcycle coverage.

Life and Annuities lines are a small portion of the group's business. These products are sold to existing P&C customers, either as group plans that cover employees or individual plans that cover the owners of small businesses.

#### **Agreements with Affiliates**

Reinsurance agreements are described in section V of the report titled "Reinsurance." A summary of the other agreements and undertakings follows.

#### **Intercompany Administrative Services Agreement**

Effective July 1, 2020, SIC entered into an intercompany administrative services agreement with various affiliates to facilitate the transfer of "Goods", "Third Party Services", and "Management Services" used by the affiliates or SIC. The service recipient shall be charged with its allocable share of the provider's actual costs incurred or fair value of the goods or services provided. This agreement has been amended and restated to add or delete companies as needed.

The agreement calls for the parties to settle all charges incurred on a timely basis, no later than 45 days after the end of each calendar quarter, and, in the event, that a settlement payment is not made in a timely manner, charges shall be subject to an interest rate equal to the prime rate. The agreement shall remain in effect for five years after the Initial Effective Date and is subject thereafter to automatic renewals for additional five-year terms. PSIC joined this agreement effective November 9, 2020.

#### **Joint Investment Agreement**

Effective October 1, 1996, SIC entered into an amended and restated joint investment agreement with various affiliates to establish the Sentry Liquid Asset Partnership (SLAP), a joint venture organized pursuant to the Wisconsin Uniform Partnership Act. This agreement has been amended and restated to add or delete companies as needed. SIC is designated as the managing partner and handles all investment services. The joint venture shall dissolve at such time as only one participant remains in the joint venture. The terms of this agreement are continuous; however, all parties to the agreement are required to review and negotiate the agreement no less than once every three years. PSIC joined the agreement on November 1, 2020.

#### **Tax Allocation Agreement**

On February 22, 1983, the SIAMCO board of directors adopted a written federal income tax allocation policy for the purpose of filing federal income tax returns on a consolidated basis. This agreement has been amended and restated to add or delete companies as needed. The latest amended and restated agreement is effective January 1, 2021. Under this agreement, Sentry Insurance Group prepares and files a consolidated U.S. federal income tax return that includes all affiliates of the holding company group. The agreement sets forth the rights and obligations of the parties to the agreement with respect to the determination and settlement of federal income tax liabilities as well as the allocation of Sentry Group's consolidated U.S. federal income tax liability and tax benefits in accordance with a rational, systematic formula. The agreement provides for tax computation, settlement of balances between affiliates, tax sharing, filing the return, audits and other adjustments, and other administrative requirements. The agreement calls for the settling of estimated U.S. federal tax payments within 45 days of the filing of those payments. The final settlement is due within 45 days of the filing of the consolidated U.S. federal tax return. The agreement has a provision for members entering or departing the group and provides for successors. PSIC joined the agreement effective November 11, 2020.

## V. REINSURANCE

PSIC's reinsurance portfolio and strategy at the time of the examination are described below. PSIC is a member of an internal pooling agreement led by SIC, and a Loss Portfolio Transfer and 100% Quota Share agreement with QBE Insurance Corporation as dictated by the Stock Purchase Agreement dated June 26, 2020.

### **Affiliated Property and Casualty Pooling Agreement**

SIC is the lead company in a pooling arrangement with its property and casualty affiliates. The pool participants cede 100% of their direct and assumed premiums, losses, loss adjustment expenses, and underwriting expenses, net of all cessions to nonaffiliated parties to SIC. After nonaffiliated cessions are made, the net business of each participant is pooled and then distributed back to the participants according to their stated participation shares. Prior to January 1, 2024, SIC receives 54%, Dairyland Insurance Company receives 17.5%, Middlesex Insurance Company and Sentry Select Insurance Company each receive 10%, Viking Insurance Company of Wisconsin receives 5%, Sentry Casualty Company receives 2.5%, and Florists' Mutual Insurance Company receives 1%. Income and expenses related to investment operations are not included in pooling. As of December 31, 2022, all insurance subsidiaries and affiliates of SIC participate in the agreement.

SIC administers all aspects of the pooled business, including placement of reinsurance with nonaffiliated insurers. Reinsurance with nonaffiliated parties is transacted in the names of SIC and other property and casualty affiliates, each for its own direct and assumed business, prior to pooling.

Effective January 1, 2024, the agreement was amended to revise the percentage allocation of each party to the common risk-sharing pool. Viking Insurance Company of Wisconsin, Dairyland Insurance Company, Middlesex Insurance Company, Sentry Select Insurance Company, and Sentry Casualty Company will no longer assume their respective percentage share of the pool. SIC will receive 99% of the net pooled business, and Florists' Mutual Insurance Company will receive 1%.

### **Ceding Contracts**

#### **Loss Portfolio Transfer and 100% Quota Share Agreement**

Effective November 1, 2020, the company cedes all legacy business to QBE Insurance Corporation through means of a Loss Portfolio Transfer and Quota Share Reinsurance agreement. This

agreement was dictated by the Stock Purchase Agreement dated June 26, 2020, for the purchase of the company from QBE Regional Companies (N.A.), Inc. by SIAMCO.

The agreement dictates that all policy liabilities, pertaining to policies entered into prior to the acquisition of the company by SIAMCO, are to be one hundred percent ceded to QBE Insurance Corporation. The agreement has no expiration date.

## **VI. FINANCIAL DATA**

The following financial statements reflect the financial condition of PSIC 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 PSIC and the compulsory and security surplus calculation.

**Point Specialty Insurance Company**  
**Assets**  
**As of December 31, 2022**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$9,079,324	\$	\$9,079,324
Cash, cash equivalents, and short-term investments	515,221		515,221
Investment income due and accrued	63,150		63,150
Net deferred tax asset	27,652		27,652
Receivable from parent, subsidiaries, and affiliates	<u>20,783</u>		<u>20,783</u>
<b>Total Assets</b>	<u><b>\$9,706,130</b></u>	<u><b>\$</b></u>	<u><b>\$9,706,130</b></u>

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

Current federal and foreign income taxes		\$ 5,818
Ceded reinsurance premiums payable (net of ceding commissions)		19,939
Write-ins for liabilities: A/P - Other		<u>178,397</u>
<b>Total Liabilities</b>		<b>204,154</b>
Common capital stock	\$3,000,000	
Gross paid in and contributed surplus	9,614,746	
Unassigned funds (surplus)	(3,112,770)	
<b>Surplus as Regards Policyholders</b>		<u><b>9,501,976</b></u>
<b>Total Liabilities and Surplus</b>		<u><b>\$9,706,130</b></u>

**Point Specialty Insurance Company  
Summary of Operations  
For the Year 2022**

**Investment Income**

Net investment income earned	\$196,948	
Net investment gain (loss)		196,948
Federal and foreign income taxes incurred		<u>29,585</u>
Net Income (Loss)		<u>\$167,363</u>

**Point Specialty Insurance Company  
Cash Flow  
For the Year 2022**

Premiums collected net of reinsurance		\$ 54,939
Net investment income		<u>272,583</u>
Total		327,522
Federal and foreign income taxes paid (recovered)	<u>\$ 26,481</u>	
Net cash from operations		301,041
Proceeds from investments sold, matured, or repaid:		
Bonds	\$511,190	
Total investment proceeds		511,190
Cost of investments acquired (long- term only):		
Bonds	452,912	
Total investments acquired	<u>452,912</u>	
Net cash from investments		58,278
Cash from financing and miscellaneous sources:		
Other cash provided (applied)	<u>(56,822)</u>	
Net cash from financing and miscellaneous sources		<u>(56,822)</u>
<b>Reconciliation:</b>		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		302,497
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>212,724</u>
End of Year		<u>\$515,221</u>



**Point Specialty Insurance Company  
Compulsory and Security Surplus Calculation  
December 31, 2022**

Assets	\$8,881,291
Less liabilities	<u>204,154</u>
Adjusted surplus	8,677,137
Compulsory surplus (subject to a minimum of \$2 million)	<u>2,000,000</u>
Compulsory Surplus Excess (Deficit)	<u>\$6,677,137</u>
Adjusted surplus (from above)	\$8,677,137
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>2,800,000</u>
Security Surplus Excess (Deficit)	<u>\$5,877,137</u>

**Point Specialty Insurance Company**  
**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:

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Surplus, beginning of year	\$9,346,387	\$7,190,588	\$56,814,541	\$96,814,814	\$96,495,710
Net income	167,363	167,609	1,293,097	8,522,936	4,285,611
Change in net unrealized capital gains/losses			(290,648)	1,752,693	(2,026,204)
Change in net deferred income tax	(11,774)	(11,810)	(5,651,013)	(1,594,951)	210,598
Change in nonadmitted assets			3,577,280	6,130,535	(3,328,224)
Change in provision for reinsurance			16,000	299,754	1,158,646
Surplus adjustments:					
Paid in		2,000,000	(48,438,825)	(55,000,000)	
Write-ins for gains and (losses) in surplus:					
Correction of errors				(113,375)	
Change in defined benefit plan				(2,902)	11,355
[Change in miscellaneous surplus			(129,844)	5,037	7,324
	_____	_____	_____	_____	_____
Surplus, End of Year	<u>\$9,501,976</u>	<u>\$9,346,387</u>	<u>\$7,190,588</u>	<u>\$56,814,541</u>	<u>\$96,814,814</u>

### Growth of Point Specialty Insurance Company

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2022	\$9,706,130	\$204,154	\$9,501,976	\$167,363
2021	9,528,537	182,150	9,346,387	167,609
2020	7,191,496	908	7,190,588	1,293,097
2019	133,169,421	76,354,881	56,814,541	8,522,936
2018	396,521,819	299,707,003	96,814,814	4,285,611
2017	394,618,978	298,123,268	96,495,710	(5,362,574)

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2022	\$4,708	\$0	\$0	0.0%	0.0%	0.0%
2021	19,820	0	0	0.0	0.0	0.0
2020	(6,607,890)	(6,588,767)	8,778,258	71.9	-45.3	26.7
2019	72,471,793	64,537,494	126,471,657	75.5	57.9	133.6
2018	303,048,066	215,519,693	203,024,630	67.4	29.7	97.5
2017	289,909,117	183,054,435	186,485,771	75.6	31.0	106.8

During the examination period, Point Specialty Insurance Company was acquired by the Sentry Group from QBE Regional Companies (N.A.). Point Specialty Insurance Company has not written any business for the Sentry Group as of December 31, 2022.

**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, 2022, is accepted.

**Examination Reclassifications**

No reclassifications were made as a result of the examination.

## VII. SUMMARY OF EXAMINATION RESULTS

### Compliance with Prior Examination Report Recommendations

There were five specific recommendations in the previous examination report. The actions taken by the company as a result of the recommendations were as follows:

1. Management and Control—It is recommended that the company continue to have all officers and directors complete an annual conflict of interest disclosure.

Action—PSIC is currently a subsidiary of the Sentry Group. This recommendation applied to practices in place while the company was a subsidiary of the QBE Group. No such recommendation was present on the prior exam report of the Sentry Group, as of December 31, 2018. Conflict of Interest statements were reviewed as part of this examination.

2. Unclaimed Property—It is recommended that the company comply with ch. 177, Wis. Stat., as regards to unclaimed funds, and that it submit all funds that remain unclaimed after five years to the State of Wisconsin.

Action—PSIC is currently a subsidiary of the Sentry Group. This recommendation applied to practices in place while the company was a subsidiary of the QBE Group. No such recommendation was present on the prior exam report of the Sentry Group, as of December 31, 2018. Escheats was reviewed as part of this examination.

3. Executive Compensation—It is recommended that the company properly complete the Report on Executive Compensation as required by s. 611.63 (4), Wis. Stat.

Action—PSIC is currently a subsidiary of the Sentry Group. This recommendation applied to practices in place while the company was a subsidiary of the QBE Group. No such recommendation was present on the prior exam report of the Sentry Group, as of December 31, 2018. Executive compensation will be examined during the next examination of the Sentry group, as of December 31, 2023.

4. Corporate Insurance—It is recommended the company to revise its General Liability Policy to include a proper language clearly stating that the coverage applies to the subsidiaries or affiliated companies.

Action—PSIC is currently a subsidiary of the Sentry Group. This recommendation applied to practices in place while the company was a subsidiary of the QBE Group. No such recommendation was present on the prior exam report of the Sentry Group, as of December 31, 2018. Corporate insurance will be examined during the next examination of the Sentry group, as of December 31, 2023.

5. Actuarial Report Documentation— It is again recommended that the company include sufficient documentation in its actuarial report in accordance with Actuarial Standard of Practice No. 41.

- Future and actuarial report exhibits developed in ResQ model reflect clearer labeling and footnotes, to the extent possible
- A summary of the indicated and carried loss and LAE reserve position by reserve review segment as both September 30, 20XX and December 31, 20XX be included in future versions of the actuarial report.
- The companies include a more traditional actual versus expected roll-forward analysis at a disaggregated level in future reserve studies.
- All detailed exhibits in support of the Crop analysis performed by the QBENA companies be included in future actuarial reports.

- Detailed exhibits in support of the asbestos and environmental (“A&E”) analysis be included in the actuarial report, with a breakout of A&E reserves from the by-segment analysis provided.

Future actuarial reports include a complete Schedule P reconciliation of paid losses, case outstanding reserves, and earned premiums by reserve segment to the Schedule P lines of business.

Action—PSIC is currently a subsidiary of the Sentry Group. This recommendation applied to practices in place while the company was a subsidiary of the QBE Group. No such recommendation was present on the prior exam report of the Sentry Group, as of December 31, 2018. Actuarial compliance will be examined during the next examination of the Sentry group, as of December 31, 2023.

## **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.

### **Schedule P Reporting**

PSIC currently writes guaranteed renewal business comprised of policies entered into prior to its acquisition by the Sentry Group. This business is currently in runoff and is ceded to the QBE Group, which is responsible for all aspects of policy administration. It was revealed during the reserving specialist's review of Schedule P - Part 1 that direct legacy QBE runoff business was not included in Schedule P. According to the NAIC annual statement instructions, non-pooled business ceded must be reported in Schedule P. It is recommended that the company includes the direct legacy QBE runoff business in Schedule P - Part 1 in accordance with NAIC *Annual Statement Instructions – Property and Casualty*.

### **Inclusion of Legacy QBE Business in the Statement of Actuarial Opinion**

It was revealed during the reserving specialist's review of the Statement of Actuarial Opinion that legacy QBE runoff business was not commented on in the Statement of Actuarial Opinion. According to the NAIC *Annual Statement Instructions – Property and Casualty*, the appointed actuary should include an explanatory paragraph on major factors that the actuary deems relevant. It is of the reserving specialist's belief that the legacy QBE runoff business would be considered a company-specific risk factor given the materiality of the legacy QBE business ceded compared to policyholders' surplus. It is suggested that the company include a comment regarding the reserves for legacy direct business in the Statement of Actuarial Opinion to provide all relevant information related to the company's exposure.



## VIII. CONCLUSION

Effective June 26, 2020, UnigardIns was acquired by Sentry Insurance a Mutual Company from QBE Regional Companies (N.A.), Inc. through a Stock Purchase Agreement and was later renamed to Dairyland American Insurance Company before being renamed to Point Specialty Insurance Company. All aspects of policy administration of the legacy business for the company are administered by QBE under the administrative services agreement, and all current and future obligations from the legacy business are reinsured through a Loss Portfolio Transfer and 100% Quota Share agreement.

Point Specialty Insurance Company is one of 16 companies that comprise the Sentry Insurance Intercompany Pooling Agreement. As of December 31, 2022, the company maintains policyholders' surplus of \$9,501,976 and has not written any new business since the acquisition by the Sentry Group. The five prior recommendations from the previous examination report were deemed not applicable given the acquisition of the company by the Sentry Group. The current examination resulted in no reclassifications or surplus adjustments. There was one recommendation and one suggestion made as a result of this examination.

## IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 22 - Schedule P Reporting— It is recommended that the company includes the direct legacy QBE runoff business in Schedule P - Part 1 in accordance with NAIC *Annual Statement Instructions – Property and Casualty*
2. Page 22 - Inclusion of Legacy QBE Business in the Statement of Actuarial Opinion— It is suggested that the company include a comment regarding the reserves for legacy direct business in the Statement of Actuarial Opinion to provide all relevant information related to the company's exposure.

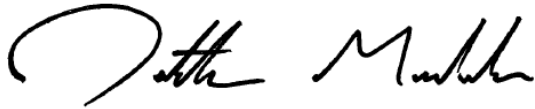
## X. ACKNOWLEDGMENT

The courtesy and cooperation extended by the officers and employees of the company 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:

<b>Name</b>	<b>Title</b>
Thomas Hilger, CFE	Insurance Financial Examiner
Jeremy Tang	Insurance Financial Examiner
Eleanor Lu, CISA	IT Specialist
Kongmeng Yang, AFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Jonathan Mundschau  
Examiner-in-Charge