

Combined Report of the Examination of  
SECURA Insurance Company and its Subsidiaries  
Neenah, Wisconsin  
As of December 31, 2023

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October 17, 2024

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 property and casualty companies, hereinafter referred to as the "Group":

SECURA INSURANCE COMPANY  
SECURA SUPREME INSURANCE COMPANY  
SECURA SELECT INSURANCE COMPANY  
Neenah, Wisconsin

and this report is respectfully submitted.

**I. INTRODUCTION**

The previous examination of SECURA Insurance Company (SECURA Insurance) and SECURA Supreme Insurance Company (SECURA Supreme) was conducted in 2019 as of December 31, 2018. SECURA Select Insurance Company (SECURA Select) was created by SECURA Insurance on October 13, 2023. This is the first examination of SECURA Select. The current examination covered the intervening period ending December 31, 2023, and included a review of such subsequent transactions as deemed necessary to complete the examination.

The examination of the Group included the following companies:

<b>Company</b>	<b>State</b>
SECURA Insurance Company	Wisconsin
SECURA Supreme Insurance Company	Wisconsin
SECURA Select Insurance Company	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 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 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 Group's operations accorded a high priority by the examiner-in-charge when planning the examination.

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 Wisconsin Office of the Commissioner of Insurance (OCI). The actuary reviewed the adequacy of the companies' 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

### SECURA Insurance Company

SECURA Insurance was organized in 1900 as The Farmers Home Mutual Hail, Tornado, and Cyclone Insurance Company, a town mutual insurance company. In 1932, SECURA Insurance converted to a Wisconsin-domiciled mutual insurer and changed its name to Home Mutual Insurance Company. In 1986, the company changed its name to SECURA Insurance, A Mutual Company. In 2021, the SECURA companies underwent a mutual holding company restructuring, and the company's name was changed to "SECURA Insurance Company".

SECURA Insurance is a subsidiary of SECURA Holdings, Inc. (SECURA Holdings). SECURA Insurance Mutual Holding Company (SECURA MHC) is the ultimate parent of the holding company structure. SECURA Insurance has two stock company subsidiaries, SECURA Supreme and SECURA Select. The holding company structure is further explained in the "Affiliated Companies" section of this report.

In 2023, SECURA Insurance wrote direct premium in the following states:

Wisconsin	\$209,158,684	25.1%
Minnesota	148,795,586	17.8
Illinois	107,669,753	12.9
Michigan	75,966,542	9.1
Arizona	51,370,496	6.2
All others	<u>240,682,437</u>	<u>28.9</u>
Total	<u>\$833,643,498</u>	<u>100.0%</u>

SECURA Insurance is currently licensed to write premiums in the following states:

Arizona	Arkansas	Colorado
Idaho	Illinois	Indiana
Iowa	Kansas	Kentucky
Michigan	Minnesota	Missouri
Montana	Nebraska	Nevada
New Mexico	North Dakota	Ohio
Oklahoma	Oregon	Pennsylvania
South Dakota	Tennessee	Utah
Washington	Wisconsin	Wyoming

## SECURA Supreme Insurance Company

SECURA Supreme was organized on November 30, 1995, as a wholly owned subsidiary of SECURA Insurance Holdings, Inc. In 2021, the mutual holding company restructuring led to the dissolution of SECURA Insurance Holdings, Inc. and SECURA Supreme becoming a wholly owned subsidiary of SECURA Insurance. The holding company structure is further explained in the “Affiliated Companies” section of this report.

In 2023, SECURA Supreme wrote direct premium in the following states:

Wisconsin	\$ 92,920,861	32.6%
Minnesota	63,024,314	22.1
Missouri	25,678,773	9.0
Iowa	24,607,270	8.6
Arizona	15,419,950	5.4
All others	<u>63,247,387</u>	<u>22.3</u>
Total	<u>\$284,898,555</u>	<u>100.0%</u>

SECURA Supreme is currently licensed to write premiums in the following states:

Arizona	Arkansas	Colorado
Idaho	Illinois	Indiana
Iowa	Kansas	Kentucky
Michigan	Minnesota	Missouri
Montana	Nebraska	Nevada
New Mexico	North Dakota	Ohio
Oklahoma	Oregon	Pennsylvania
South Dakota	Tennessee	Utah
Washington	Wisconsin	Wyoming

## SECURA Select Insurance Company

SECURA Select was organized on October 13, 2023, as a subsidiary of SECURA Insurance. On April 10, 2024, SECURA Insurance made a \$7.5 million capital contribution to SECURA Select and owns 100% of SECURA Select's outstanding common stock. As of the date of the examination report, SECURA Select has not written any business.

On October 20, 2023, the SECURA Insurance Group issued a press release announcing that it would be exiting the personal lines insurance market. Effective November 1, 2023, SECURA no longer accepted new home and auto insurance clients. SECURA will be nonrenewing existing personal lines business according to all applicable state regulations, for a complete exit from the personal lines insurance market by December 31, 2025.

The following table is a summary of the net insurance premiums written by the Group in 2023. The growth of the Group is discussed in the “Financial Data” section of this report.

<b>Line of Business</b>	<b>Direct Premium</b>	<b>Reinsurance Assumed</b>	<b>Reinsurance Ceded</b>	<b>Net Premium</b>
Fire	\$ 4,201,086	\$ 2,861	\$ 368,436	\$ 3,835,511
Allied lines	4,506,391	1,480	386,631	4,121,240
Private flood	98,685		136,504	(37,819)
Farmowners multiple peril	95,275,685		8,320,971	86,954,714
Homeowners multiple peril	102,654,940		7,472,504	95,182,436
Commercial multiple peril (non-liability portion)	151,499,709		13,659,344	137,840,364
Commercial multiple peril (liability portion)	91,369,202		2,885,825	88,483,377
Inland marine	8,303,283		655,443	7,647,841
Earthquake	1,589,071		139,185	1,449,887
Workers' compensation	150,703,356	1,680,633	5,687,855	146,696,134
Other liability – occurrence	83,185,749		25,242,890	57,942,859
Other liability – claims made	12,283,194		7,973,308	4,309,887
Products liability – occurrence	36,904,840		1,156,570	35,748,270
Private passenger auto no-fault (personal injury)	4,158,907		402,576	3,756,331
Other private passenger auto liability	50,367,820		1,656,616	48,711,204
Commercial auto no-fault (personal injury)	4,390,596		1,657,016	2,733,580
Other commercial auto liability	147,167,054		4,719,634	142,447,420
Private passenger auto physical damage	68,275,125		1,285,921	66,989,204
Commercial auto physical damage	91,586,911		1,561,366	90,025,545
Fidelity	441,525		14,652	426,873
Burglary and theft	20,991		896	20,095
Boiler and machinery	<u>9,557,933</u>		<u>7,693,800</u>	<u>1,864,133</u>
<b>Total All Lines</b>	<b><u>\$1,118,542,053</u></b>	<b><u>\$1,684,974</u></b>	<b><u>\$93,077,942</u></b>	<b><u>\$1,027,149,085</u></b>

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The SECURA Insurance Companies have a common board of directors consisting of 12 members. Four directors are elected annually to serve a three-year term. Officers are elected at the board's annual meeting.

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

<b>Name</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Mark C. Behrens	Executive Vice President and Chief Financial Officer Johnson Financial Group	2027
Timothy M. Bergstrom	President and Chief Executive Officer Bergstrom Automotive	2027
Alice H. Gannon	Former Senior Vice President and Chief Actuary (Retired) United Services Automobile Association	2027
David D. Gross	Former President & Chief Executive Officer (Retired) SECURA Insurance Company	2025
Christian L. Hess	President and Chief Executive Officer Goodwill Industries of North Central Wisconsin	2027
Daniel E. Neufelder	Former President (Retired) IU Health West Central Region	2026
Barbara L. Rau	Distinguished Professor of Management and Human Resources University of Wisconsin-Oshkosh	2026
John E. Robison	Chief Investment Officer American Fidelity Assurance Company	2025
Anne E. Ross	Former Partner, Madison Office (Retired) Foley & Lardner LLP	2025
Suzanne E. Scanlon-Pope	Former Executive Vice President (Retired) RGA Reinsurance Company	2026
Catherine J. Tierney	President and Chief Executive Officer Community First Credit Union	2026
Garth P. Wicinsky	President and Chief Executive Officer SECURA Insurance Companies	2025

#### Officers of the Company

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



<b>Name</b>	<b>Office</b>
Garth P. Wicinsky	President and Chief Executive Officer
Christine A. Cousineau	Senior Vice President, Chief Financial Officer, and Treasurer
Amy L. DeHart	Senior Vice President and Chief Actuary
Daniel P. Ferris	Senior Vice President, Chief Legal Officer, and Secretary
Timothy J. Heyroth	Senior Vice President and Chief Sales Officer
Kevin A. Klestinski	Senior Vice President and Chief Underwriting Officer
Larry E. Wright	Senior Vice President and Chief Claims Officer

### **Committees of the Board**

SECURA Insurance'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:

#### **Audit and Risk Committee**

Alice H. Gannon, Chair  
Barbara L. Rau  
Anne E. Ross  
Suzanne E. Scanlon-Pope

#### **Executive Committee**

Daniel E. Neufelder, Chair  
Timothy M. Bergstrom  
Catherine J. Tierney  
Garth P. Wicinsky

#### **Investment Committee**

Mark C. Behrens, Chair  
David D. Gross  
Christian L. Hess  
John E. Robison

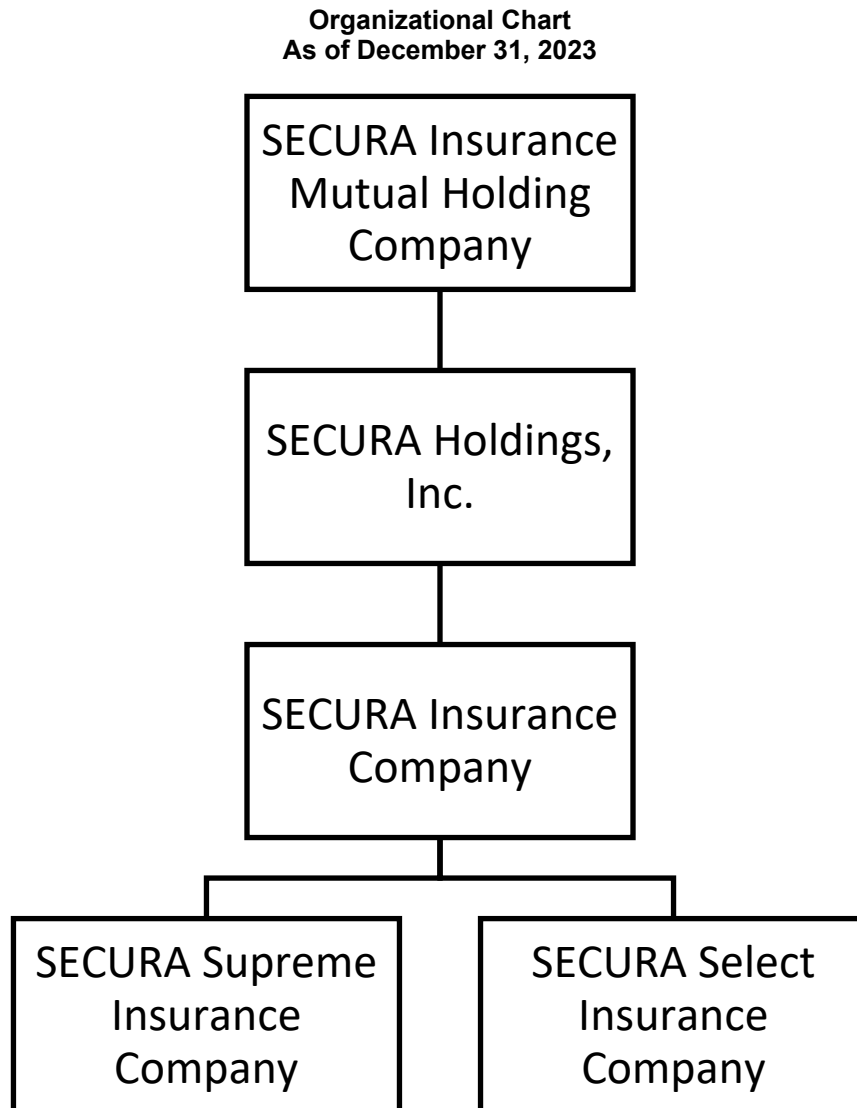
#### **Technology Committee\***

Christian L. Hess, Chair  
Suzanne E. Scanlon-Pope  
Garth P. Wicinsky

\* In 2023, the board established a temporary, ad-hoc Technology Committee to oversee a major technology investment.

#### IV. AFFILIATED COMPANIES

SECURA Insurance, SECURA Supreme, and SECURA Select are members of a holding company system. The organizational chart below depicts the relationships among the affiliates in the Group as of December 31, 2023. A brief description of the significant affiliates follows the organizational chart.



### **SECURA Insurance Mutual Holding Company**

SECURA Insurance Mutual Holding Company was incorporated on January 1, 2021, under the provisions of ch. 644, Wis. Stat. Membership of SECURA Insurance Mutual Holding Company consists of policyholders of SECURA Insurance and SECURA Supreme and SECURA Select upon its inception of writing premium. SECURA Insurance Mutual Holding Company's business is owning the stock and other equity interests of its subsidiaries.

As of December 31, 2023, the consolidated statutory-basis audited financial statements of SECURA Insurance Mutual Holding Company and subsidiaries reported assets of \$577,805,961, liabilities of \$0, and capital and surplus of \$577,805,961.

### **SECURA Holdings, Inc.**

SECURA Holdings is a Wisconsin-domiciled corporation organized under ch. 180 Wis. Stat., and was incorporated on January 1, 2021. The company is a wholly owned subsidiary of SECURA Insurance Mutual Holding Company and is the direct parent of SECURA Insurance Company.

As of December 31, 2023, SECURA Holdings reported a net worth of \$577,805,961, which consisted of its only asset, SECURA Insurance Company. Since its formation, SECURA Holdings has not conducted any business operations of its own.

### **SECURA Insurance Company**

SECURA Insurance Company is a stock property and casualty insurer that was initially organized as a town mutual insurer in 1900, converted to a mutual insurer in 1932, and converted to a stock insurer within a mutual holding company structure in 2021. SECURA Insurance is a subsidiary of SECURA Holdings and the direct parent of SECURA Supreme and SECURA Select.

As of December 31, 2023, the audited financial statements of SECURA Insurance reported admitted assets of \$1,820,405,985, liabilities of \$1,242,600,020, and surplus of \$577,805,965. Operations for 2023 produced a net loss of \$61,636,630.

### **SECURA Supreme Insurance Company**

SECURA Supreme is a stock property and casualty insurer that was organized in 1995 under Chapter 611 of the Wisconsin statutes. SECURA Insurance owns all the outstanding shares of SECURA Supreme's common stock. SECURA Supreme is the primary personal lines underwriter in the group.

As of December 31, 2023, the audited financial statements of SECURA Supreme reported admitted assets of \$206,885,678, liabilities of \$129,987,172, and surplus of \$76,898,506. Operations for 2023 produced a net loss of \$7,094,004.

### **SECURA Select Insurance Company**

SECURA Select is a stock property and casualty insurer that was organized in 2023 under Chapter 611 of the Wisconsin statutes. SECURA Insurance owns all the outstanding shares of SECURA Select's common stock. SECURA Select has not written any business to date.

### **Agreements with Affiliates**

#### **Intercompany Pooling Agreement**

SECURA Insurance and SECURA Supreme participate in an intercompany pooling agreement that was established on January 1, 2021, and amended effective on July 1, 2021. Under the pooling agreement, SECURA Insurance and SECURA Supreme share the net retained underwriting results (after cessions to external reinsurers) in accordance with their pooling participation (currently 90% and 10%, respectively). SECURA Insurance performs all administrative services pertaining to the pooled business, including product design, marketing, billing and collections, underwriting, claims adjudication, regulatory filings, and compliance. SECURA Select may become party to the Pooling Agreement within 30 days of its initial writing of premium.

#### **Professional Service Agreement**

SECURA MHC, SECURA Holdings, SECURA Insurance, SECURA Supreme, and SECURA Select participate in a professional and administrative services agreement that was established on January 1, 2021, and amended effective March 13, 2023. Pursuant to the agreement, SECURA Insurance provides professional services to SECURA MHC, SECURA Holdings, SECURA Supreme, and SECURA Select, either directly or through the engagement of third-party administrators. These services include actuarial, accounting, financial reporting, legal services, investment management, financial audit, and such other professional services as may be requested from time to time by SECURA MHC, SECURA Holdings, SECURA Supreme, and SECURA Select. As consideration for providing the professional services, SECURA Insurance is compensated by the other parties to the agreement on an actual cost basis, or as otherwise provided in the Pooling Agreement, Tax Sharing Agreement, or other separate

agreement by, between, or among the parties. All payments due to SECURA Insurance are required to be paid on a quarterly basis, within 30 days of the end of each month that precedes a calendar quarter-end. The agreement has a renewal term of five years unless terminated by either party upon 90 days prior written notice.

### **Tax Sharing Agreement**

SECURA MHC, SECURA Holdings, SECURA Insurance, SECURA Supreme, and SECURA Select participate in a Tax Sharing Agreement that was established on January 1, 2021, and amended effective March 13, 2023. Pursuant to the agreement, SECURA MHC is the appointed agent for the affiliates in the payment of federal income taxes on a consolidated basis. Each affiliate agrees to pay SECURA MHC the portions of the consolidated federal income tax liability attributable to the affiliate.

## V. REINSURANCE

As previously described in this report, SECURA Insurance and SECURA Supreme participate in an intercompany pooling agreement, whereby the parties share the net retained underwriting results after cessions to external reinsurers in accordance with their pooling participation (90% and 10%, respectively). This section discusses the company's external reinsurance program whereby cessions occur prior to pooling. Under the terms of the external treaties, SECURA Insurance and SECURA Supreme both have the direct right of recovery from the reinsurers. SECURA Insurance guarantees SECURA Supreme's third party reinsurance recoverables.

SECURA Insurance's external reinsurance program is comprised of various agreements with nonaffiliated insurers for excess of loss, quota share, facultative, and catastrophe reinsurance coverages, and immaterial assumption of nonaffiliated pool association risks. The company also has a large amount of ceded case reserves in the mandatory Michigan Catastrophic Claims Association.

The Group's reinsurance portfolio and strategy 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 proper insolvency provisions and cover the aggregate business of SECURA Insurance and SECURA Supreme:

### Nonaffiliated Ceding Contracts

1. Type:	Multiple Line Excess of Loss	
Reinsurer:	Through Guy Carpenter as Intermediary:	
	Grinnell Mutual Reinsurance Company	10.00%
	Hannover Rück SE	37.50
	MS Amlin Reinsurance Managers Inc.	12.50
	Mutual Reinsurance Bureau	10.00
	Partner Reinsurance Company of the U.S.	6.00
	Renaissance Reinsurance U.S. Inc.	12.50
	Swiss Reinsurance America Corporation	<u>10.00</u>
	Total Placement	<u>98.50%</u>
Scope:	Property and Casualty Business	
Retention:	\$2,000,000	
Coverage:	Property: 100% in excess of \$2,000,000 for each risk and each loss limited to \$2,000,000 with respect to each risk and \$4,000,000 irrespective of the number of risks involved for all losses from one occurrence Casualty: 100% in excess of \$2,000,000 for each occurrence	

Property and Casualty: 100% in excess of \$2,000,000 for each occurrence

Effective date: January 1, 2024, to January 1, 2025

Termination: January 1, 2025, on a cut-off basis, and the reinsurer shall have no liability for losses occurring at or after termination or expiration of the contract

2. Type: Property Per Risk Excess of Loss

Reinsurer:	Through Guy Carpenter as Intermediary:	
	Berkley Re America	15.00%
	General Reinsurance Corporation	10.00
	Grinnell Mutual Reinsurance Company	10.00
	Hannover Rück SE	37.50
	Mutual Reinsurance Bureau	5.00
	Swiss Reinsurance America Corporation	10.00
	Transatlantic Reinsurance Company	<u>12.50</u>
	Total Placement	<u>100.00%</u>

Scope: Property Business

Retention: \$4,000,000

Coverage: 100% in excess of \$4,000,000 for each risk and each loss limited to \$12,000,000 irrespective of the number of risks involved for all losses from one occurrence and \$36,000,000 irrespective of the number of risks for all losses from all occurrences

Effective date: January 1, 2024, to January 1, 2025

Termination: January 1, 2025, on a cut-off basis, and the reinsurer shall have no liability for losses occurring at or after termination or expiration of the contract

3. Type: Excess Casualty

Reinsurer:	Through Guy Carpenter as Intermediary:				
		<u>2nd X/S</u>	<u>3rd X/S</u>	<u>4th X/S</u>	<u>5th X/S</u>
	Allied World Assurance Co. Ltd.	0.0%	30.0%	30.0%	30.0%
	Ambridge Partners LLC	0.0	5.0	12.0	12.0
	AXIS Reinsurance Company	7.5	0.0	0.0	0.0
	Berkley Re America	17.5	0.0	0.0	0.0
	Chaucer Insurance Company DAC	0.0	7.0	15.0	10.0
	Convex Insurance UK Limited	0.0	5.0	5.0	5.0
	Hamilton MGA Americas, LLC	5.0	0.0	0.0	0.0
	Hannover Rück SE	35.0	35.0	0.0	0.0
	Lloyd's Syndicate 1618	0.0	3.0	3.0	3.0
	Lloyd's Syndicate 4444	5.0	5.0	5.0	5.0
	Market Global Reinsurance Co.	0.0	0.0	20.0	15.0
	Mutual Reinsurance Bureau	5.0	0.0	0.0	0.0
	Partner Reinsurance Co. of the U.S.	5.0	0.0	0.0	0.0
	Renaissance Reinsurance U.S. Inc.	10.0	10.0	10.0	10.0
	Swiss Reinsurance America Corp.	<u>10.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
		<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>90.0%</u>

Scope: Casualty business, including, but not limited to, automobile liability, general liability, worker's compensation (including employers liability) and liability sections of homeowners, mobile homeowners, farmowners, businessowners and commercial package policy business

Retention: The company shall retain the following amount of the ultimate net loss each loss occurrence in each of the five layers of the contract:

Second Excess \$ 4,000,000  
 Third Excess \$10,000,000  
 Fourth Excess \$35,000,000  
 Fifth Excess \$50,000,000

Coverage: 100% of the ultimate net loss over and above the initial ultimate net loss retention. Reinsurers have the following limits of liability for all loss occurrences for the respective layers of the contract:

	<u>Per Occurrence</u>	<u>All Occurrences</u>
Second Excess	\$ 6,000,000	\$24,000,000
Third Excess	\$15,000,000	\$30,000,000
Fourth Excess	\$15,000,000	\$30,000,000
Fifth Excess	\$20,000,000	\$40,000,000

Worker's compensation maximum limit per person:

Third Excess: \$10,000,000  
 Fourth Excess: \$10,000,000  
 Fifth Excess: \$10,000,000

The second layer covers losses resulting from acts of terrorism. The third and fourth layers cover losses resulting from acts of terrorism, except for losses resulting from use of any biological, radiological, chemical or nuclear weapon.

Effective date: January 1, 2024, to January 1, 2025

Termination: January 1, 2025, applying to losses occurring during term of contract. At expiration there is an option for runoff until the expiration or renewal of policies in force.

4. Type: Worker's Compensation Per Person Excess of Loss

Reinsurer: Through Guy Carpenter as Intermediary:

Convex Insurance UK Limited	5.00%
Lloyd's Syndicate No. 3000	47.50
Markel Bermuda Limited	<u>47.50</u>
Total Placement	<u>100.00%</u>

Scope: Casualty business, including, but not limited to, automobile liability, general liability, worker's compensation (including employers liability) and liability sections of homeowners, mobile homeowners, farmowners, businessowners and commercial package policy business

Retention: \$25,000,000



Coverage: 100% in excess of \$25,000,000 for each risk and each loss limited to \$5,000,000 for all losses from one occurrence and \$10,000,000 for all losses from all occurrences

Effective date: January 1, 2024, to January 1, 2025

Termination: January 1, 2025, applying to losses occurring during term of contract. At expiration there is an option for runoff until the expiration or renewal of policies in force.

5. Type: Property Catastrophe Excess of Loss

Reinsurer: Through Guy Carpenter as Intermediary:

	Participation		
	1 <sup>st</sup> Layer	2 <sup>nd</sup> Layer	3 <sup>rd</sup> Layer
American Agricultural Ins. Co.	4.50%	2.00%	4.00%
Arch Reinsurance Ltd.	5.00	5.00	0.00
Arch Reinsurance Company	0.00	0.00	8.38
Ariel Re Bda Limited	7.50	7.50	0.00
Convex Insurance UK Limited	4.00	3.00	2.00
Convex Re Limited	4.00	3.00	2.00
DaVinci Reinsurance	12.50	10.00	5.00
Everest Reinsurance Company	15.00	6.88	7.50
Farm Mutual Reinsurance Plan Inc.	1.00	1.00	1.00
Hannover Re (Bermuda) Limited	4.00	4.00	4.00
Hiscox Insurance Company Ltd.	1.88	3.75	3.75
Korean Reinsurance Company	3.00	3.00	3.00
Lloyd's Syndicate No. 0033	1.88	3.75	3.75
Lloyd's Syndicate No. 1301	5.00	5.00	5.00
Lloyd's Syndicate No. 1729	2.50	2.00	0.00
Lloyd's Syndicate No. 2791	8.75	6.25	6.25
Lloyd's Syndicate No. 4444	5.00	5.00	5.00
PICC Reinsurance Company Ltd.	2.00	2.00	0.00
R+V Versicherung AG	0.00	7.50	15.00
Renaissance Reinsurance Ltd.	12.50	10.00	5.00
Swiss Reinsurance America Corp.	0.00	9.38	9.38
Vermeer Reinsurance Ltd.	0.00	0.00	10.00
Total Placement	<u>100.0%</u>	<u>100.00%</u>	<u>100.00%</u>

Scope: Property business, including but not limited to, earthquake, fire, allied lines, inland marine, automobile physical damage (excluding collision) and property sections of homeowners, farmowners, businessowners and commercial package policies in force at inception of contract, or written or renewed during term of the contract

Retention: The company shall retain the following amount of the ultimate net loss in respect of each and every loss occurrence in each of the three layers of the contract:

First Layer	\$ 30,000,000
Second Layer	\$ 50,000,000
Third Layer	\$100,000,000

Coverage: Ultimate net loss each loss occurrence in each of the three layers of the contract. Reinsurers have the following limits of liability for all loss occurrences for the respective layers of the contract:

	<u>Per Occurrence</u>	<u>All Occurrences</u>
First Layer	\$20,000,000	\$ 40,000,000
Second Layer	\$50,000,000	\$100,000,000
Third Layer	\$50,000,000	\$100,000,000

Reinsurer shall not be liable unless two or more risks are involved in the same loss occurrence

Effective date: January 1, 2024, to January 1, 2025

Termination: January 1, 2025, applying to loss occurrences commencing during the term of the contract

6. Type: Property Catastrophe Top Layer Excess of Loss

Reinsurer: Houston Casualty Company, London Branch, through Guy Carpenter as Intermediary

Scope: Property business, including earthquake, fire, allied lines, inland marine, automobile physical damage (excluding collision) and property sections of homeowners, farmowners, businessowners and commercial package policies in force at inception of the contract, or written or renewed during term of the contract

Retention: \$150,000,000

Coverage: 100% in excess of \$150,000,000 each loss occurrence, limited to \$10,000,000 for each loss occurrence and \$20,000,000 for all loss occurrences

Reinsurer shall not be liable unless two or more risks are involved in the same loss occurrence.

Effective date: January 1, 2024, to January 1, 2025

Termination: January 1, 2025, applying to loss occurrences commencing during the term of the contract

7. Type: NBCR Terrorism Excess of Loss

Reinsurer:	Through Guy Carpenter as Intermediary:	
	Lloyd's Syndicate No. 0609	25.0%
	XL Re Europe SE	<u>75.0</u>
	Total Placement	<u>100.0%</u>

Scope: Acts of terrorism and/or acts of sabotages losses for all policies classified as property and casualty, including workers' compensation business

Retention: \$15,000,000 each loss occurrence

Coverage: The reinsurer shall be liable in respect of each loss occurrences, for the ultimate net loss over and above an initial ultimate net loss of \$15,000,000 each loss occurrences, subject to a limit of liability to the

reinsurer of \$20,000,000 each loss occurrence. The reinsurer's liability for all loss occurrences shall not exceed \$20,000,000

For the purposes of this contract the maximum contribution to the company's ultimate net loss shall not exceed 1) \$10,000,000 as respects any one life; or 2) \$10,000,000 as respects any one risk

Effective date: January 1, 2024, to January 1, 2025

Termination: The company may terminate this contract for cause at any time by giving written notice

8. Type: Worker's Compensation and Employers' Liability Excess of Loss

Reinsurer: General Reinsurance Corporation

Scope: Exhibit A: Worker's compensation and employers' liability business

Exhibit B: Casualty business - automobile liability, general liability, the liability sections of homeowners. Mobile homeowners, farmowners, businessowners and commercial package policy business and the first \$1,000,000 of limit of commercial, personal and farm umbrella liability

Retention: Exhibit A: \$10,000,000 each person and each occurrence

Exhibit B: \$25,000,000

Coverage: Exhibit A: 100% of \$15,000,000 in excess of \$10,000,000 each person and each occurrence

The liability of the reinsurer shall not exceed \$15,000,000 with respect to all ultimate net loss arising out of all war or terrorism occurrences commencing during the term of the contract

The liability of the reinsurer shall not exceed \$15,000,000 with respect to all ultimate net loss arising out of any actual, alleged or threat of communicable diseases during the term of the contract

The liability of the reinsurer shall not exceed \$30,000,000 with respect to all ultimate net loss arising out of all occurrences, including war or terrorism occurrences, commencing during the term of the contract

Exhibit B: Casualty business 100% of \$10,000,000 in excess of \$25,000,000

The liability of the reinsurer shall not exceed \$10,000,000 with respect to all ultimate net loss arising out of all war or terrorism occurrences commencing during the term of the contract

The liability of the reinsurer shall not exceed \$20,000,000 with respect to all ultimate net loss arising out of all occurrences, including war or terrorism occurrences, commencing during the term of the contract

As respects worker's compensation and employers' liability business the amount of ultimate net loss for any one employee shall not exceed \$25,000,000

Exhibit A and B: The limits of liability of the company with respect to any one policy shall not exceed:

Worker's compensation – Statutory

Employers' liability:

Bodily Injury by Accident – \$1,000,000 each accident

Bodily Injury by Disease – \$1,000,000 policy limit

Bodily Injury by Disease – \$1,000,000 each employee

- Effective date: January 1, 2024, to December 31, 2024
- Termination: At any time by either party by providing 90 days' notice in writing
9. Type: Property Per Risk Excess of Loss
- Reinsurer: General Reinsurance Corporation
- Scope: Exhibit A – Property business  
Exhibit B – Property business (terrorism occurrences only)
- Retention: Exhibit A – \$10,000,000  
Exhibit B – \$10,000,000
- Coverage: Exhibit A –  
First Excess Cover: \$15,000,000  
Second Excess Cover: \$15,000,000  
Third Excess Cover: \$30,000,000  
  
Exhibit B – \$15,000,000
- Effective date: January 1, 2024, to January 1, 2025
- Termination: At any time by either party after providing 90 days' notice in writing
10. Type: Property Facultative (SECURA Insurance only)
- Reinsurer: General Reinsurance Corporation
- Scope: Property business written by the company, which is defined as fire, allied lines, inland marine and commercial multiple peril except those specifically excluded, on risks located in Arizona, Colorado, Illinois, Indiana, Iowa, Kansas, Kentucky, Michigan, Minnesota, Missouri, North Dakota, Pennsylvania and Wisconsin
- Retention: \$25,000,000
- Coverage: \$35,000,000 in excess of \$25,000,000 on aggregate business with respect to acts of terrorism
- Effective date: January 1, 2010

Termination: At any time by either party after providing 90 days' notice in writing

11. Type: Umbrella Quota Share and Excess of Loss

Reinsurer: General Reinsurance Corporation

Scope: Quota share and excess of loss reinsurance for commercial umbrella business, personal umbrella business, and farm umbrella business

Retention: As respects umbrella policies written over primary policies with limits of \$2,000,000 each occurrence: 5% of the policy limit in excess of the primary policy

As respects all other umbrella policies reinsured: 100% of the first \$1,000,000 each occurrence/\$1,000,000 aggregate and 5% of the difference, if any, between the policy limits and the first \$1,000,000 each occurrence/aggregate

Coverage: As respects umbrella policies written over primary policies with limits of \$2,000,000 each occurrence: 95% of the policy limit in excess of the primary policy

As respects all other umbrella policies reinsured: NIL% of the first \$1,000,000 each occurrence/aggregate. 95% of the difference, if any, between the policy limit and the first \$1,000,000 each occurrence/aggregate

The limit of liability of the company with respect to any one policy shall be deemed not to exceed \$10,000,000 each occurrence/aggregate

Effective date: January 1, 2015

Termination: At any time by either party after providing 90 days' notice in writing

12. Type: Property Equipment Breakdown Quota Share (SECURA Insurance only)

Reinsurer: The Hartford Steam Boiler Inspection and Insurance Company

Scope: Schedule No. 1: 100% of the company's liability for losses covered under a cyber suite coverage form

Schedule No. 2: 100% of the equipment breakdown liability of the company

Retention: None

Coverage: Cyber coverage: \$5,000,000 annual aggregate per policy

Identity recovery: \$25,000 annual aggregate per identity reinsured

Equipment breakdown: \$50,000,000 per accident, per policy

Effective date: April 1, 2020

Termination: At any time by either party after providing 180 days' notice in writing

13. Type: Employment Practices Liability Quota Share

Reinsurer: General Reinsurance Corporation

Scope: Exhibit A: Quota share reinsurance of package policy employment practices liability business

Exhibit B: Quota share reinsurance of monoline employment practices liability business

Exhibit C: Quota share reinsurance of directors, officers and trustees liability business

Retention: Exhibit A: 50% of the policy limit

Exhibit B: 50% of the first \$100,000 of net loss each claim; and 10% of the next \$900,000 of net loss each claim excess of the first \$100,000; and 0% of the next \$1,000,000 of net loss each claim in excess of \$1,000,000

Exhibit C: 50% of the policy limit

Coverage: Exhibit A: 50% of the policy limit of \$250,000 each claim/aggregate

Exhibit B: 50% of the first \$100,000 of net loss each claim; and 90% of the next \$900,000 of net loss each claim excess of the first \$100,000; and 100% of the next \$1,000,000 of net loss each claim excess of \$1,000,000

Exhibit C: 50% of the policy limit of \$1,000,000 each claim/aggregate

Effective date: March 1, 2010

Termination: At any time by either party after providing 90 days' notice in writing

## **VI. FINANCIAL DATA**

The following financial statements reflect the financial condition of SECURA Insurance as reported to the commissioner of insurance in the December 31, 2023, annual statement.<sup>1</sup> 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 and the compulsory and security surplus calculation.

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<sup>1</sup> Financial Data for SECURA Supreme and SECURA Select is provided in Section XIII.

**SECURA Insurance Company**  
**Assets**  
**As of December 31, 2023**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$ 977,221,416	\$	\$ 977,221,416
Stocks:			
Preferred stocks	12,671,187		12,671,187
Common stocks	284,555,772		284,555,772
Real estate:			
Occupied by the company	78,874,670		78,874,670
Cash, cash equivalents, and short-term investments	5,007,165		5,007,165
Receivables for securities	371,600		371,600
Write-ins for invested assets:			
Receivable from surplus notes	50,000,000		50,000,000
Investment income due and accrued	7,612,109		7,612,109
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	11,148,603	1,651,665	9,496,938
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	297,370,045	823,614	296,546,431
Reinsurance:			
Amounts recoverable from reinsurers	17,823,964		17,823,964
Current federal and foreign income tax recoverable and interest thereon	29,637,988		29,637,988
Net deferred tax asset	34,261,226	134,782	34,126,444
Electronic data processing equipment and software	34,668,330	31,595,040	3,073,290
Furniture and equipment, including health care delivery assets	5,545,880	5,545,880	0
Receivable from parent, subsidiaries, and affiliates	469,759		469,759
Write-ins for other than invested assets:			
Prepaid benefit cost	28,662,185	28,662,185	0
Overfunded plan asset	(5,971,097)	(5,971,097)	0
Other assets	<u>15,228,882</u>	<u>2,311,630</u>	<u>12,917,252</u>
<b>Total Assets</b>	<b><u>\$1,885,159,684</u></b>	<b><u>\$64,753,698</u></b>	<b><u>\$1,820,405,985</u></b>



**SECURA Insurance Company**  
**Liabilities, Surplus, and Other Funds**  
**As of December 31, 2023**

Losses	\$518,473,522
Loss adjustment expenses	153,560,436
Commissions payable, contingent commissions, and other similar charges	13,869,340
Other expenses (excluding taxes, licenses, and fees)	35,702,789
Taxes, licenses, and fees (excluding federal and foreign income taxes)	3,185,674
Borrowed money and interest thereon	50,019,203
Unearned premiums	449,176,879
Advance premium	5,215,688
Dividends declared and unpaid:	
Policyholders	3,683,040
Ceded reinsurance premiums payable (net of ceding commissions)	5,179,521
Amounts withheld or retained by company for account of others	980,974
Remittances and items not allocated	1,043,283
Provision for reinsurance	28,000
Payable for securities	1,072,183
Write-ins for liabilities:	
Reserve for escheats	1,262,463
Other liabilities	<u>147,025</u>
 Total Liabilities	 1,242,600,020
 Common capital stock	 \$ 3,000,000
Surplus notes	50,000,000
Gross paid in and contributed surplus	<u>1,175,000</u>
 Surplus as Regards Policyholders	 <u>577,805,965</u>
 Total Liabilities and Surplus	 <u>\$1,820,405,985</u>

**SECURA Insurance Company**  
**Summary of Operations**  
**For the Year 2023**

<b>Underwriting Income</b>		
Premiums earned		\$889,210,760
Deductions:		
Losses incurred	\$607,826,378	
Loss adjustment expenses incurred	84,682,430	
Other underwriting expenses incurred	<u>296,596,227</u>	
Total underwriting deductions		<u>989,105,035</u>
Net underwriting gain (loss)		<u>(99,894,275)</u>
<b>Investment Income</b>		
Net investment income earned	47,927,272	
Net realized capital gains (losses)	<u>(5,748,926)</u>	
Net investment gain (loss)		42,178,345
<b>Other Income</b>		
Net gain (loss) from agents' or premium balances charged off	(2,523,344)	
Finance and service charges not included in premiums	791,335	
Write-ins for miscellaneous income:		
Other loss	(970,379)	
Loss on disposal of equipment	<u>(28,495)</u>	
Total other income (loss)		<u>(2,730,883)</u>
Net income (loss) before dividends to policyholders and before federal and foreign income taxes		(60,446,813)
Dividends to policyholders		<u>11,113,916</u>
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		(71,560,728)
Federal and foreign income taxes incurred		<u>(9,924,099)</u>
Net Income (Loss)		<u>(\$ 61,636,630)</u>

**SECURA Insurance Company**  
**Cash Flow**  
**For the Year 2023**

Premiums collected net of reinsurance		\$893,764,000
Net investment income		53,160,561
Miscellaneous income		<u>(2,730,883)</u>
Total		944,193,677
Benefit- and loss-related payments	\$520,645,523	
Commissions, expenses paid, and aggregate write-ins for deductions	349,513,429	
Dividends paid to policyholders	11,553,346	
Federal and foreign income taxes paid (recovered)	<u>939,364</u>	
Total deductions		<u>882,651,662</u>
Net cash from operations		61,542,015
Proceeds from investments sold, matured, or repaid:		
Bonds	\$206,593,892	
Stocks	30,585,662	
Other invested assets	56,845	
Miscellaneous proceeds	<u>440,382</u>	
Total investment proceeds	237,676,781	
Cost of investments acquired (long- term only):		
Bonds	176,504,303	
Stocks	28,708,555	
Real estate	106,348	
Miscellaneous applications	<u>342,367</u>	
Total investments acquired	<u>205,661,573</u>	
Net cash from investments		32,015,208
Cash from financing and miscellaneous sources:		
Borrowed funds	(36,000,000)	
Other cash provided (applied)	<u>(39,296,796)</u>	
Net cash from financing and miscellaneous sources		<u>(75,296,796)</u>
<b>Reconciliation:</b>		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		
		18,260,428
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>(13,253,263)</u>
End of Year		<u>\$ 5,007,165</u>

**SECURA Insurance Company**  
**Compulsory and Security Surplus Calculation**  
**December 31, 2023**

Assets		\$1,820,405,986
Less security surplus of insurance subsidiaries		48,640,794
Less liabilities		<u>1,242,600,021</u>
Adjusted surplus		549,548,253
Annual premium:		
Lines other than health and medical malpractice	\$915,474,271	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>183,094,854</u>
Compulsory Surplus Excess (Deficit)		<u>\$ 366,453,399</u>
Adjusted surplus (from above)		\$549,548,253
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>206,897,185</u>
Security Surplus Excess (Deficit)		<u>\$ 342,651,068</u>

**SECURA Insurance Company  
Analysis of Surplus  
For the Five-Year Period Ending December 31, 2023**

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

	2023	2022	2021*	2020	2019
Surplus, beginning of year	\$559,618,178	\$655,099,650	\$575,539,134	\$495,774,457	\$461,488,614
Net income (loss)	(61,636,630)	(52,243,162)	43,662,030	57,957,315	25,932,215
Change in net unrealized capital gains/(losses)	20,074,596	(45,013,772)	9,456,674	22,760,604	17,268,241
Change in net deferred income tax	8,174,117	5,921,275	(313,542)	2,073,855	(2,175,330)
Change in nonadmitted assets	(14,316,279)	(7,124,475)	8,332,370	7,084,018	(10,142,142)
Change in provision for reinsurance	546,194	(573,194)	208,000	(209,000)	
Change in surplus notes	50,000,000				
Transferred from surplus			3,000,000		
Paid in			1,175,000		
Transferred to capital			(3,000,000)		
Dividends to stockholders			(1,175,000)		
Write-ins for gains and (losses) in surplus:					
Other surplus changes – benefit plans	15,739,876	3,551,856	18,214,985	(9,902,116)	3,188,117
Other surplus changes – prior period adjustment	<u>(394,087)</u>				<u>214,742</u>
Surplus, End of Year	<u>\$577,805,965</u>	<u>\$559,618,178</u>	<u>\$655,099,650</u>	<u>\$575,539,134</u>	<u>\$495,774,457</u>

\*In 2021, the mutual holding company reorganization resulted in the following holding company transactions: (1) SECURA Insurance issued 300,000 shares of common stock (\$1 par value) to SECURA Holdings (as part of the conversion of SECURA insurance to a stock company); (2) SECURA Insurance paid a \$500,000 dividend to the ultimate parent (SECURA MHC); and (3) SECURA Insurance paid \$675,000 to its parent (SECURA Holdings), to support Pennsylvania's capital requirements of the company's conversion to a stock insurance company.

**Growth of SECURA Insurance Company**

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2023	\$1,820,405,985	\$1,242,600,020	\$577,805,965	(\$61,636,630)
2022	1,715,152,230	1,155,534,052	559,618,178	(52,243,162)
2021	1,673,887,086	1,018,787,436	655,099,650	43,662,030
2020	1,487,782,835	912,243,702	575,539,134	57,957,315
2019	1,332,411,058	836,636,601	495,774,457	25,932,215
2018	1,247,877,213	786,388,599	461,488,614	49,584,393

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2023	\$1,103,902,219	\$924,434,187	\$889,210,760	77.9%	32.4%	110.3%
2022	979,093,377	813,672,762	769,306,006	78.1	31.7	109.8
2021	868,326,963	724,967,416	692,211,693	61.5	33.8	95.3
2020	780,110,452	654,724,059	623,202,467	54.1	34.7	88.8
2019	718,296,272	602,128,632	576,867,806	65.1	33.0	98.1
2018	661,876,099	559,877,916	538,045,348	59.0	32.1	91.1

SECURA Insurance assumes 100% of the underwriting activity from SECURA Supreme.

SECURA Select has not yet begun writing business.

SECURA Insurance's continued focus on growth through what the company regards as a conservative but open-minded risk selection process is reflected in the financial results listed above. Gross premium written, net premium written, and premium earned have trended upward, increasing by 67%, 65%, and 65%, respectively. During the same period, the loss and LAE ratio increased from 59% to 78%, while the expense ratio remained consistent.

The company reported net income for 2019, 2020, and 2021. In 2022 and 2023, the company reported a net loss of \$52 million in 2022 and \$62 million in 2023. These were driven by increased underwriting losses driving the combined ratio above 100%. Overall, the company's operations have resulted in a \$116 million increase in surplus since the previous examination.

#### **Reconciliation of Surplus per Examination**

No adjustments were made to surplus as a result of the examination. The amount of surplus reported by the companies as of December 31, 2023, is accepted.

## **VII. SUMMARY OF EXAMINATION RESULTS**

### **Compliance with Prior Examination Report Recommendations**

The were no specific comments or suggestions in the previous examination report.

## Summary of Current Examination Results

### Custodial Agreements

Each company has a safekeeping agreement with its custodial bank. The examination reviewed the companies' Custodial Agreements with the custodial bank and determined that the agreements do not contain all the provisions recommended by the National Association of Insurance Commissioners (NAIC) *Financial Condition Examiners Handbook*, as indicated below:

- SECURA Insurance Company
  - The custodian is obligated to indemnify the insurance company for any loss of securities of the insurance company in the custodian's custody occasioned by the negligence or dishonesty of the custodian's officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction.
- SECURA Supreme Insurance Company
  - The custodian is obligated to indemnify the insurance company for any loss of securities of the insurance company in the custodian's custody occasioned by the negligence or dishonesty of the custodian's officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction.
- SECURA Select Insurance Company
  - The custodian is obligated to indemnify the insurance company for any loss of securities of the insurance company in the custodian's custody occasioned by the negligence or dishonesty of the custodian's officers or employees, or burglary, robbery, holdup, theft, or mysterious disappearance, including loss by damage or destruction.
  - In the event of a loss of the securities for which the custodian is obligated to indemnify the insurance company, the securities shall be promptly replaced or the value of the securities and the value of any loss of rights or privileges resulting from said loss of securities shall be promptly replaced.
  - If the custodial agreement has been terminated or if 100% of the account assets in any one custody account have been withdrawn, the custodian shall provide written



notification, within three business days of termination or withdrawal, to the insurer's domiciliary commissioner.

- During regular business hours, and upon reasonable notice, an officer or employee of the insurance company, an independent accountant selected by the insurance company and a representative of an appropriate regulatory body shall be entitled to examine, on the premises of the custodian, its records relating to securities, if the custodian is given written instructions to that effect from an authorized officer of the insurance company.
- To the extent that certain information maintained by the custodian is relied upon by the insurance company in preparation of its annual statement and supporting schedules, the custodian agrees to maintain records sufficient to determine and verify such information.
- The custodian shall provide, upon written request from a regulator or an authorized officer of the insurance company, the appropriate affidavits, with respect to the insurance company's securities held by the custodian.

It is recommended that each of the companies amend their custodial agreements to conform with the standards set forth in the NAIC *Financial Condition Examiners Handbook*.

## VIII. CONCLUSION

SECURA Insurance is a mutual insurer writing commercial, personal, farm, and specialty lines with a goal to drive profitable business through a conservative but open-minded approach to risk selection. The company is licensed in 27 states. It participates in an intercompany pooling agreement with its subsidiary, SECURA Supreme, whereby each company shares the net retained underwriting risk in accordance with their pooling participation (90% and 10%, respectively). In 2023, a new subsidiary, SECURA Select, was formed. It has not yet begun writing business. The current examination, which covers the period from January 1, 2019, to December 31, 2023, was conducted by the Wisconsin Office of the Commissioner of Insurance. This examination report includes all three insurance companies under examination.

Wisconsin is the company's largest market, representing 25% of the 2023 book of business, followed by Minnesota at 18%. The company's largest lines of business are commercial multiple peril (non-liability portion) and worker's compensation, which represent approximately 14% and 13%, respectively, of the book of business. However, these lines will represent a larger portion of the Group's book of business in the future with the Group's decision in 2023 to fully exit the personal lines insurance market by the end of 2025.

For three of the five years under examination, the company reported a net income. There were net losses in 2022 and 2023 due to elevated loss and LAE expenses. Since the previous examination, the company's policyholders' surplus has increased by 25%.

## IX. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 30 - Custodial Agreement—It is recommended that each of the companies amend their custodial agreements to conform with the standards set forth in the NAIC *Financial Condition Examiners Handbook*.

**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:

<b>Name</b>	<b>Title</b>
Diana Havitz	Assisting Examiner
Caleb Lindert	Assisting Examiner
James Krueger	Data Specialist
Junji Nartatez, CISA	IT Specialist
Terry Lorenz, CFE	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist and Data Specialist

Respectfully submitted,



Pierce Varney  
Examiner-in-Charge

## **XI. SUBSEQUENT EVENTS**

On February 7, 2024, SECURA Insurance Company issued \$50,000,000 in 20-year surplus notes in exchange for cash upon issuance of the surplus notes to Federated Mutual Insurance Company and Federated Life Insurance Company. Subsequently, on March 14, 2024, SECURA Insurance Company issued an additional \$75,000,000 in 15-year surplus notes in exchange for cash upon issuance of the surplus notes to Athene Annuity and Life Company. The issuance of the surplus notes was approved by the Wisconsin Office of the Commissioner of Insurance.

## XII. APPENDIX A: MANAGEMENT AND CONTROL

### SECURA Supreme Insurance Company

#### Board of Directors

The SECURA Supreme board of directors consists of 12 members. Four directors are elected 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 trustees consists of the following persons:

<b>Name</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Mark C. Behrens	Executive Vice President and Chief Financial Officer Johnson Financial Group	2027
Timothy M. Bergstrom	President and Chief Executive Officer Bergstrom Automotive	2027
Alice H. Gannon	Former Senior Vice President and Chief Actuary (Retired) United Services Automobile Association	2027
David D. Gross	Former President and Chief Executive Officer (Retired) SECURA Insurance Company	2025
Christian L. Hess	President and Chief Executive Officer Goodwill Industries of North Central Wisconsin	2027
Daniel E. Neufelder	Former President (Retired) IU Health West Central Region	2026
Barbara L. Rau	Distinguished Professor of Management and Human Resources University of Wisconsin-Oshkosh	2026
John E. Robison	Chief Investment Officer American Fidelity Assurance Company	2025
Anne E. Ross	Former Partner, Madison Office (Retired) Foley & Lardner LLP	2025
Suzanne E. Scanlon-Pope	Former Executive Vice President (Retired) RGA Reinsurance Company	2026
Catherine J. Tierney	President and Chief Executive Officer Community First Credit Union	2026
Garth P. Wicinsky	President and Chief Executive Officer SECIRA Insurance Companies	2025

## Officers of the Company

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

<b>Name</b>	<b>Office</b>
Garth P. Wicinsky	President and Chief Executive Officer
Christine A. Cousineau	Senior Vice President, Chief Financial Officer, and Treasurer
Amy L. DeHart	Senior Vice President and Chief Actuary
Daniel P. Ferris	Senior Vice President, Chief Legal Officer, and Secretary
Timothy J. Heyroth	Senior Vice President and Chief Sales Officer
Kevin A. Klestinski	Senior Vice President and Chief Underwriting Officer
Larry E. Wright	Senior Vice President and Chief Claims Officer

## Committees of the Board

SECURA Supreme'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:

### **Audit and Risk Committee**

Alice H. Gannon, Chair  
Barbara L. Rau  
Anne E. Ross  
Suzanne E. Scanlon-Pope

### **Executive Committee**

Daniel E. Neufelder, Chair  
Timothy M. Bergstrom  
Catherine J. Tierney  
Garth P. Wicinsky

### **Investment Committee**

Mark C. Behrens, Chair  
David D. Gross  
Christian L. Hess  
John E. Robison

### **Technology Committee\***

Christian L. Hess, Chair  
Suzanne E. Scanlon-Pope  
Garth P. Wicinsky

\* In 2023, the board established a temporary, ad-hoc Technology Committee to oversee a major technology investment.

## SECURA Select Insurance Company

### Board of Directors

The SECURA Select board of directors consists of 12 members. Four directors are elected 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 trustees consists of the following persons:

<b>Name</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Mark C. Behrens	Executive Vice President and Chief Financial Officer Johnson Financial Group	2027
Timothy M. Bergstrom	President and Chief Executive Officer Bergstrom Automotive	2027
Alice H. Gannon	Former Senior Vice President and Chief Actuary (Retired) United Services Automobile Association	2027
David D. Gross	Former President and Chief Executive Officer (Retired) SECURA Insurance Company	2025
Christian L. Hess	President and Chief Executive Officer Goodwill Industries of North Central Wisconsin	2027
Daniel E. Neufelder	Former President (Retired) IU Health West Central Region	2026
Barbara L. Rau	Distinguished Professor of Management and Human Resources University of Wisconsin-Oshkosh	2026
John E. Robison	Chief Investment Officer American Fidelity Assurance Company	2025
Anne E. Ross	Former Partner, Madison Office (Retired) Foley & Lardner LLP	2025
Suzanne E. Scanlon-Pope	Former Executive Vice President (Retired) RGA Reinsurance Company	2026
Catherine J. Tierney	President and Chief Executive Officer Community First Credit Union	2026
Garth P. Wicinsky	President and Chief Executive Officer SECURA Insurance Companies	2025



## Officers of the Company

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

<b>Name</b>	<b>Office</b>
Garth P. Wicinsky	President and Chief Executive Officer
Christine A. Cousineau	Senior Vice President, Chief Financial Officer, and Treasurer
Daniel P. Ferris	Senior Vice President, Chief Legal Officer, and Secretary

## Committees of the Board

SECURA Select'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:

### **Audit and Risk Committee**

Alice H. Gannon, Chair  
Barbara L. Rau  
Anne E. Ross  
Suzanne E. Scanlon-Pope

### **Investment Committee**

Mark C. Behrens, Chair  
David D. Gross  
Christian L. Hess  
John E. Robison

### **Executive Committee**

Daniel E. Neufelder, Chair  
Timothy M. Bergstrom  
Catherine J. Tierney  
Garth P. Wicinsky

### **Technology Committee\***

Christian L. Hess, Chair  
Suzanne E. Scanlon-Pope  
Garth P. Wicinsky

\* In 2023, the board established a temporary, ad-hoc Technology Committee to oversee a major technology investment.

**XIII. APPENDIX B: FINANCIAL DATA**

**SECURA Supreme Insurance Company**

**Assets**

**As of December 31, 2023**

	<b>Assets</b>	<b>Nonadmitted Assets</b>	<b>Net Admitted Assets</b>
Bonds	\$153,021,557	\$	\$153,021,557
Cash, cash equivalents, and short-term investments	10,757,343		10,757,343
Receivables for securities	260,000		260,000
Investment income due and accrued	1,107,845		1,107,845
Premiums and considerations:			
Uncollected premiums and agents' balances in course of collection	1,238,734	183,518	1,055,215
Deferred premiums, agents' balances, and installments booked but deferred and not yet due	33,041,116	91,513	32,949,603
Reinsurance:			
Amounts recoverable from reinsurers	2,155,135		2,155,135
Current federal and foreign income tax recoverable and interest thereon	2,463,295		2,463,295
Net deferred tax asset	<u>3,204,650</u>	<u>88,965</u>	<u>3,115,685</u>
<b>Total Assets</b>	<b><u>\$207,249,674</u></b>	<b><u>\$363,996</u></b>	<b><u>\$206,885,678</u></b>

**SECURA Supreme Insurance Company**  
**Liabilities, Surplus, and Other Funds**  
**As of December 31, 2023**

Losses		\$ 57,608,194
Loss adjustment expenses		17,062,269
Commissions payable, contingent commissions, and other similar charges		1,541,038
Unearned premiums		49,908,429
Advance premium		1,583,732
Dividends declared and unpaid:		
Policyholders		409,227
Ceded reinsurance premiums payable (net of ceding commissions)		1,053,789
Amounts withheld or retained by company for account of others		68,086
Remittances and items not allocated		282,649
Payable to parent, subsidiaries, and affiliates		<u>469,759</u>
<b>Total Liabilities</b>		<b>129,987,172</b>
Common capital stock	\$ 6,000,000	
Gross paid in and contributed surplus	11,960,000	
Unassigned funds (surplus)	<u>58,938,506</u>	
Surplus as Regards Policyholders		<u>76,898,506</u>
Total Liabilities and Surplus		<u>\$206,885,678</u>

**SECURA Supreme Insurance Company**  
**Summary of Operations**  
**For the Year 2023**

<b>Underwriting Income</b>		
Premiums earned		\$98,801,186
Deductions:		
Losses incurred	\$67,536,265	
Loss adjustment expenses incurred	9,409,168	
Other underwriting expenses incurred	<u>33,833,977</u>	
Total underwriting deductions		<u>110,779,410</u>
Net underwriting gain (loss)		(11,978,225)
<b>Investment Income</b>		
Net investment income earned	5,276,865	
Net realized capital gains (losses)	<u>(201,529)</u>	
Net investment gain (loss)		5,075,336
<b>Other Income</b>		
Net gain (loss) from agents' or premium balances charged off	(334,656)	
Finance and service charges not included in premiums	200,297	
Write-ins for miscellaneous income:		
Other income	<u>34,913</u>	
Total other income (loss)		<u>(99,446)</u>
Net income (loss) before dividends to policyholders and before federal and foreign income taxes		(7,002,335)
Dividends to policyholders		<u>1,234,880</u>
Net income (loss) after dividends to policyholders but before federal and foreign income taxes		(8,237,214)
Federal and foreign income taxes incurred		<u>(1,143,211)</u>
Net Income (Loss)		<u>(\$ 7,094,004)</u>

**SECURA Supreme Insurance Company**  
**Cash Flow**  
**For the Year 2023**

Premiums collected net of reinsurance		\$ 99,348,849
Net investment income		5,138,681
Miscellaneous income		<u>(99,446)</u>
Total		104,388,083
Benefit- and loss-related payments	\$52,904,513	
Commissions, expenses paid, and aggregate write-ins for deductions	39,674,409	
Dividends paid to policyholders	<u>1,283,705</u>	
Total deductions		<u>93,862,627</u>
Net cash from operations		10,525,456
Proceeds from investments sold, matured, or repaid:		
Bonds	<u>\$19,621,465</u>	
Total investment proceeds		19,621,465
Cost of investments acquired (long-term only):		
Bonds	40,166,410	
Miscellaneous applications	<u>256,249</u>	
Total investments acquired		<u>40,422,659</u>
Net cash from investments		(20,801,194)
Cash from financing and miscellaneous sources:		
Other cash provided (applied)	<u>20,368,003</u>	
Net cash from financing and miscellaneous sources		<u>20,368,003</u>
<b>Reconciliation:</b>		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		10,092,265
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>665,079</u>
End of Year		<u>\$ 10,757,343</u>

**SECURA Supreme Insurance Company  
Compulsory and Security Surplus Calculation  
December 31, 2023**

Assets		\$206,885,678
Less liabilities		<u>129,987,172</u>
Adjusted surplus		76,898,506
Annual premium:		
Lines other than health and medical malpractice	\$102,383,017	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>20,476,603</u>
Compulsory Surplus Excess (Deficit)		<u>\$ 56,421,903</u>
Adjusted surplus (from above)		\$ 76,898,506
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>28,257,712</u>
Security Surplus Excess (Deficit)		<u>\$ 48,640,794</u>

**SECURA Supreme Insurance Company**  
**Analysis of Surplus**  
**For the Five-Year Period Ending December 31, 2023**

The following schedule details items affecting SECURA Supreme's total capital and surplus during the period under examination as reported by the company in its filed annual statements:

	2023	2022	2021	2020	2019
Surplus, beginning of year	\$83,671,161	\$90,246,755	\$85,010,513	\$75,676,314	\$71,269,362
Net income (loss)	(7,094,004)	(6,676,208)	4,912,004	9,175,331	4,187,335
Change in net unrealized capital gains/(losses)	39,558	(79,539)			
Change in net deferred income tax	377,947	306,877	311,578	182,846	199,625
Change in nonadmitted assets	(108,556)	(114,324)	12,660	(23,978)	19,992
Change in provision for reinsurance	<u>12,400</u>	<u>(12,400)</u>			
Surplus, End of Year	<u>\$76,898,506</u>	<u>\$83,671,161</u>	<u>\$90,246,755</u>	<u>\$85,010,513</u>	<u>\$75,676,314</u>

**Growth of SECURA Supreme Insurance Company**

Year	Admitted Assets	Liabilities	Surplus as Regards Policyholders	Net Income
2023	\$206,885,678	\$129,987,172	\$76,898,506	(\$7,094,004)
2022	196,819,294	113,148,133	83,671,161	(6,676,208)
2021	191,832,726	101,585,971	90,246,755	4,912,004
2020	178,633,171	93,622,658	85,010,513	9,175,331
2019	163,089,921	87,413,607	75,676,314	4,187,335
2018	153,923,356	82,653,994	71,269,362	6,290,756

Year	Gross Premium Written	Net Premium Written	Premium Earned	Loss and LAE Ratio	Expense Ratio	Combined Ratio
2023	\$387,613,452	\$102,714,897	\$98,801,186	77.9%	33.0%	110.9%
2022	341,716,355	90,408,072	85,478,435	78.1	33.0	111.1
2021	306,236,773	80,551,924	76,912,401	61.5	32.6	94.1
2020	289,370,396	72,747,107	69,244,713	54.1	31.4	85.5
2019	275,160,026	66,903,169	64,096,415	65.1	30.2	95.3
2018	255,394,477	62,208,648	59,782,809	59.0	30.7	89.7

### **SECURA Select Insurance Company**

SECURA Select was formed in 2023 and received its first capital contribution from parent company SECURA Insurance on April 10, 2024. The company did not report financial information in 2023. See “Affiliated Companies” for further information about the formation of SECURA Select.