

Report of the Examination of  
Transit Mutual Insurance Corporation of Wisconsin  
Appleton, Wisconsin  
As of December 31, 2019

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January 14, 2021

Honorable Mark V. Afable  
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:

TRANSIT MUTUAL INSURANCE CORPORATION OF WISCONSIN  
Appleton, Wisconsin

and this report is respectfully submitted.

## I. INTRODUCTION

The previous examination of Transit Mutual Insurance Corporation of Wisconsin (Transit Mutual or the company) was conducted in 2015 as of December 31, 2014. The current examination covered the intervening period ending December 31, 2019, 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*. 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 company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management's compliance with statutory accounting principles, annual statement instructions, and Wisconsin laws and regulations. The examination does not attest to the fair

presentation of the financial statements included herein. If during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately at the end of the "Financial Data" section in the area captioned "Reconciliation of Surplus per Examination."

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

The company is annually audited by an independent public accounting firm as prescribed by s. Ins 50.05, Wis. Adm. Code. An integral part of this compliance examination was the review of the independent accountant's work papers. Based on the results of the review of these work papers, alternative or additional examination steps deemed necessary for the completion of this examination were performed. The examination work papers contain documentation concerning the alternative or additional examination steps performed during the examination.

## II. HISTORY AND PLAN OF OPERATION

Transit Mutual Insurance Corporation of Wisconsin was organized in 1985 under ch.611, Wis. Stat., as an assessable municipal mutual insurer, and commenced business on January 1, 1986. The company provides liability, physical damage, and uninsured motorist insurance to member municipal transit systems in Wisconsin. The company is not authorized to write business in any other state.

The company writes two premium lines: commercial auto liability which represents 89.6% of the total direct premium and auto physical damage with the remaining 10.4%. The company began selling auto physical damage in 2005 and only covers the buses and staff vehicles owned by the policyholders that choose the coverage; no bus barns or passenger shelters are covered.

The policies are written on a calendar-year basis and premium is collected in full during the first quarter each year. In 2019, the liability coverage provided an occurrence limit of \$7,000,000, of which the company retains the first \$2,500,000. Starting in 2005, the company began writing physical damage coverage. It retains the first \$750,000 and reinsures the rest, which generally covers the stated value of each members' vehicles.

Wisconsin has imposed tort caps on claims for damages caused by municipal bodies and their employees while they are working. Claims are limited to the statutory amounts in ss. 345.05 (a \$250,000 cap in motor vehicle accidents) and 893.80, Wis. Stat. (a \$50,000 cap for other actions). The policies are issued directly to the member municipal transit systems; there are no agent's commission expenses. Premium rates for each member system are calculated through a Premium Allocation Formula, which allocates the actuarially determined base premium necessary for all member systems. The current formula contains the following weightings:

- 50% of premium is based on miles operated for liability coverage or fleet value for property coverage.
- 15% is based on the ratio of claimants per 100,000 miles as compared to the average of the group; and
- 35% is based on the ratio of claimant dollars paid per premium dollars received as compared to the average of the group.

The company also offers the members policyholder dividends which allow them to participate in the profitability of the company through the refund of excess premiums. A subaccount exists for each member, which reflects that member's share of the total excess premiums (surplus) for each line of business for each year the policyholder has been a member of Transit Mutual. The subaccounts are

adjusted annually to reflect each member's share of the development of open accident years, any distributions made due to dividends declared or return of surplus, and current year results. Funds in the subaccounts become available for refund only after all losses in the relevant years have been closed for at least a year. Members can also recover funds from their subaccount upon withdrawal from the company; however, several restrictions and penalties exist related to a minimum three-year membership period and proper notice of withdrawal. The dividend payment will be the lesser of 20% of the current year premium or 90% of the current year net income on the line of coverage. If a member does not have sufficient surplus available, a partial dividend may be paid, or no dividend may be paid if no surplus funds are available.

The company has established a Surplus Management Policy effective 2015. Surplus may be refunded in up to two ways each year: an annual 10% return to each member based on their available balance and through an approved accelerated return that began in 2016 with declining percentages spanning five years ending in 2020. In 2018, the Company reviewed and revised the acceleration rate of the return of surplus program to increase the amount of the return and to extend it to span the five years ending 2022. The company's actuary completes a dynamic financial analysis every other year to determine the necessary amount Transit Mutual should retain in surplus. With that information, the board determines if excess funds exist beyond the necessary holding threshold, if it is appropriate to return those excess funds to the membership, and on what schedule that return would take place.

As a service to its insureds and as a method of loss control, the company provides a few safety programs, including safety reviews and incentives. Examples of these programs include:

- Ride Checks, which involve an unannounced ride-along audit of safety procedures and driving habits.
- The Driving Incentive Program, where the transit systems (one from each of four size divisions) with the best safety records over the past year receive cash awards.
- Development of safety videos using local transit equipment and staff. The most recently developed video included fire response information developed in conjunction with firefighters who were using an old bus for firefighting practice.
- A safety training scholarship that pays up to 50% of the cost of safety-related training programs and expenses.

In addition to the programs described, the company maintains a library of training videos, a safety manual, and distributes flyers on safety tips.

The following table is a summary of the net insurance premiums written by the company in 2019. The growth of the company 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>
Commercial auto liability	\$2,613,199	\$0	\$389,543	\$2,223,656
Auto physical damage	<u>507,883</u>	<u>0</u>	<u>249,557</u>	<u>258,326</u>
Total All Lines	<u>\$3,121,082</u>	<u>\$0</u>	<u>\$639,100</u>	<u>\$2,481,982</u>

### III. MANAGEMENT AND CONTROL

#### Board of Directors

The board of directors consists of 19 members. Directors whose terms are expiring are elected annually to serve a three-year term. The initial terms of the newly elected directors are staggered to divide of the board into three classes. Officers are elected to three-year terms at the board's annual meeting. The board members currently receive no compensation for serving on the board.

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

Name and Residence	Principal Occupation	Term Expires
Ronald McDonald Appleton, Wisconsin	General Manager Valley Transit	2021
Patrick Daoust Ashland, Wisconsin	Transit Manager Bay Area Rural Transit Commission	2021
James Thompson Beloit, Wisconsin	Operations Manager Beloit Transit System	2022
Colleen Schian Eau Claire, Wisconsin	Risk Manager City of Eau Claire	2020
Lynn Gilles Fond du Lac, Wisconsin	Transit Manager Fond du Lac Area Transit	2020
Patricia Kiewiz Green Bay, Wisconsin	Transit Director Green Bay Metro	2022
David Kipp Janesville, Wisconsin	Operations Supervisor Janesville Transit	2020
Nelson Ogbuagu Kenosha, Wisconsin	Transportation Director Kenosha Transit	2022
Adam Lorentz La Crosse, Wisconsin	Transit Operations La Crosse Municipal Transit Utility	2021
Crystal Martin Madison, Wisconsin	Deputy General Manager Madison Metro	2020
Kara Ottum Manitowoc, Wisconsin	Transit Division Manager Maritime Metro	2021
Brad Brummond Merrill, Wisconsin	Transit Administrator Merrill Transit System	2021
Karen Melasecca Hayward, Wisconsin	Transit Director Namekagon Transit	2022



<b>Name and Residence</b>	<b>Principal Occupation</b>	<b>Term Expires</b>
Roger Youngren Rhineland, Wisconsin	Transit Manager Northwoods Transit Connections	2022
Michael Maierle Racine, Wisconsin	Transit & Parking System manager RYDE	2021
Derek Muench Sheboygan, Wisconsin	Director of Transit & Parking Shoreline Metro	2020
Susan Lemke Stevens Point, Wisconsin	Transit Manager Central Transportation	2020
Brian Engelking Waukesha, Wisconsin	Transit Manager Waukesha MetroTransit	2021
Greg Seubert Wausau, Wisconsin	Transit Director Metro Ride	2022

### **Officers of the Company**

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

<b>Name</b>	<b>Office</b>
Brian Engelking	President, Chair
Dave Kipp	Vice President
Patrick Daoust,	Secretary and Treasurer
Pamela Patzke	Executive Director/General Counsel

### **Committees of the Board**

The company's bylaws allow for the formation of certain committees by the board of directors.

The committees at the time of the examination are listed below:

<b>Executive Committee</b>	<b>Nominating Committee</b>
Brian Engelking, Chair	Brian Engelking, Chair
Dave Kipp	Susan Lemke
Patrick Daoust	Greg Seubert
Derek Muench	Pamela Patzke
Crystal Martin	

#### IV. REINSURANCE

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

##### Ceding Contracts

The company has one reinsurance treaty in force at the time of the examination. It is summarized below. The contract contains proper insolvency provisions.

##### Nonaffiliated Ceding Contracts

1. Type: Automobile Liability and Physical Damage Excess of Loss  
Reinsurer: Great American Insurance Company (100%)  
Scope: All policies classified by the company as Automobile Liability or Automobile Physical Damage  

Coverage A - Liability: Automobile Liability coverage issued to members of the Transit Mutual Insurance Corporation of Wisconsin domiciled in the State of Wisconsin. Coverage applies to each Occurrence for Bodily Injury or Property Damage.

Coverage B - Physical Damage: Reinsurance of Physical Damage Coverage per Transit Mutual Insurance Corporation of Wisconsin Physical Damage Insurance Policy

Retention: Coverage A - Liability: Excluding the City of Waukesha and the City of Racine, the Company shall be liable for the first \$2,500,000 of loss arising out of each Occurrence.

For the City of Waukesha and the City of Racine, the company shall be liable for the first \$500,000 of the loss arising out of each Occurrence.

Coverage B - Physical Damage: The company shall be liable for the first \$750,000 of loss arising out of each Occurrence.

Coverage: Coverage A - Liability: Excluding the City of Waukesha and the City of Racine, the reinsurer shall be liable for the amount exceeding retention to a maximum of \$4,500,000 per Occurrence.

For the City of Waukesha and the City of Racine, the reinsurer shall be liable for the amount exceeding retention to a maximum of \$9,500,000 per Occurrence.

In the event of an Occurrence, the retentions shall be applied separately to each coverage, subject to a maximum liability of \$9,500,000.

Coverage B - Physical Damage: The Reinsurer is liable for the amount by which such loss exceeds the Company's retention, but the liability for the Reinsurer shall not exceed \$13,250,000 as respects to any one Occurrence and is limited to each member's total value of owned vehicles. For City of Madison, the liability for the Reinsurer shall not exceed \$78,200,000 as respects any one Occurrence.

Effective date: January 1, 2020

Termination: December 31, 2020

## **V. FINANCIAL DATA**

The following financial statements reflect the financial condition of the company as reported to the Commissioner of Insurance in the December 31, 2019, annual statement. Adjustments made as a result of the examination are noted at the end of this section in the area captioned "Reconciliation of Surplus per Examination." Also included in this section are schedules that reflect the growth of the company, NAIC Insurance Regulatory Information System (IRIS) ratio results for the period under examination, and the compulsory and security surplus calculation.

**Transit Mutual Insurance Corporation of Wisconsin  
Assets  
As of December 31, 2019**

	Assets	Nonadmitted Assets	Net Admitted Assets
Bonds	\$13,216,788	\$ 0	\$13,216,788
Stocks:			
Common stocks	1,328,351		1,328,351
Cash, cash equivalents, and short-term investments	586,288		586,288
Investment income due and accrued	107,304		107,304
Furniture and equipment, including health care delivery assets	12,589	12,589	
Write-ins for other than invested assets:			
Prepaid items	<u>39,127</u>	<u>39,127</u>	<u>          </u>
<b>Total Assets</b>	<b><u>\$15,290,447</u></b>	<b><u>\$51,716</u></b>	<b><u>\$15,238,731</u></b>

**Transit Mutual Insurance Corporation of Wisconsin  
Liabilities, Surplus, and Other Funds  
As of December 31, 2019**

Losses		\$ 1,833,812
Loss adjustment expenses		566,939
Other expenses (excluding taxes, licenses, and fees)		115,518
Dividends declared and unpaid:		
Policyholders		<u>428,556</u>
Total Liabilities		2,944,825
Gross paid in and contributed surplus	\$ 100,000	
Unassigned funds (surplus)	<u>12,193,905</u>	
Surplus as Regards Policyholders		<u>12,293,905</u>
<b>Total Liabilities and Surplus</b>		<b><u>\$15,238,730</u></b>

**Transit Mutual Insurance Corporation of Wisconsin  
Summary of Operations  
For the Year 2019**

**Underwriting Income**

Premiums earned		\$2,481,982
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Deductions:

Losses incurred	\$927,197	
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Loss adjustment expenses incurred	228,726	
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Other underwriting expenses incurred	<u>590,744</u>	
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Write-ins for underwriting deductions:

Total underwriting deductions		<u>1,746,667</u>
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Net underwriting gain (loss)		735,315
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**Investment Income**

Net investment income earned	334,388	
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Net realized capital gains (losses)	<u>29,734</u>	
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Net investment gain (loss)		364,122
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Net income (loss) before dividends to policyholders and before federal and foreign income taxes		1,099,437
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Dividends to policyholders		<u>428,556</u>
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Net income (loss) after dividends to policyholders but before federal and foreign income taxes		670,881
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Net Income (Loss)		<u>\$ 670,881</u>
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**Transit Mutual Insurance Corporation of Wisconsin  
Cash Flow  
For the Year 2019**

Premiums collected net of reinsurance		\$2,481,982
Net investment income		<u>379,398</u>
Total		2,861,380
Benefit- and loss-related payments	\$638,446	
Commissions, expenses paid, and aggregate write-ins for deductions	844,341	
Dividends paid to policyholders	<u>432,450</u>	
Total deductions		<u>1,915,237</u>
Net cash from operations		946,143
Proceeds from investments sold, matured, or repaid:		
Bonds	\$3,197,748	
Stocks	<u>195,010</u>	
Total investment proceeds		3,392,758
Cost of investments acquired (long- term only):		
Bonds	3,553,214	
Stocks	<u>185,735</u>	
Total investments acquired		<u>3,738,949</u>
Net cash from investments		(346,191)
Cash from financing and miscellaneous sources:		
Other cash provided (applied)		<u>(732,737)</u>
<b>Reconciliation:</b>		
Net Change in Cash, Cash Equivalents, and Short-Term Investments		(132,785)
Cash, cash equivalents, and short-term investments:		
Beginning of year		<u>719,073</u>
End of Year		<u>\$ 586,288</u>

**Transit Mutual Insurance Corporation of Wisconsin  
Compulsory and Security Surplus Calculation  
December 31, 2019**

Assets		\$15,238,731
Less liabilities		<u>2,944,825</u>
Adjusted surplus		12,293,906
Annual premium:		
Lines other than accident and health	\$2,053,426	
Factor	<u>20%</u>	
Compulsory surplus (subject to a minimum of \$2 million)		<u>2,000,000</u>
Compulsory Surplus Excess (Deficit)		<u>\$10,293,906</u>
Adjusted surplus (from above)		\$12,293,906
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>\$ 9,493,906</u>

**Transit Mutual Insurance Corporate of Wisconsin  
Analysis of Surplus  
For the Five-Year Period Ending December 31, 2019**

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

	2019	2018	2017	2016	2015
Surplus, beginning of year	\$12,105,200	\$11,857,183	\$11,021,705	\$9,900,334	\$9,341,043
Net income	670,881	1,304,489	1,131,211	1,668,252	816,181
Change in net unrealized capital gains/losses	245,602	(163,691)	115,953	121,840	(10,995)
Change in nonadmitted assets	4,955	(6,006)	6,226	(24,991)	(7,204)
Return of Policyholder Surplus	(732,737)	(886,775)	(417,912))	(476,047)	(238,691)
Return of Ex-Policyholder Surplus				<u>(167,683)</u>	
Surplus, End of Year	<u>\$12,293,901</u>	<u>\$12,105,200</u>	<u>\$11,857,183</u>	<u>\$11,021,705</u>	<u>\$9,900,334</u>



**Transit Mutual Insurance Corporation of Wisconsin  
Insurance Regulatory Information System  
For the Five-Year Period Ending December 31, 2019**

The company's NAIC Insurance Regulatory Information System (IRIS) results for the period under examination are summarized below. Unusual IRIS results are denoted with asterisks and discussed below the table.

<b>Ratio</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
#1 Gross Premium to Surplus	25%	26%	27%	29%	28%
#2 Net Premium to Surplus	20	21	23	25	25
#3 Change in Net Premiums Written	-2	-7	0	11	-3
#4 Surplus Aid to Surplus	0	0	0	0	0
#5 Two-Year Overall Operating Ratio	61	55	50	53	61
#6 Investment Yield	2.3	2.0*	1.9*	1.9*	1.8*
#7 Gross Change in Surplus	2	2	8	11	6
#8 Change in Adjusted Surplus	2	2	8	11	6
#9 Liabilities to Liquid Assets	19	18	22	23	30
#10 Agents' Balances to Surplus	0	0	0	0	0
#11 One-Year Reserve Development to Surplus	-5	-7	-4	-11	-5
#12 Two-Year Reserve Development to Surplus	-13	-9	-14	-18	-16
#13 Estimated Current Reserve Deficiency to Surplus	-9	-4	-3	-1	-8

Ratio No. 6 measures the amount of the company's net investment income as a percentage of the average amount of cash and invested assets. The exceptional results in 2015, 2016, 2017, and 2018 were mainly due to the low interest rate environment in recent years. The company's portfolio consists predominantly of high quality fixed income securities. Low investment yields are not uncommon or unexpected in the current market.

**Growth of Transit Mutual Insurance Corporation of Wisconsin**

<b>Year</b>	<b>Admitted Assets</b>	<b>Liabilities</b>	<b>Surplus as Regards Policyholders</b>	<b>Net Income</b>
2019	\$15,238,731	\$2,944,825	\$12,293,905	\$ 670,881
2018	14,795,003	2,689,806	12,105,206	1,304,489
2017	15,119,370	3,262,195	11,857,190	1,131,211
2016	14,372,468	3,350,776	11,021,708	1,668,252
2015	14,171,622	4,271,283	9,900,337	816,181
2014	13,780,829	4,439,783	9,341,046	1,177,698

<b>Year</b>	<b>Gross Premium Written</b>	<b>Net Premium Written</b>	<b>Premium Earned</b>	<b>Loss and LAE Ratio</b>	<b>Expense Ratio</b>	<b>Combined Ratio</b>
2019	\$3,121,082	\$2,481,982	\$2,481,982	46.6%	23.8%	87.6%
2018	3,162,017	2,525,176	2,525,176	20.6	22.7	60.4
2017	3,219,476	2,729,267	2,729,267	36.3	17.0	70.6
2016	3,199,245	2,725,575	2,725,575	12.6	18.5	49.6
2015	2,749,050	2,446,491	2,446,491	40.2	17.8	77.5
2014	2,889,145	2,533,031	2,533,031	31.6	11.6	63.0

The combined ratio includes the loss and LAE ratio, the expense ratio, and the policyholders' dividend to earned premium ratio. The policyholders' dividend to earned premium ratios for 2019 to 2014 were 17.3%, 17.1%, 17.3%, 18.4%, 19.6%, and 19.9% respectively. This reflects the scale of policyholders' dividends paid by the company on a consistent basis during the period under examination. The net loss and LAE ratio ranged from 12.6% in 2016 to 46.6% in 2019 reflecting the frequency and severity of claims reported and a slight variation in earned premiums during the period under examination.

The company sets pricing based on actuarial recommendations and provides policyholders' dividends to keep surplus at levels that are considered adequate. Dividends are based on anticipated capital needs and available surplus from years that have had all claims closed. In addition to dividends, the company has a surplus management policy where it returns some surplus to members when the total reported surplus exceeds the upper layer of the actuarially established surplus range. The company declared \$2,314,211 in policyholders' dividends and returned \$2,752,161 of surplus over the five-year examination period. Gross premium written increased 8% and net premium written decreased 2% during the period under examination. Surplus increased 31.6% during the same period, primarily due to the net income reported in each year under examination.

**Reconciliation of Surplus per Examination**

No adjustments were made to surplus as a result of this examination. The amount of surplus reported by the company as of December 31, 2019, is accepted.

## VI. SUMMARY OF EXAMINATION RESULTS

### Compliance with Prior Examination Report Recommendations

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

1. Executive Compensation—It is recommended that the company properly complete the Report on Executive Compensation as required by ss. 601.42 and 611.63 (4), Wis Stat.

Action — This recommendation was inapplicable under current examination procedures.

## **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.

### **Disaster Recovery/Business Continuity Plan**

The IT Examiner reviewed the company's Business Continuity and Crisis Response Plan. It was concluded that the plan has inadequate detail about the recovery process. Specifically, the existing plan does not provide sufficient information regarding fulfilling certain work responsibilities. This can result in disruptions of day-to-day operations in the event a key employee becomes unavailable. It is recommended that the company create a more detailed Disaster Recovery/Business Continuity Plan that includes descriptions of its operating processes.

The IT Examiner also noted the company does not have a routine Disaster Recovery testing program. It is recommended that the company regularly engage in a review of their Disaster Recovery/Business Continuity Plan and test their ability to recover and document the results of each test. This can be done in several ways, including tabletop exercises.

## **VII. CONCLUSION**

The company issues policies directly to its 19 members municipal transit systems. The policies are written on a calendar year basis and premium is collected in full in the first quarter of each year. During the period under examination, surplus increased 31.6%, due to a net income reported by the company each year. The company declared \$2,314,211 in policyholders' dividends and returned \$2,752,161 of surplus over the five-year examination period.

The company has complied with the recommendation regarding executive compensation from the previous examination report. The current examination resulted in two recommendations relating to disaster recovery/business continuity plan. There were no adjustments made to policyholders' surplus.

## VIII. SUMMARY OF COMMENTS AND RECOMMENDATIONS

1. Page 19 - Disaster Recovery/Business Continuity Plan—It is recommended that the company create a more detailed Disaster Recovery/Business Continuity Plan that includes descriptions of its operating processes.
2. Page 19 - Disaster Recovery/Business Continuity Plan—It is recommended that the company regularly engage in a review of their Disaster Recovery/Business Continuity Plan and test their ability to recover and document the results of each test. This can be done in several ways, including tabletop exercises.

## IX. 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>
Michael E. Miller	Insurance Financial Examiner
David A. Jensen, CFE	IT Specialist
Nicholas R. Hartwig	Quality Control Specialist
Jerry DeArmond, CFE	Reserve Specialist

Respectfully submitted,



Yi Xu  
Examiner-in-Charge



## **X. SUBSEQUENT EVENT**

On March 11, 2020, the World Health Organization declared coronavirus disease (COVID-19) a pandemic. The examination's review of the impact to the company through the date of this report noted that there has not been a significant impact to the company overall; however, due to the various uncertainties with the pandemic, it is unclear whether this will continue to have a minimal impact to the company or if it will escalate. Presently, the company has seen no indication of a serious risk presented by the pandemic. The Office of the Commissioner of Insurance continues to closely monitor the impact of the pandemic on the company and will take necessary action if a solvency concern arises.