

EXAMINATION REPORT
OF
VININGS INSURANCE COMPANY
(nka NATIONAL BUILDERS INSURANCE COMPANY)
AS OF
DECEMBER 31, 2014

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

I, Karen Weldin Stewart, Insurance Commissioner of the State of Delaware, do hereby certify that the attached REPORT OF EXAMINATION, made as of December 31, 2014 of the

**VININGS INSURANCE COMPANY
NKA: NATIONAL BUILDERS INSURANCE COMPANY**

is a true and correct copy of the document filed with this Department.

Attest By:  _____

Date: May 13, 2016



In Witness Whereof, I have hereunto set my hand and affixed the official seal of this Department at the City of Dover, this 13th day of May, 2016.



Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Karen Weldin Stewart, CIR-ML
Commissioner



Delaware Department of Insurance

REPORT OF EXAMINATION
OF THE
VININGS INSURANCE COMPANY
NKA: NATIONAL BUILDERS INSURANCE COMPANY
AS OF
DECEMBER 31, 2014

The above-captioned report was completed by examiners of the Delaware Department of Insurance.

Consideration has been duly given to the comments, conclusions and recommendations of the examiners regarding the status of the company as reflected in the report.

This report is hereby accepted, adopted and filed as an official record of this Department.

A handwritten signature in black ink, appearing to read "Karen Weldin Stewart", is written over a horizontal line.

Karen Weldin Stewart, CIR-ML
Insurance Commissioner

Dated this 13th day of May, 2016

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May 4, 2016

SALUTATION

Honorable Karen Weldin Stewart, CIR-ML
Commissioner of Insurance
Delaware Department of Insurance
Rodney Building
841 Silver Lake Boulevard
Dover, Delaware 19904

Commissioner:

In compliance with instructions and pursuant to statutory provisions contained in Certificate of Authority No. 15.031, dated April 24, 2015, an examination has been made of the affairs, financial condition and management of

VININGS INSURANCE COMPANY

with administrative offices located at 2410 Paces Ferry Road, Suite 300, Atlanta, Georgia 30339-1802. The report of examination thereon is respectfully submitted.

SCOPE OF EXAMINATION

We have performed our multi-state examination of Vinings Insurance Company (the "Company"). The last examination of the Company covered the period of January 1, 2005, through December 31, 2009, and was performed by the South Carolina Department of Insurance. This examination of the Company covers the period of January 1, 2010 through December 31, 2014, and was performed by the Delaware Department of Insurance in coordination. Our examination was performed in conjunction with the coordinated examination of the Builders Insurance Group led by the Georgia Department of Insurance.

We conducted our examination in accordance with the *National Association of Insurance Commissioners Financial Condition Examiners Handbook* ("NAIC Handbook"). The NAIC Handbook requires that we plan and perform the examination to evaluate the

VININGS INSURANCE COMPANY

financial condition, assess corporate governance, identify current and prospective risks of the company and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

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. 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 following the Company's financial statements.

This examination report includes significant findings of fact, pursuant to the General Corporation Law of the State of Delaware as required by 18 Del. C. §321, along with general information about the insurer and its financial condition.. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report, but are separately communicated to other regulators and/or the Company.

During the course of this examination, consideration was given to work performed by the Company's external accounting firm, KPMG, LLP. Certain auditor work papers have been incorporated into the examination work papers.

SUMMARY OF SIGNIFICANT FINDINGS

There were no significant findings or material changes in financial statements as a result of this examination.

COMPANY HISTORY

General

The Company was originally incorporated under the laws of North Carolina on November 26, 1962, as Archdale Mutual Insurance Company. The Company's name was changed to Belk Stores Mutual Insurance Company on November 24, 1992, and changed again to Tyvola Insurance Company in 2000. The Company was acquired by Builders Insurance Group, Inc. on May 31, 2003. Other than cash and marketable fixed income securities, the Company had no other assets or liabilities at the date of acquisition. The Company was purchased for the purpose of expanding the operations of its ultimate controlling entity into additional states. On July 8, 2004, the Company was redomesticated to South Carolina and its name was changed to Vinings Insurance Company. On December 15, 2010, the Company was redomesticated to Delaware. Subsequent to the examination period, the Company changed its name to National Builders Insurance Company on January 20, 2015.

Capitalization

The Company's Certificate of Incorporation authorizes the issue of 10,000 shares of common stock with a \$500.00 par value. As of December 31, 2014, the Company had 5,000 common shares issued and outstanding totaling \$2.5 million. All outstanding common shares of the Company are owned by Builders Insurance Group, Inc. As of December 31, 2014, the Company reported gross paid in and contributed surplus of \$15.5 million. The following chart summarizes the Company's reported capital stock and gross paid-in and contributed surplus from the prior examination date to December 31, 2014, followed by a brief explanation of the changes.

VININGS INSURANCE COMPANY

	<u>Capital Stock</u>	<u>Gross Paid-in & Contributed Surplus</u>	<u>Total Capital Stock and Gross Paid-in & Contributed Surplus</u>
December 31, 2009	\$ 1,986,540	\$ 5,000,000	\$ 6,986,540
Activity	513,460	-	513,460
December 31, 2014	<u>\$ 2,500,000</u>	<u>\$ 5,000,000</u>	<u>\$ 7,500,000</u>

The change in capital stock and gross paid in and contributed surplus during the examination period was due to the decrease in the number of authorized shares from 2.5 million with a \$2.00 par value per share to 10,000 with a \$500.00 par value per share as approved by the stockholder and ratified by the Board of Directors in 2010. As of December 31, 2009, the Company had 993,270 shares issued and outstanding.

Dividends

No stockholder dividends were paid by the Company during the examination period.

MANAGEMENT AND CONTROL

Directors

Pursuant to the general Corporation Laws of the State of Delaware, as implemented by the Company's Certificate of Incorporation and bylaws, the property and affairs of the Company must be managed by, or under the direction of, its Board of Directors. The Company's bylaws require its Board of Directors consist of not less than three individuals. Directors are elected by the stockholder and hold office until their successors are elected and qualified; or until their resignation or removal. Directors duly elected and serving as of December 31, 2014, are as follows:

Name

Patrick John Mitchell

Business Affiliation

President and Chief Executive Officer
Builders Insurance Group, Inc.

VININGS INSURANCE COMPANY

Thomas Scott Maupin

Senior Vice President Marketing
Builders Insurance Group, Inc.

Gloria Renee Palin

Chief Financial Officer
Builders Insurance Group, Inc.

Officers

Officers were elected in accordance with the bylaws during the period under examination. The bylaws require election of a President and Chief Executive Officer, a Secretary and a Treasurer. Other officers may be appointed by the Board of Directors or by a designated officer. Any two or more offices may be held by the same person. Officers serve at the pleasure of the Board of Directors and may be removed with or without cause with the exception of the President and Chief Executive Officer whose removal requires a majority vote of all of the shareholders. The primary officers serving as of December 31, 2014, were as follows:

<u>Name</u>	<u>Title</u>
Patrick John Mitchell	President and Chief Executive Officer
Gloria Renee Palin	Treasurer
Craig Richard Edwards	Secretary

Corporate Records

The recorded minutes of the shareholder and Board of Directors were reviewed for the period under examination. The minutes adequately documented and approved Company transactions and events, including approval of investment transactions in accordance with 18 Del. C. §1304.

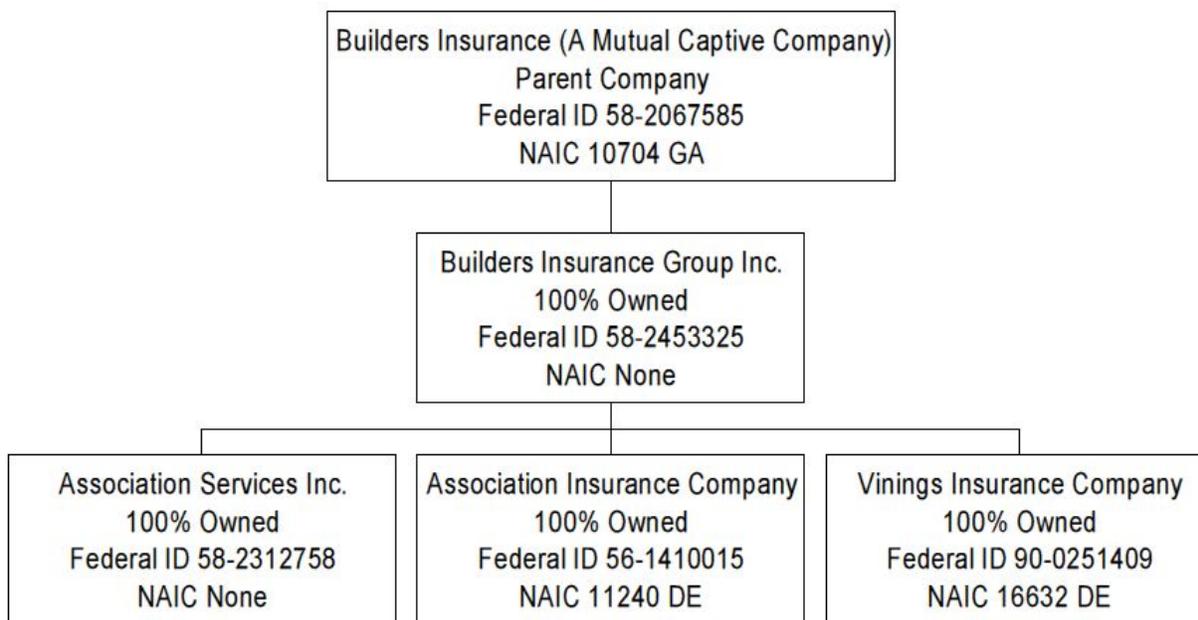
VININGS INSURANCE COMPANY

Insurance Holding Company System

The Company is a member of an insurance holding company system as defined under 18 Del. C. §5001 of the Delaware Insurance Code. The Company is ultimately owned and controlled by the eligible policyholders/members of Builders Insurance Company (A Mutual Captive Company), hereafter referred to as “BI”. BI is an Association Captive organized under Georgia law, and is restricted to writing within the state of Georgia to eligible members of its sponsoring associations. BI’s first sponsoring association was the Home Builders Association of Georgia. In 2008, the following also became sponsoring associations: Contractors Benefit Association, American Subcontractors Association, Georgia Hispanic Construction Association, Conditioned Air Association of Georgia, National Association of the Remodeling Industry and Remodeling Association of Georgia. BI began providing Workers' Compensation coverage to its members in 1996 and subsequently began writing General Liability coverage in 2002, Builders Risk coverage in 2006, Commercial Package coverage in late 2010, and Umbrella coverage in 2011.

The following is a full organizational chart of the holding company followed by a brief description of each entity:

VININGS INSURANCE COMPANY



Builders Insurance Group, Inc. (“BI Group”) was incorporated on March 12, 1999, to serve as a downstream holding company for BI’s insurance subsidiaries and its noninsurance subsidiary. Association Services Inc. (“ASI”) is a licensed, third-party administrator.

Association Insurance Company (“Association”) is a property and casualty insurance company domiciled in the state of Delaware and is licensed to underwrite various forms of property and/or casualty insurance in nineteen states and the District of Columbia. Association was purchased by BI Group in 1999 for the purpose of expanding the operations of BI. Association’s name was changed to American Builders Insurance Company in 2015.

Agreements with Affiliates

Below is a summary of significant affiliated agreements in effect as of December 31, 2014.

- Reinsurance Agreement
 - Builders Insurance (A Mutual Captive) and Association Insurance Company - Effective January 1, 2005, the Company entered into a Reinsurance Pooling

VININGS INSURANCE COMPANY

Agreement with BI and Association. The Agreement encompasses all insurance issued or assumed by each participating company net of unaffiliated reinsurance. All net premiums earned and net losses incurred are pooled into BI, which then cedes 10% of all net premiums earned (direct and assumed less excess) and net incurred losses (direct and assumed less excess) to both the Company and Association. The Agreement was amended on July 1, 2007 and November 29, 2007 and restated effective January 1, 2008. Effective January 1, 2010, the Agreement was amended to modify the ceding commission paid on the business assumed and ceded.

- Management and Service Agreement
 - Various Affiliated Corporations - Effective January 1, 2006, the Company entered into an Administrative Services Agreement with BI, Association and BI Group, whereby BI Group provides claims services, loss control services, marketing and marketing assistance, underwriting services, follow-up servicing, billing and collection, and general administration to the Company. The agreement was amended effective January 1, 2008. The costs incurred by BI Group in performing its obligations are allocated between the companies based upon their respective net earned premium.
- Tax Sharing Agreement
 - Various Affiliated Corporations - Effective for tax years ending on or after December 31, 2005, the Company entered into a Tax Allocation Agreement with BI, Association, ASI and BI Group. The Agreement allocates income taxes using

VININGS INSURANCE COMPANY

a separate entity basis at the highest marginal tax rate. Allocations are invoiced and paid quarterly.

TERRITORY AND PLAN OF OPERATION

The Company is licensed to underwrite various forms of property and casualty insurance in seventeen states and the District of Columbia. The Company was originally acquired for the purpose of expanding the operations of BI into new territories. The Company operates to further the strategic plans of BI and the BI Group, which focuses primarily on insurance needs of the home building industry in targeted Southeast, Mid-Atlantic, Midwest and Western markets. The Company, BI and Association share a network of independent insurance agents for the retail distribution of its workers' compensation, general liability, commercial package, umbrella and builders risk business.

On a direct basis, the Company provides multi-state workers' compensation coverage to homebuilders insured by BI who also have exposure in states outside of Georgia where the Company is licensed. Additionally, the Company writes construction and non-construction workers' compensation insurance. Non-construction markets include retail, wholesale, service, office, professional and light manufacturing industry categories. The Company also writes general liability, commercial package, umbrella and builders risk for the construction industry.

On an indirect basis, the Company primarily assumes business under the affiliated pooling agreement with BI and Association. BI operates only in Georgia offering products only to members of its sponsoring associations. Association markets to industries and with product offerings substantially similar to the Company's in the territories where it is licensed. The following is a summary of gross written premium by company and NAIC Annual Statement line of business for the year ended December 31, 2014:

VININGS INSURANCE COMPANY

	<u>Association</u>	<u>BI</u>	<u>Company</u>	<u>Total</u>
Worker's Compensation	\$ 49,480,372	\$ 55,342,748	\$ 7,228,082	\$ 112,051,202
Other Liability - Occurrence	23,091,717	8,613,583	21,208,962	52,914,262
Commercial Multiple Peril	9,217,219	2,817,509	10,008,785	22,043,513
Inland Marine	35,372	178,279	-	213,651
Commercial Auto Liability	81,167	10,065	44,126	135,358
Total Gross Written Premium	<u>\$ 81,905,847</u>	<u>\$ 66,962,184</u>	<u>\$ 38,489,955</u>	<u>\$ 187,357,986</u>

REINSURANCE

The Company reported the following distribution of gross and net premium written for the years ended December 31, 2014, and the prior examination date of December 31, 2009:

	<u>2014</u>	<u>% GPW</u>	<u>2009</u>	<u>% GPW</u>
Direct business	\$ 38,489,955	99.99%	\$ 13,095,409	99.62%
Reinsurance assumed from non-affiliates	5,665	0.01%	50,223	0.38%
Gross premiums written excluding pool assumption	<u>\$ 38,495,620</u>	<u>100%</u>	<u>\$ 13,145,632</u>	<u>100%</u>
Reinsurance ceded to affiliates	\$ 35,532,161	92.30%	\$ 8,948,714	68.07%
Reinsurance ceded to non-affiliates	1,726,178	4.48%	491,464	3.74%
Total ceded	<u>\$ 37,258,339</u>	<u>96.79%</u>	<u>\$ 9,440,178</u>	<u>71.81%</u>
Net premiums written before pool assumption	<u>\$ 1,237,281</u>	<u>3.21%</u>	<u>\$ 3,705,454</u>	<u>28.19%</u>
Reinsurance assumed from pooling agreement	17,493,832		6,873,157	
Net premium written after pool assumption	<u>\$ 18,731,113</u>		<u>\$ 10,578,611</u>	

For 2014, the Company ceded 93.3% of gross premium written, excluding reinsurance assumed under the pooling agreement, to BI pursuant to the terms of the affiliated reinsurance pooling agreement. The Company then assumed 10% of BI's pooled gross premium written and related losses net of unaffiliated reinsurance.

The Company's third-party reinsurance is brokered by Guy Carpenter for annual policy years. For the policy year ended December 31, 2014, the Company's third-party reinsurance program includes:

VININGS INSURANCE COMPANY

- excess of loss agreements in three layers for policies classified as casualty (including but not limited to workers' compensation, employers liability, general liability, hired/non-owned automobile liability and the liability portion of commercial multiple peril policies);
- an occurrence excess of loss agreement for policies classified as property (including but not limited to builders risk, and the property portion of commercial multiple peril policies); and
- a commercial umbrella quota share reinsurance agreement for policies classified as casualty umbrella or excess liability (including but not limited to builders risk, and the property portion of commercial multiple peril policies).

As of December 31, 2014, the Company reported total gross reinsurance recoverable of \$73.4 million. Gross reinsurance recoverable consisted of \$1.3 million in paid loss and loss adjustment expense recoverable and \$19.5 million recoverable for known case and case loss adjustment expense. The remaining \$52.6 million in gross reinsurance recoverable consisted primarily of incurred but not reported losses and unearned premium. Of the total reinsurance recoverable, \$64.2 million or 87.5% is recoverable from BI and 9.8% is recoverable from Maiden Reinsurance Company ("Maiden Re"). Both BI and Maiden Re are authorized reinsurers and the amounts recoverable have no collateral. The majority of the remaining recoverable was due from multiple authorized reinsurers with the exception of \$586 thousand due from unauthorized reinsurers, which was supported by letters of credit as of December 31, 2014.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by the Company with the Delaware Department of Insurance and present the financial condition of the Company for the period ending December 31, 2014.

- Statement of Assets
- Statement of Liabilities, Capital and Surplus as of December 31, 2014
- Statement of Income for the year ended December 31, 2014
- Reconciliation of Capital and Surplus for the Period from the Prior Examination as of December 31, 2009 to December 31, 2014

VININGS INSURANCE COMPANY

Statement of Assets
As of December 31, 2014

	Ledger <u>Assets</u>	Assets Not <u>Admitted</u>	Net Admitted <u>Assets</u>	<u>Notes</u>
Bonds	\$ 54,311,371	\$ -	\$ 54,311,371	1
Cash	1,668,426	-	1,668,426	
Short-term investments	63,252		63,252	1
Investment income due and accrued	499,298	-	499,298	
Uncollected premiums and agent balances	4,209,324	432,939	3,776,385	
Deferred premiums, agents' balances and installments booked but deferred and not yet due	8,861,300	-	8,861,300	
Amounts recoverable from reinsurers	1,314,332	-	1,314,332	
Net deferred tax asset	2,515,498	604,611	1,910,887	
Receivables from parent, subsidiaries and affiliates	74,095	-	74,095	
Aggregate write-ins for other than invested assets	196,290	167,211	29,079	
	<u>\$ 73,713,186</u>	<u>\$1,204,761</u>	<u>\$ 72,508,425</u>	
Total assets				

VININGS INSURANCE COMPANY

Statement of Liabilities, Capital and Surplus
As of December 31, 2014

	<u>Balance</u>	<u>Notes</u>
Losses	\$ 19,598,143	2
Reinsurance payable on paid loss and loss adjustment expenses	885,608	
Loss adjustment expenses	6,800,948	2
Commission payable, contingent commissions and other similar charges	1,861,008	
Other expenses	631,688	
Taxes, licenses and fees	1,612,703	
Current federal & foreign income taxes	361,727	
Unearned premiums	13,865,359	
Advanced premium	111,666	
Policyholder dividends declared and unpaid	44,646	
Ceded reinsurance premiums payable	2,911,260	
Amount withheld or retained by company for account of others	34,515	
Payable to parent, subsidiaries and affiliate	305,465	
Aggregate write-ins for liabilities	<u>501,183</u>	
 Total liabilities	 <u>\$ 49,525,919</u>	
 Common capital stock	 \$2,500,000	
Gross paid in and contributed surplus	5,000,000	
Unassigned funds (surplus)	<u>15,482,506</u>	
 Total surplus as regards policyholders	 <u>\$ 22,982,506</u>	
 Total liabilities, capital and surplus	 <u><u>\$ 72,508,425</u></u>	

VININGS INSURANCE COMPANY

Statement of Income
For the Year Ended December 31, 2014

Income:	
Premiums earned	\$17,493,832
Finance and service charges not included in premiums	51,579
Net investment income earned	1,739,674
Net realized capital gains	<u>127,135</u>
Total income	<u>\$19,412,220</u>
Expenses:	
Losses incurred	\$ 7,426,679
Loss adjustment expenses incurred	3,629,755
Other underwriting expenses	5,374,483
Net loss from agents' or premium balances charged off	109,342
Dividends to policyholders	52,794
Federal and foreign income tax incurred	<u>949,524</u>
Total expenses	<u>\$17,542,577</u>
Net income:	<u><u>\$ 1,869,643</u></u>

VININGS INSURANCE COMPANY

Reconciliation of Capital and Surplus for the Period from the Prior Examination
as of December 31, 2009 to December 31, 2014

	Common Capital Stock	Aggregate Write-ins for Other Than Special Surplus Funds	Gross Paid-in & Contributed Surplus	Unassigned Funds	Total
December 31, 2009	\$ 1,986,540	\$ 126,900	\$ 5,000,000	\$ 7,922,609	\$ 15,036,049
2010 Operations (1)	-	-	-	1,957,245	1,957,245
2010 Aggregate Write-ins	-	460,663	-	(460,663)	-
2010 Common Capital Stock (2)	513,460	-	-	-	513,460
December 31, 2010	2,500,000	587,563	5,000,000	9,419,191	17,506,754
2011 Operations (1)	-	-	-	1,238,183	1,238,183
2011 Aggregate Write-ins	-	(312,412)	-	312,412	-
2010 Common Capital Stock	-	-	-	-	-
December 31, 2011	2,500,000	275,151	5,000,000	10,969,786	18,744,937
2012 Operations (1)	-	-	-	1,096,272	1,096,272
2012 Aggregate Write-ins	-	(275,151)	-	275,151	-
December 31, 2012	2,500,000	-	5,000,000	12,341,209	19,841,209
2013 Operations (1)	-	-	-	1,366,999	1,366,999
December 31, 2013	2,500,000	-	5,000,000	13,708,208	21,208,208
2014 Operations (1)	-	-	-	1,774,298	1,774,298
December 31, 2014	\$ 2,500,000	\$ -	\$ 5,000,000	\$ 15,482,506	\$ 22,982,506

(1): Operations is defined as: net income, change in net deferred income tax, change in nonadmitted assets and cumulative change in accounting principles (2011 only).

(2): The change in common capital stock and gross paid in and contributed surplus during the examination period was due the decrease in the number of authorized shares from 2.5 million with a \$2.00 par value per share to 10,000 with a \$500.00 par value per share as approved by the stockholder and ratified by the Board of Directors.

ANALYSIS OF CHANGES IN FINANCIAL STATEMENTS RESULTING FROM THE EXAMINATION

There were no adjustments to the Company's financial statements as a result of this examination.

COMMENTS ON FINANCIAL STATEMENT ITEMS

Note 1:

Schedule D - Bonds

\$ 54,311,371

Schedule DA – Short-term Investments

63,252

VININGS INSURANCE COMPANY

As of December 31, 2014, the Company reported total bond investments on Schedule D – Part 1 with book adjusted carrying values in the amount of \$54.3 million and fair market values of \$57.2 million. The Company reported an additional \$63.2 thousand in NAIC Class One bond mutual funds on Schedule DA at book adjusted carrying value for total bond holdings of \$54.4 million. Bonds were comprised of the following classes:

	<u>Statement Value</u>	<u>% of Total</u>
U.S. Government Bonds - Issuer Obligations	\$ 4,181,292	7.7%
U.S. Government - Residential Mortgage-Backed Securities	317,871	0.6%
U.S. Government - Commercial Mortgage-Backed Securities	36,425	0.1%
U.S. State, Territories & Possessions - Issuer Obligations	1,687,953	3.1%
U.S. Special Revenue - Issuer Obligations	18,661,733	34.3%
U.S. Special Revenue & Special Assessment Obligations - Agencies	9,919,963	18.2%
Industrial & Miscellaneous - Issuer Obligations	16,212,482	29.8%
Industrial & Miscellaneous - Loan Backed & Structured Securities	3,293,652	6.1%
Sub-total Bonds (Schedule D)	<u>\$ 54,311,371</u>	
Class One Money Market Mutual Fund (Schedule DA)	63,252	0.1%
Total Bonds	<u>\$ 54,374,623</u>	<u>100%</u>

Of the Company's total bond holdings, all were categorized as Class 1 or 2 with respect to NAIC credit quality standards and 99.0% were publically traded securities. Bond maturities were heavily weighted in the intermediate term relative to maturity with 7.8%, 40.6%, 41.4%, 5.7% and 4.5% maturing in less than one year, one to five years, five to ten years, ten to twenty years and over twenty years, respectively.

Note 2:

Losses	\$ 19,598,143
Loss Adjustment Expenses	\$ 6,800,948

An actuary appointed by the Company's Board of Directors, rendered an opinion that the amounts carried in the balance sheet, as of December 31, 2014, include provision for all actuarial reserves and related statement items which should be established, meet the

VININGS INSURANCE COMPANY

requirements of the insurance law and regulation of the State of Delaware and are at least the minimum aggregate amounts required.

EWM Group, PC was appointed by the Georgia Department of Insurance to independently test reserves and review workpapers provided by the Company and is in concurrence with this opinion. INS Consultants, Inc. (“Consulting Actuary”) was engaged by the Delaware Department of Insurance to perform a limited review of the inherent risks, management oversight and other mitigating controls over the Company’s actuarial processes and procedures. In addition, the Consulting Actuary reviewed the Company’s Statement of Actuarial Opinion for 2014 and the work performed by EWM Group, PC. The examination determined the Company’s gross and net loss and loss adjustment expenses reserves were properly stated without material exception as of December 31, 2014.

SUBSEQUENT EVENTS

On January 20, 2015, the Company filed an amendment to its Articles of Incorporation with the Delaware Secretary of State to change its name to National Builders Insurance Company.

COMPLIANCE WITH PRIOR EXAMINATION RECOMMENDATIONS

The Company has complied with all recommendations contained in the prior examination report issued by the South Carolina Department of Insurance as of December 31, 2009.

SUMMARY OF RECOMMENDATIONS

There were no recommendations as a result of this examination.

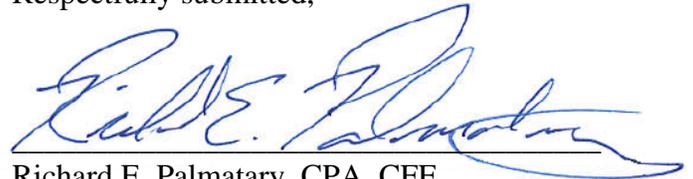
CONCLUSION

The following schedule shows the results of this examination and the results of the prior examination with changes between the examination periods:

<u>Description</u>	<u>December 31, 2014</u>	<u>December 31, 2009</u>	<u>Increase</u>
Assets	\$ 72,508,425	\$ 45,343,976	\$ 27,164,449
Liabilities	\$ 49,525,919	\$ 30,307,927	\$ 19,217,992
Capital and Surplus	\$ 22,982,506	\$ 15,036,049	\$ 7,946,457

The assistance of Delaware's consulting actuarial firm, INS Consultants, Inc. is acknowledged.

Respectfully submitted,



Richard E. Palmatary, CPA, CFE
 Examiner In-Charge
 State of Delaware