

STATE OF INDIANA)
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Indiana Truckers Exchange)
8400 Louisiana Street)
Merrillville, Indiana 46410-6385)

Examination of Indiana Truckers Exchange

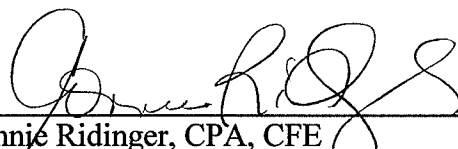
NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Doug Webber, Acting Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Indiana Truckers Exchange, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on April 30, 2010, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of Indiana Truckers Exchange shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

May 27, 2010
Date


Connie Ridinger, CPA, CFE
Chief Examiner/Deputy Commissioner

CERTIFIED MAIL NUMBER: 7004 1160 0000 3839 2156

STATE OF INDIANA)
) SS:
COUNTY OF MARION) COMMISSIONER OF INSURANCE

IN THE MATTER OF:)
)
Indiana Truckers Exchange)
8400 Louisiana Street)
Merrillville, Indiana 46410)

Examination of Indiana Truckers Exchange

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Indiana Truckers Exchange (hereinafter "Company") for the time period January 1, 2004 through December 31, 2008.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on April 29, 2010.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on April 30, 2010 and was received by the Company on May 3, 2010.

The Company did not file any objections.

NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Indiana Truckers Exchange as of December 31, 2008.
2. That the Examiners' Recommendations are reasonable and necessary in order for the Indiana Truckers Exchange to comply with the laws of the State of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.



Signed and Sealed this 27th day of
May, 2010.

Douglas Webber
Acting Insurance Commissioner

STATE OF INDIANA

Department of Insurance

REPORT OF EXAMINATION

OF

INDIANA TRUCKERS EXCHANGE

NAIC Co. CODE 29777

As of

December 31, 2008

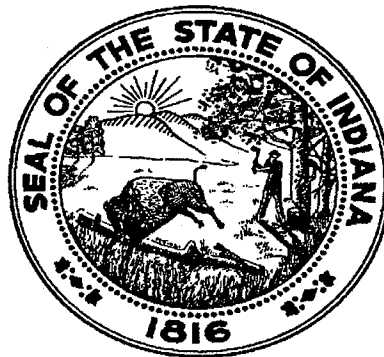


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STATE OF INDIANA

MITCHELL E. DANIELS, JR., Governor

IDOI

INDIANA DEPARTMENT OF INSURANCE

311 W. WASHINGTON STREET, SUITE 300
INDIANAPOLIS, INDIANA 46204-2787
TELEPHONE: (317) 232-2385
FAX: (317) 232-5251

CAROL CUTTER, Commissioner

April 30, 2010

Honorable Douglas Webber
Acting Commissioner, Indiana Department of Insurance
311 W. Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioners:

Pursuant to the authority vested in Appointment Number 3585, an examination has been made of the affairs and financial condition of:

**Indiana Truckers Exchange
8400 Louisiana Street
Merrillville, Indiana 46410**

hereinafter referred to as the "Company," an Indiana domestic property and casualty reciprocal. The examination was conducted at the offices of the Company's Attorney-In-Fact (AIF) in Merrillville, Indiana.

The Report of Examination, reflecting the status of the Company as of December 31, 2008, is hereby respectfully submitted.

ACCREDITED BY THE
NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES
(317) 232-2413

COMPANY COMPLIANCE
(317) 233-0697

CONSUMER SERVICES
(317) 232-2395
In-State 1-800-622-4461

EXAMINATIONS / FINANCIAL SERVICES
(317) 232-2390

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(317) 232-2402

SECURITIES / COMPANY RECORDS
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SCOPE OF EXAMINATION

This examination was conducted by Noble Consulting Services, Inc. (Noble) and covered the period from January 1, 2004 through December 31, 2008 and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

We conducted our examination pursuant to and in accordance with the 2009 NAIC Financial Condition Examiners Handbook (Handbook). The handbook requires that we plan and perform the examination to evaluate the financial condition and identify prospective risks of the Company by obtaining information about the Company including corporate governance, identifying and assessing inherent risks within the company and evaluating system controls and procedures used to mitigate those risks. An examination also includes assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management's compliance with Statutory Accounting Principles and annual statement instructions when applicable to domestic state regulations.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. The working papers prepared by BDO Seiman; the Company's auditors, in their audit of the Company's accounts for the years ended December 31, 2008 were reviewed. A portion of the auditor's working papers have been incorporated into the working papers of the examiners and have been utilized for the purposes of this examination in accordance with the provisions contained in the Handbook.

HISTORY

On July 8, 1987, the Company was formally chartered as an Indiana domiciled reciprocal to write primary physical damage coverage. The Company is an affiliate of American Inter-Fidelity Exchange (AIFE) and was formed after AIFE, which was originally formed as an Indiana domiciled reciprocal, reformed as a risk retention group (RRG). As an RRG is only authorized to write casualty insurance, the Company served as a vehicle whereby property coverage could be offered to AIFE's subscribers.

On March 23, 1994, AIFE was directed into rehabilitation by the IDOI at which time AIFE reverted back to a reciprocal insurer. Although the Company was never insolvent, it was also brought into rehabilitation because it was a guarantor of AIFE's obligations. The Order terminating rehabilitation was effective March 5, 2002. With the permission of the IDOI, the surplus of the Company was pledged to AIFE and the Company is carried on AIFE's books as a wholly-owned asset.

In the fourth quarter of 2007, the last outstanding claim for the Company was settled. The Company is now being maintained as a shell company pending its reactivation if AIFE elects to revert back to a RRG.

CAPITAL AND SURPLUS

The Company has been in an inactive status since 1994. The Company's capital and surplus has been pledged to AIFE since this time.

TERRITORY AND PLAN OF OPERATION

Due to its inactive shell status, the Company has no marketing territory or plan of operations. If its affiliate, AIFE, elects to again to change its legal status to that of an RRG, the Company will be reactivated and will need to develop a marketing plan and plan of operation.

GROWTH OF THE COMPANY

Due to its inactive status, the only changes in the Company's account balances since 2001 relate primarily to investment income, as little change has occurred over this period of time.

MANAGEMENT AND CONTROL

Directors

The Company is governed by a Board of Directors who are elected at the shareholder's annual meeting. The Company's Bylaws state that the Board of Directors shall consist of at least three (3) Directors. The following is a listing of persons serving as Directors at December 31, 2008:

<u>Name and Residence</u>	<u>Principal Occupation</u>
Lex Venditti Crown Point, Indiana	Attorney American Inter-Fidelity Corporation
Michael Kibler Valparaiso, Indiana	President US 1 Industries, Inc.
Harold Antonson Valparaiso, Indiana	Chief Financial Officer US 1 Industries, Inc.
Richard Penney Sarasota, Florida	Independent Insurance Agent
Robert Scissors Valparaiso, Indiana	Director US 1 Industries, Inc.
Gage Blue Mount Pleasant, South Carolina	General Manager Carolina National Transportation, Inc.

Officers

The Company's Bylaws state that the officers of the Company shall be a President, one or more Vice Presidents, a Secretary, a Treasurer and such other officers as may be appointed in accordance with the provisions of Article 3.1. The position of Vice President was not filled at December 31, 2008. The following is a list of officers and their respective titles, as of December 31, 2008:

<u>Name</u>	<u>Office</u>
Lex Venditti	President and Treasurer
Harold Antonson	Secretary

CONFLICT OF INTEREST

The Company requires officers and Directors to review and sign Conflict of Interest statements on an annual basis. Based on a review of the signed statements for each year of the examination period, officers and Directors listed in the management and control section of this report have reviewed and signed their statements annually.

OATH OF OFFICE

IC 27-1-7-10(i) stipulates that every Director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the corporation and will not knowingly violate any of the laws applicable to such corporation. Each Director signed an Oath of Office when elected.

CORPORATE RECORDS

Articles of Incorporation and Bylaws

There were no amendments made to the Articles of Incorporation and Bylaws during the examination period.

Minutes

The Board of Directors, Executive Committee, and Shareholder meeting minutes were reviewed for the period under examination through the fieldwork date and significant actions taken during each meeting were noted. It was noted that the annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

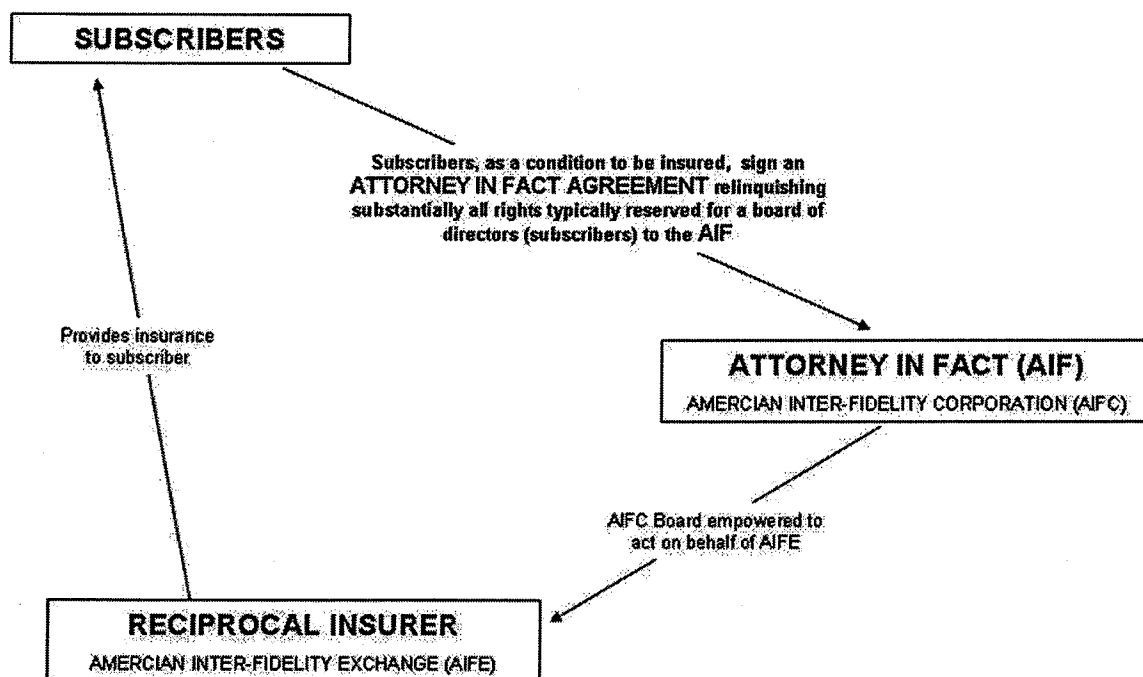
AFFILIATED COMPANIES

Organizational Structure

American Inter-Fidelity Corporation (AIFC) is the Attorney-In-Fact (AIF) for the Company's affiliate, AIFE. AIFC was organized to provide services to AIFE and the Company. AIFC is owned by three individuals who serve as board members of the Company and two serve as officers. Management fees are paid to AIFC for operating expenses as outlined in the Subscriber Agreement. These fees are 10% of gross premium and 25% of net profit. Due to the inactive status of the Company, no fees were incurred under the terms of this agreement in 2008.

The Federal Risk Retention Act requires an AIF and a Subscriber Agreement. It is not considered unusual for directors and ownership to have common ties between the Company and the AIF. While AIFE does not currently operate as an RRG, as it reverted to a reciprocal when placed into rehabilitation, it still operates under the terms of the Subscriber Agreement.

The Company is an insurance company whose surplus has been pledged to AIFE by its common members. AIFE reports its interest in the Company on an equity basis as an other invested asset. US 1 Industries, Inc. is a publicly traded company controlled by the same management team as AIFE.



Since 100% of subscribers are required to sign an AIF Subscriber Agreement and relinquish their management rights, there is no need for AIFE and the Company to have a "Board of Subscribers" as the AIF Board of Directors effectively becomes the acting Board of Subscribers of each Company.

FIDELITY BOND AND OTHER INSURANCE

While the Company is in inactive status and has no need for a fidelity bond, it is named under AIFE's fidelity bond issued by the Fidelity and Deposit Company of Maryland. The bond has blanket coverage of \$150,000 with a \$5,000 deductible. The fidelity bond was not adequate to meet the prescribed minimum coverage specified by NAIC; however, this error was subsequently corrected in 2009.

STATUTORY AND SPECIAL DEPOSITS

The Company reported the following statutory deposits comprised of United States Treasury Notes and Issuer Obligations at December 31, 2008:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For all Policyholders:		
Indiana	\$ 100,000	\$ 103,594
Total Deposits	<u>\$ 100,000</u>	<u>\$ 103,594</u>

REINSURANCE

Due to the inactive status, the Company has no reinsurance.

RESERVES

Due to the inactive status, the Company has no reserves.

ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records and supporting data were reviewed and tested to the extent deemed necessary. The trial balances prepared from the Company's general ledger for the years ended December 31, 2007 and December 31, 2008 were agreed to the respective Annual Statements. Due to the inactive status of the Company, no reporting to the NAIC and no audited financial statements were prepared during the examination period. The Company's accounting procedures, practices, and account records were satisfactory.

INDIANA TRUCKERS EXCHANGE

FINANCIAL STATEMENTS

Assets

	As of December 31, 2008			December 31, Prior
	Per Annual	Examination	Per	Year
	Statement	Adjustments	Examination	
Assets:				
Bonds	\$ 25,777	\$ -	\$ 25,777	\$ 30,777
Stocks:				
Common stocks	866,582	-	866,582	842,644
Cash, cash equivalents and short-term investments	104,043	-	104,043	113,041
Subtotals, cash and invested assets	\$ 996,402	\$ -	\$ 996,402	\$ 986,462
Investment income due and accrued	904	-	904	3,785
Total Assets	\$ 997,306	\$ -	\$ 997,306	\$ 990,247

INDIANA TRUCKERS EXCHANGE

FINANCIAL STATEMENTS

Liabilities, Surplus and Other Funds

	As of December 31, 2008			
	<u>Per Annual Statement</u>	<u>Examination Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
Liabilities:				
Payable to parent, subsidiaries and affiliates	\$ 32,000	\$ -	\$ 32,000	\$ 31,020
Total liabilities	\$ 32,000	\$ -	\$ 32,000	\$ 31,020
Gross paid in and contributed surplus	\$ 815,641	\$ -	\$ 815,641	\$ 815,641
Accumulated equity distributions	(2,421,525)	-	(2,421,525)	(2,421,525)
Unassigned funds (surplus)	2,571,190	-	2,571,190	2,565,111
Surplus as regards policyholders	\$ 965,306	\$ -	\$ 965,306	\$ 959,227
Total liabilities, capital and surplus	\$ 997,306	\$ -	\$ 997,306	\$ 990,247

INDIANA TRUCKERS EXCHANGE

FINANCIAL STATEMENTS

Statement of Income

As of December 31, 2008

	<u>Per Annual Statement</u>	<u>Exam Adjustments</u>	<u>Per Examination</u>	<u>December 31, Prior Year</u>
UNDERWRITING INCOME				
Premiums earned	\$ -	\$ -	\$ -	\$ -
DEDUCTIONS				
Losses incurred	\$ 900	\$ -	\$ 900	\$ (15,783)
Loss adjustment expenses incurred	25	-	25	(811)
Other underwriting expenses incurred	7,651	-	7,651	1,890
Total underwriting deductions	\$ 8,576	\$ -	\$ 8,576	\$ (14,704)
Net underwriting gain (loss)	\$ (8,576)	\$ -	\$ (8,576)	\$ 14,704
INVESTMENT INCOME				
Net investment income earned	\$ 19,173	\$ -	\$ 19,173	\$ 43,672
Net realized capital gains (losses)	-	-	-	-
Net investment gain (loss)	\$ 19,173	\$ -	\$ 19,173	\$ 43,672
OTHER INCOME				
Aggregate write-ins for miscellaneous income	\$ -	\$ -	\$ -	\$ 5,884
Total other income	\$ -	\$ -	\$ -	\$ 5,884
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 10,597	\$ -	\$ 10,597	\$ 64,261
Dividends to policyholders	-	-	-	-
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 10,597	\$ -	\$ 10,597	\$ 64,261
Federal and foreign income taxes incurred	4,517	-	4,517	-
Net Income	\$ 6,080	\$ -	\$ 6,080	\$ 64,261
CAPITAL AND SURPLUS ACCOUNT				
Surplus as regards policyholders, December 31 prior year	\$ 959,226	\$ -	\$ 959,226	\$ 894,966
Net income	\$ 6,080	\$ -	\$ 6,080	\$ 64,261
Change in surplus as regards policyholders for the year	\$ 6,080	\$ -	\$ 6,080	\$ 64,261
Surplus as regards policyholders, December 31 current year	\$ 965,306	\$ -	\$ 965,306	\$ 959,227

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to surplus as of December 31, 2008 based on the results of this examination.

SUBSEQUENT EVENTS

There are no subsequent events.

MANAGEMENT REPRESENTATION

In support of contingencies and accuracy of information provided during the course of the examination, the Examiners obtained a completed management representation letter in the standard NAIC format. This letter was executed by key financial personnel of the Company and provided to the IDOI.

CONCLUSION

The preceding Report of Examination of the **Indiana Truckers Exchange** as of December 31, 2008 reflects its financial condition in accordance with the National Association of Insurance Commissioners Accounting Practices and Procedures Manual and any and all prescribed and permitted accounting practices of the Indiana Department of Insurance. An Affidavit of the Examiner-in-Charge, Daniel P. McBay, CFE, is on file with the Indiana Department of Insurance and attests that the examination was performed in a manner consistent with the standards and procedures required by the Indiana Department of Insurance and the National Association of Insurance Commissioners Financial Condition Examiners Handbook. Based on my review, to the best of my knowledge, the examination was performed in a manner consistent with those standards and procedures and properly reflects the financial condition of the **Indiana Truckers Exchange**.



Alan T. Griffith, CFE
Examinations Manager
Indiana Department of Insurance