

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

IN THE MATTER OF:)
)
Infinity Insurance Company)
500 East 96th Street, Suite 100)
Indianapolis, Indiana 46240)

Examination of: **Infinity Insurance Company**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Infinity Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, 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 Infinity Insurance Company 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.

June 26, 2023
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 2775

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500 East 96th Street, Suite 100)
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Examination of: **Infinity Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Infinity Insurance Company (hereinafter “Company”) for the time period January 1, 2017 through December 31, 2021.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on April 13, 2023.

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 May 26, 2023 and was received by the Company on May 26, 2023.

On June 6, 2023, pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company’s response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2021.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance 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, as amended, 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, as amended. 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 this 26 day of
June, 2023.



Amy L. Beard
Insurance Commissioner

ABOUT AFFIRMATIONS

The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF
INFINITY INSURANCE COMPANY
NAIC Co. CODE 22268
NAIC GROUP CODE 0215

As of

December 31, 2021

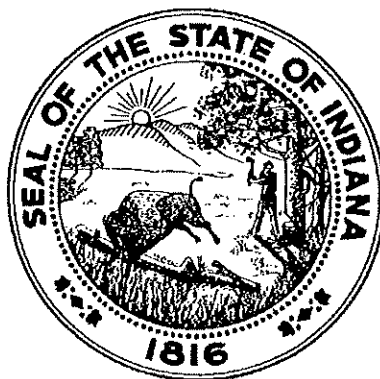


TABLE OF CONTENTS

SALUTATION.....1
SCOPE OF EXAMINATION2
HISTORY.....2
CAPITAL AND SURPLUS.....3
DIVIDENDS TO STOCKHOLDERS3
TERRITORY AND PLAN OF OPERATION.....4
GROWTH OF THE COMPANY.....4
MANAGEMENT AND CONTROL.....5
 Directors.....5
 Officers.....5
CONFLICT OF INTEREST6
OATH OF OFFICE.....6
CORPORATE RECORDS.....6
 Articles of Incorporation6
 Bylaws.....6
 Minutes.....6
AFFILIATED COMPANIES.....7
 Organizational Structure7
 Affiliated Agreements.....7
FIDELITY BOND AND OTHER INSURANCE.....8
PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS.....8
SPECIAL AND STATUTORY DEPOSITS.....9
REINSURANCE.....9
 Reinsurance Pool.....9
ACCOUNTS AND RECORDS9
FINANCIAL STATEMENTS10
 Assets10
 Liabilities, Surplus and Other Funds.....11
 Statement of Income.....12
 Capital and Surplus Account Reconciliation.....13
COMMENTS ON THE FINANCIAL STATEMENTS14
OTHER SIGNIFICANT ISSUES14
SUBSEQUENT EVENTS.....14
AFFIDAVIT.....15



STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Amy L. Beard, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/doi

April 13, 2023

Honorable Amy L. Beard, Commissioner
Indiana Department of Insurance
311 West Washington Street, Suite 300
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4105, an examination has been made of the affairs and financial condition of:

**Infinity Insurance Company
500 East 96th Street, Suite 100
Indianapolis, Indiana 46240**

hereinafter referred to as the "Company", or "IIC", an Indiana domestic stock, property and casualty insurance company. The examination was conducted remotely with assistance from the Company in Chicago, Illinois, the corporate headquarters.

The Report of Examination, reflecting the status of the Company as of December 31, 2021, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-282-2389 COMPANY COMPLIANCE 317-232-3495 CONSUMER SERVICES 317-232-2395/1-800-622-4461 FINANCIAL SERVICES 317-232-2390 MEDICAL MALPRACTICE 317-232-2402 COMPANY RECORDS 317-232-5692 STATE HEALTH INSURANCE PROGRAM 1-800-452-4800

SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2012 through December 31, 2016. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2017 through December 31, 2021, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the 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.

The Illinois Department of Insurance called the examination in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The INDOI served as the facilitating state on the examination, Ohio Department of Insurance, and Texas Department of Insurance served as participants.

Robert P. Daniel, ACAS, MAAA of Merlino & Associates, Inc. provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2021.

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. 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, as mentioned in the Indiana Code (IC) 27-1-3.1-10 and 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 separately communicated to other regulators and/or the Company.

HISTORY

On July 9, 1955, the Company was originally incorporated under the laws of the State of Alabama as Dixie Auto Insurance Company (DAIC). American Financial Corporation (AFC), part of American Financial Group, Inc. (AFG)^A, acquired control of DAIC on June 1, 1977, by purchasing DAIC's parent, Stonewall Insurance Company (Stonewall), from Gulf Life Holding Company. AFC sold 100% of the issued and outstanding stock of Stonewall to Great American Insurance Company (GAIC) on December 31, 1977. DAIC merged into another wholly owned subsidiary of Stonewall, Specialty Insurance Company, a Florida corporation, effective September 30, 1978, and the surviving Florida corporation changed its name simultaneously with the merger to Dixie Insurance Company (Dixie). Pennsylvania Company acquired Dixie from Stonewall on December 31, 1990. Dixie changed its name to Infinity Insurance Company on August 1, 1992. On November 14, 1997, the Company re-domesticated from Florida to Indiana. Effective October 15, 2002, Pennsylvania Company merged into American Premier Underwriters, Inc. (APU) and the Company became a direct wholly owned subsidiary of APU.

Infinity Property and Casualty Corporation (IPCC) was incorporated on September 16, 2002 under the laws of the State of Ohio under the initial name Infinity Property and Casualty Group Corporation and then changed its name

^A AFG was the ultimate controlling parent of IIC (and its predecessors) from June 1, 1977 until December 17, 2003.

to Infinity Property and Casualty Corporation on September 25, 2002. Effective December 31, 2002, APU contributed all the issued and outstanding common stock of the Company to IPCC, whose principal office is located in Birmingham, Alabama. At the time, IPCC was an indirect wholly owned subsidiary of AFG, also an Ohio corporation, which was and still is publicly traded on the New York Stock Exchange (NYSE) under the symbol "AFG." IPCC itself became a publicly traded company upon its initial public offering on February 19, 2003 of 61% of its common stock (with AFG retaining the remaining shares of IPCC); IPCC's shares were traded on the Nasdaq Stock Market under the ticker symbol "IPCC." Subsequently, on December 17, 2003, AFG sold its remaining shares of IPCC pursuant to a secondary public offering and, as a result, AFG ceased to be the ultimate controlling person and an affiliate of the Company and its subsidiaries.

IPCC operated as a publicly traded company until July 2, 2018, at which time IPCC was acquired by Kemper Corporation (Kemper). Kemper is a Delaware corporation with its principal offices in Chicago, Illinois; it is publicly traded with its shares listed on the NYSE.

IPCC is a subsidiary holding company of Kemper and, through its twelve (12) direct and indirect insurance company subsidiaries, is engaged primarily in the private passenger automobile insurance business. IPCC is the sole shareholder of IIC.

CAPITAL AND SURPLUS

IPCC owned 100% of the Company's issued and outstanding stock as of the examination date. There were 40,000 authorized shares of common stock with a par value of \$120 per share and 25,000 shares issued and outstanding throughout the examination period.

DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends, (in 000s), to IPCC during the examination period:

Year	Total	Ordinary Dividends	Extraordinary Dividends
2021	\$ 11,000	\$ 11,000	\$ -
2020	6,000	6,000	-
2019	85,000	-	85,000
2018	624,750	-	624,750 ^B
2017	66,000	51,500	14,500
Total	<u>\$ 792,750</u>	<u>\$ 68,500</u>	<u>\$ 724,250</u>

In accordance with IC 27-1-23-4(h), the payment of dividends to holding companies or affiliated insurers may not exceed the greater of 10% of the prior year's surplus or the net income of such insurer of the prior year. The Company paid six (6) extraordinary dividends during the examination period with the prior approval of the INDOI. Other dividends paid during the examination period were ordinary in nature and did not require prior regulatory approval. In accordance with IC 27-1-23-1.5, the Company notified the INDOI of all declared dividends to the parent during the examination period.

^B The dividends made during 2018, per note 13.4 do not include the surplus adjustment of (a) permitted practice and (b) surplus and deferred tax adjustments. See Capital and Surplus Account Reconciliation page.

TERRITORY AND PLAN OF OPERATION

The Company's ultimate parent company, Kemper, is a large insurance holding group that is engaged, through its subsidiaries, in property and casualty and life and health insurance businesses. Kemper conducts its operations through three (3) operating segments: Specialty Property & Casualty Insurance (Specialty), Preferred Property & Casualty Insurance, and Life & Health Insurance. The IPCC companies are part of Kemper's Specialty segment.

Kemper's subsidiaries employ approximately 10,300 associates supporting their operations, of which approximately 5,775 are employed in the Specialty segment. The Specialty segment distributes their products primarily through independent agents and brokers who are paid commissions for their services. The Company provides automobile insurance with a concentration in non-standard private passenger auto insurance.

The Company is licensed in forty-four (44) states and the District of Columbia. The Company is commercially domiciled in California with 98% of the premiums written there.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results, (in 000s), of the Company during the examination period:

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Surplus and Other Funds</u>	<u>Premiums Earned</u>	<u>Net Income</u>
2021	\$ 1,196,779	\$ 1,071,838	\$ 124,941	\$ -	\$ 12,258
2020	1,079,578	959,655	119,924	-	5,336
2019	1,045,718	939,577	106,142	-	3,570
2018	933,743	724,682	209,061	1,324,714	131,442
2017 ^c	2,046,794	1,382,996	663,797	1,358,994	67,889

The decrease in assets, liabilities, and surplus from 2017 to 2018 was primarily due to the transfer of assets that occurred after the acquisition by Kemper, specifically the quota share agreement and the associated transactions.

Net income between 2017 and 2018 is not comparable due to the purchase by Kemper in 2018 and the related operational changes that occurred under new ownership.

Pursuant to the 100% quota share reinsurance agreement with an affiliate, premiums were 100% ceded and reported net premiums were zero for 2019, 2020 and 2021. In addition, beginning in 2019, as losses, loss adjustment and underwriting expenses were fully ceded under the terms of the agreement, Net Income is derived solely from investment income.

^c This balance was taken from the 2018 year-end annual statement, prior year column, and is different than the balance reported in the 2017 year-end statement. The "prior year" balances in the 2018 year-end annual statement restated the effects of the statutory merger between Hillstar Insurance Company (Hillstar) and Infinity Insurance Company. Pursuant to SSAP 3, the transaction was accounted for as a statutory merger. On January 1, 2018, Hillstar merged into Infinity Insurance Company and the guidance provides that the prior year's amounts in the annual statement shall be restated as if the merger had occurred as of January 1 of the prior year.

MANAGEMENT AND CONTROL

Directors

The Articles of Incorporation provide that the corporate powers of the Company are to be exercised by a Board of Directors (Board). The number of directors of the Company shall be not less than seven (7) nor more than twenty-one (21), such number to be fixed from time to time by resolution adopted by a vote of a majority of the Board or by the Shareholders. The annual meetings of the shareholders and of the Board shall be held within the first five (5) months after the close of the fiscal year at the principal office of the Company or at such other place and at such time as the Board may designate. As an Indiana domiciled company, at least one (1) director is required to be a resident of Indiana.

The following is a listing of persons serving as directors as of December 31, 2021, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
Bradley Camden Wheaton, Illinois	Senior Vice President and Treasurer Merastar Insurance Company
Brenda Freije Indianapolis, Indiana	Lawyer and Consultant Charitable Allies
Aditya Mahajan Long Grove, Illinois	Senior Vice President, Finance Strategic Planning and Execution Merastar Insurance Company
Michael Marinaccio Hinsdale, Illinois	Vice President, Corporate Development Merastar Insurance Company
Christopher Moses Chicago, Illinois	Assistant Vice President Merastar Insurance Company
Timothy Tuller Rocky Hill, Connecticut	Senior Vice President and Chief Financial Officer, Property and Casualty Merastar Insurance Company
Matthew Varagona Birmingham, Alabama	Senior Vice President Merastar Insurance Company

Officers

The Bylaws state that the elected officers of the Company may consist of a Chairman of the Board and a President (each of whom shall be a director), one (1) or more Vice Presidents (or any derivations thereof, such as Senior or Executive Vice President), a Treasurer, a Secretary, and such other Assistant Vice Presidents, Assistant Secretaries, Assistant Treasurers, and other officers, as from time to time, may appear to the Board necessary or desirable for conducting the affairs of the Company.

The following is a list of key officers and their respective titles as of December 31, 2021:

<u>Name</u>	<u>Office</u>
Matthew Varagona	President
Timothy Tuller	Vice President and Treasurer
Christopher Moses	Secretary

CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2021.

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 Company and will not knowingly violate any of the laws applicable to such Company. It was determined that the directors listed in the Management and Control section of this Report of Examination did not subscribe to an oath as of December 31, 2021. See the Other Significant Issues section of this Report of Examination for additional information.

CORPORATE RECORDS

Articles of Incorporation

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

Bylaws

There were no amendments made to the Bylaws during the examination period.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws specify the annual meeting of shareholders is to be held on the third Tuesday in March of each year. For each year under review, the annual meeting of shareholders was held in compliance with the Bylaws and IC 27-1-7-7(b).

The Company's Audit Committee meeting minutes for the examination period, and through the fieldwork date, were reviewed.

AFFILIATED COMPANIES

Organizational Structure

The following abbreviated organizational chart shows the Company's parent and subsidiaries or affiliates as of December 31, 2021:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Kemper Corporation		DE
Trinity Universal Insurance Company	19887	TX
Merastar Industries LLC		DE
Merastar Insurance Company	31968	IL
Infinity Property and Casualty Corporation		OH
Infinity Insurance Company	22268	IN
Infinity Assurance Insurance Company	39497	OH
Infinity Auto Insurance Company	11738	OH
Infinity Casualty Insurance Company	21792	OH
Infinity County Mutual Insurance Company^D	13820	TX
Infinity Indemnity Insurance Company	10061	IN
Infinity Preferred Insurance Company	10195	OH
Infinity Safeguard Insurance Company	16802	OH
Infinity Security Insurance Company^E	38873	IN
Infinity Select Insurance Company	20260	IN
Infinity Standard Insurance Company	12599	IN

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

Management Agreement

Effective December 7, 1991, IIC and Infinity County Mutual Insurance Company (ICMIC) are parties to a Management Agreement under which IIC acts as manager of ICMIC. GAIC assigned this Agreement to Infinity Standard Insurance Company (Standard) on January 31, 2003. Standard assigned this Agreement to IIC effective August 1, 2008. In 2021, the Company received compensation in the amount of \$8.1 million under the Management Agreement.

Services Agreement

Effective January 1, 2019, the Company entered into a General Services Agreement with Merastar Insurance Company and other Kemper property and casualty subsidiaries. Infinity Insurance Company and Merastar Insurance Company are the service providers under the agreement, and they provide various general corporate services to the affiliates, which include accounting and financial services, accounts payable and administrative services, cash management and financial planning services, human resources services, legal, risk management services, and other miscellaneous services.

^D Infinity County Mutual Insurance Company is affiliated but not owned by Infinity Insurance Company. As a mutual insurance company, it is owned by its policyholders.

^E Effective August 1, 2022, IIC entered into a Share Purchase Agreement with Transverse Specialty Insurance Company, pursuant to which, Transverse acquired all of the issued and outstanding capital stock of Infinity Security Insurance Company.

Intercompany Pooling Agreement

As more fully discussed in the Reinsurance section of the Report of Examination, IIC, along with other Indiana and Ohio affiliates, is a member of an Intercompany Pooling Agreement, effective January 1, 1992. Under this agreement, all the premiums, applicable liabilities, and expenses of the companies are “pooled” in accordance with the terms of the pooling agreement.

Quota Share Reinsurance Agreement

Effective December 1, 2018, the Company entered into a Quota Share Reinsurance Agreement with Trinity Universal Insurance Company (TUIC), under which TUIC assumes 100% of the direct liabilities and obligations of the Company.

Administrative Services Agreement

Effective December 1, 2018, the Company entered into an Administrative Services Agreement with affiliate TUIC related to the Quota Share Reinsurance Agreement referenced above. In 2021, the Company paid compensation in the amount of \$164.3 million under this administrative agreement.

Consolidated Federal Income Tax Allocation Agreement

Effective July 2, 2018, the Company, along with its subsidiary insurance companies, joined the 2015 Kemper Corporation Federal Income Tax Agreement. The agreement provides that the affiliates will pay Kemper an amount of tax that they would pay the Internal Revenue Services (IRS) or receive from Kemper refunds they would receive from the IRS, as if they were separate companies filing separate federal income tax returns and were not part of a consolidated group.

FIDELITY BOND AND OTHER INSURANCE

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Hartford Fire Insurance Company. The bond has a single loss coverage limit of \$20 million with a \$500,000 deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force at December 31, 2021, including but not limited to auto, cyber policies, directors and officers liability, employment practices liability, fiduciary, general liability, insurance company professional liability, property liability, workers’ compensation, and an umbrella policy.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

The Company provides post-retirement benefits to employees based on date of retirement, age, and service requirements through plans sponsored by IPCC, its parent company. The retiree medical care plan is a contributory plan. Participating retirees pay the full cost of their medical coverage as outlined by the plan. The Company paid the full cost of life insurance coverage for retirees eligible for this coverage. IPCC has the right to modify or terminate either of these plans in the future. The Company also has the right to terminate its participation at any time in the future. The Company accrues its post-retirement benefits over the period the employees qualify for such benefits.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits, as of December 31, 2021:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
All Other Special Deposits:		
Florida	\$ 359,465	\$ 364,275
Georgia	44,860	38,828
Indiana	2,378,089	2,537,547
Massachusetts	106,473	110,328
Nevada	239,506	250,242
New Mexico	351,734	333,656
North Carolina	233,821	227,825
Total Deposits	<u>\$ 3,713,948</u>	<u>\$ 3,862,701</u>

REINSURANCE

Reinsurance Pool

The Company participates in an intercompany reinsurance pool for which it acts as the lead pool reinsurer.

The pooling process is comprised of several steps. First, each affiliated company directly or indirectly cedes 100% of their direct and assumed business to IIC pursuant to the pooling agreement. In 2021, IIC assumed premiums totaling \$1.5 billion, case loss and expense reserves of \$422 million, and IBNR reserves of \$521 million in connection with pooling transactions.

Second, IIC then deducts any reinsurance ceded to non-pooling parties before retroceding a portion of the remaining balance back to each pool participant. Since its acquisition by Kemper in 2018, this step has involved the cession of 100% of its direct and assumed business to TUIC.

Finally, as a result of this cession, IIC, as well as each pooling affiliate, report zero net premium and loss in their regulatory filings.

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, 2020 and December 31, 2021, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2020 and December 31, 2021, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

FINANCIAL STATEMENTS

INFINITY INSURANCE COMPANY

Assets

As of December 31, 2021

(in 000s)

	<u>Per Examination*</u>
Bonds	\$ 70,902
Stocks:	
Common stocks	47,549
Real estate:	
Properties occupied by the company	46,931
Properties held for sale	402
Cash, cash equivalents and short-term investments	15,218
Other invested assets	3,400
Receivables for securities	105
Subtotals, cash and invested assets	184,507
Investment income due and accrued	558
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	151,783
Deferred premiums, agents' balances and installments booked but deferred and not yet due	768,273
Reinsurance:	
Amounts recoverable from reinsurers	1,759
Current federal and foreign income tax recoverable and interest thereon	4,307
Net deferred tax asset	2,368
Electronic data processing equipment and software	3,878
Receivables from parent, subsidiaries and affiliates	77,043
Aggregate write-ins for other than invested assets	2,304
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	1,196,779
Totals**	\$ 1,196,779

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

** The balance includes immaterial rounding differences.

INFINITY INSURANCE COMPANY
 Liabilities, Surplus and Other Funds
 As of December 31, 2021
 (in 000s)

	Per Examination*
Commissions payable, contingent commissions and other similar charges	\$ 19,713
Other expenses	18,691
Taxes, licenses and fees	3,462
Advance premium	5,006
Ceded reinsurance premiums payable	958,843
Amounts withheld or retained by company for account of others	11,061
Remittances and items not allocated	40,841
Aggregate write-ins for liabilities	14,221
Total liabilities excluding protected cell liabilities	1,071,838
Total liabilities	1,071,838
Common capital stock	3,000
Gross paid in and contributed surplus	97,000
Unassigned funds (surplus)	24,941
Surplus as regards policyholders	124,941
Totals**	\$ 1,196,779

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

** The balance includes immaterial rounding differences.

INFINITY INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2021
(in 000s)

	<u>Per Examination*</u>
UNDERWRITING INCOME	
Premiums earned	\$ -
Net underwriting gain (loss)	-
INVESTMENT INCOME	
Net investment income earned	10,016
Net realized capital gains (losses) less capital gains tax	593
Net investment gain (loss)	10,609
OTHER INCOME	
Net income, before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	10,609
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	10,609
Federal and foreign income taxes incurred	(1,648)
Net income**	\$ 12,258

* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

** The balance includes immaterial rounding differences.

INFINITY INSURANCE COMPANY
Capital and Surplus Account Reconciliation
(in 000s)

	2021	2020	2019	2018	2017 ^F
Surplus as regards policyholders, December 31 prior year	\$ 119,924	\$ 106,142	\$ 209,061	\$ 663,797	\$ 664,239
Net income	12,258	5,336	3,570	131,442	67,889
Change in net unrealized capital gains or (losses) less capital gains tax	2,683	642	(146)	(19,650)	11,633
Change in net deferred income tax	(5,762)	(814)	(1,828)	(27,949)	(27,185)
Change in nonadmitted assets	8,441	14,627	(19,033)	(972)	11,437
Surplus adjustments:					
Paid in	-	-	(85,000)	(260,746)	1,866
Dividends to stockholders	(11,000)	(6,000)	-	(277,647)	(66,000)
Aggregate write-ins for gains and losses in surplus	(1,603)	(9)	(482)	786	(83)
Change in surplus as regards policyholders for the year	<u>5,017</u>	<u>13,782</u>	<u>(102,920)</u>	<u>(454,736)</u>	<u>(442)</u>
Surplus as regards policyholders, December 31 current year**	<u>\$ 124,941</u>	<u>\$ 119,924</u>	<u>\$ 106,142</u>	<u>\$ 209,061</u>	<u>\$ 663,797</u>

^F This balance was taken from the 2018 year-end annual statement, prior year column, and is different than the balance reported in the 2017 year-end statement. The “prior year” balances in the 2018 year-end annual statement restated the effects of the statutory merger between Hillstar Insurance Company (Hillstar) and Infinity Insurance Company. Pursuant to SSAP 3, the transaction was accounted for as a statutory merger. On January 1, 2018, Hillstar merged into Infinity Insurance Company and the guidance provides that the prior year’s amounts in the annual statement shall be restated as if the merger had occurred as of January 1 of the prior year.

** The balance includes immaterial rounding differences.

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2021, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

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 Company and will not knowingly violate any of the laws applicable to such Company. It was determined that while each director does have an Oath of Office statement on file, not all were current as of their last elected date. It is recommended that every director shall take and subscribe to an Oath of Office at the time of annual election to the Board.

SUBSEQUENT EVENTS

As of August 1, 2022, Transverse Insurance Group LLC unit Transverse Specialty Insurance Company has acquired Infinity Security Insurance Company (ISIC). The sale of the subsidiary company was approved by the INDOI and ISIC later became a Texas domiciled company. ISIC's name was changed to TRM Specialty Insurance Company and it now operates as a subsidiary of Transverse Specialty Insurance Company.

AFFIDAVIT

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Merlinos & Associates, Inc., performed an examination of Infinity Insurance Company, as of December 31, 2021.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

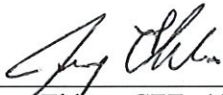
This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of condition of Infinity Insurance Company as of December 31, 2021, as determined by the undersigned.



Vitaliy Kyryk, CFE
Noble Consulting Services, Inc.

Under the Supervision of:




Jerry Ehlers, CFE, AES
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

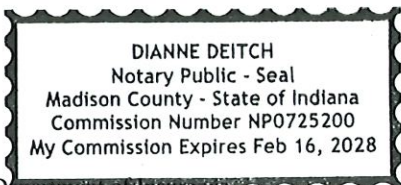
On this 28th day of April, 2023, before me personally appeared, Vitaliy Kyryk and Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: 2-16-2028



Notary Public



Notary Public

