

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

IN THE MATTER OF:)
)
Infinity Standard Insurance Company)
2201 4th Avenue North)
Birmingham, AL 35203-3863)

Examination of: **Infinity Standard Insurance Company**


NOTICE OF ENTRY OF ORDER

Enclosed is the Final Order entered by Stephen W. Robertson, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of Infinity Standard Insurance Company, any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as sent to you on May 31, 2018, 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 Standard 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 27, 2018
Date


Roy Eft
Chief Financial Examiner

CERTIFIED MAIL NUMBER: 7005 3110 0002 4444 0144

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

IN THE MATTER OF:)
)
Infinity Standard Insurance Company)
2201 4th Avenue North)
Birmingham, AL 35203-3863)

Examination of: **Infinity Standard Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Infinity Standard Insurance Company (hereinafter "Company") for the time period January 1, 2012 through December 31, 2016.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter "Commissioner") by the Examiner on February 13, 2018.

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 31, 2018 and was received by the Company on June 4, 2018.

The Company did not file any objections.

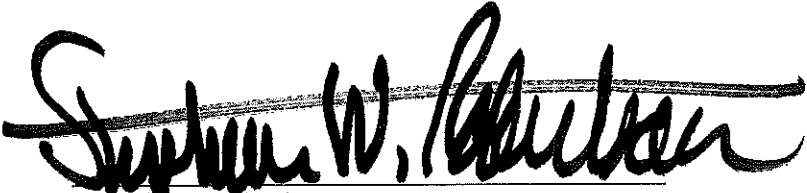
NOW THEREFORE, based on the Verified Report of Examination, I hereby make the following **FINDINGS**:

1. That the Verified Report of Examination is a true and accurate report of the financial condition and affairs of the Infinity Standard Insurance Company as of December 31, 2016.
2. That the Examiner's Recommendations are reasonable and necessary in order for the Infinity Standard Insurance Company 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 this 27 day of
June, 2018.

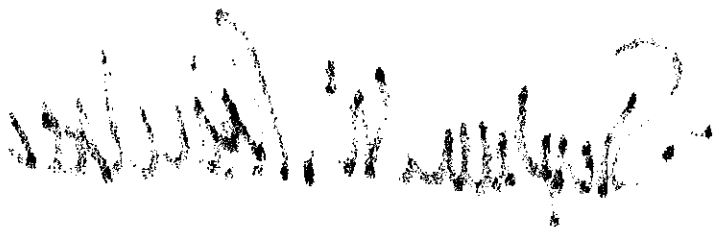

Stephen W. Robertson
Insurance Commissioner
Indiana Department of Insurance

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.

A large, dark, handwritten signature in cursive script, appearing to be "Michael J. ...".A smaller, dark, handwritten signature in cursive script, appearing to be "J.M.C.". There is a small mark above the signature.

STATE OF INDIANA
Department of Insurance
REPORT OF EXAMINATION
OF

INFINITY STANDARD INSURANCE COMPANY

NAIC Co. CODE 12599
NAIC GROUP CODE 3495

As of

December 31, 2016

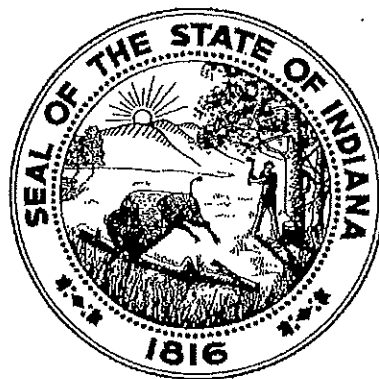


TABLE OF CONTENTS

SALUTATION.....	1
SCOPE OF EXAMINATION.....	2
HISTORY.....	2
CAPITAL AND SURPLUS.....	3
DIVIDENDS TO STOCKHOLDERS.....	3
TERRITORY AND PLAN OF OPERATION.....	3
GROWTH OF THE COMPANY.....	4
MANAGEMENT AND CONTROL.....	4
Directors.....	4
Officers.....	5
CONFLICT OF INTEREST.....	6
OATH OF OFFICE.....	6
CORPORATE RECORDS.....	6
Articles of Incorporation.....	6
Bylaws.....	6
Minutes.....	6
AFFILIATED COMPANIES.....	7
Organizational Structure.....	7
Affiliated Agreements.....	7
FIDELITY BOND AND OTHER INSURANCE.....	8
PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS.....	8
SPECIAL AND STATUTORY DEPOSITS.....	8
REINSURANCE.....	9
Reinsurance Pool.....	9
External Ceded Reinsurance.....	9
ACCOUNTS AND RECORDS.....	10
FINANCIAL STATEMENTS.....	11
Assets.....	11
Liabilities, Surplus and Other Funds.....	12
Statement of Income.....	13
Capital and Surplus Account Reconciliation.....	14
COMMENTS ON THE FINANCIAL STATEMENTS.....	15
OTHER SIGNIFICANT ISSUES.....	15
SUBSEQUENT EVENTS.....	15
AFFIDAVIT.....	16



STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

Indiana Department of Insurance

Stephen W. Robertson, Commissioner
311 W. Washington Street, Suite 103
Indianapolis, Indiana 46204-2787
Telephone: 317-232-2385
Fax: 317-232-5251
Website: in.gov/idoi

February 13, 2018

Honorable Stephen W. Robertson, 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 3933, an examination has been made of the affairs and financial condition of:

Infinity Standard Insurance Company
2201 4th Avenue North
Birmingham, Alabama 35203-3863

hereinafter referred to as the "Company", or "Standard", an Indiana domestic stock, property and casualty insurance company. The examination was conducted at the corporate offices of the Company in Birmingham, Alabama.

The Report of Examination, reflecting the status of the Company as of December 31, 2016, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2413 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, 2007 through December 31, 2011. The present risk-focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2012 through December 31, 2016, 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 examination of the Ohio domestic insurance companies of Infinity Property and Casualty Corporation (IPCC) or (the Group) was called by the Ohio Department of Insurance (ODI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The examination of the Texas domestic insurance company of IPCC was called by the Texas Department of Insurance (TDI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The ODI and TDI served as participating states on the examination and the INDOI served as the lead state.

Merlinos & Associates, Inc. staff provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2016.

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 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

In November 1987, the Company was incorporated as Windsor Insurance Company, an Indiana domestic insurer. Upon its capitalization, 100% of its authorized capital stock was purchased by Southeastern Fidelity Insurance Company (SFIC), a wholly-owned subsidiary of Moore Group, Inc. (MGI). At the time, the Company was an indirect, wholly-owned subsidiary of American Financial Group, Inc. (AFG). Effective February 1989, SFIC merged into the Company and MGI became the sole shareholder of the Company. In July 1990, MGI contributed 100% of the common stock of the Company to Great American Insurance Company (GAIC). GAIC simultaneously contributed 100% of the common stock of MGI to the Company, making GAIC the direct parent of the Company.

On December 31, 1990, GAIC sold all of the common stock of the Company to Pennsylvania Company (PC). Effective October 2002, PC merged into American Premier Underwriters, Inc. (APU) and the Company became a direct, 100% owned subsidiary of APU. Effective December 31, 2002, APU contributed all of the issued and outstanding common stock of the Company to IPCC. IPCC was formed to own all of the personal lines agency business of AFG for the purpose of making it available in an initial public offering.

On February 19, 2003, AFG sold 61% of IPCC in an initial public offering. Effective December 17, 2003, AFG sold its remaining shares of the issued and outstanding common stock of IPCC through a secondary public offering. As a result, AFG ceased to be the ultimate controlling entity and also ceased to be an affiliate of IPCC and its subsidiaries.

Effective January 1, 2005, IPCC contributed all of the common capital stock of the Company to Infinity Insurance Company (IIC). IIC is an Indiana domestic insurance company and a wholly-owned subsidiary of IPCC. Effective January 12, 2006, the Company changed its name to Standard.

CAPITAL AND SURPLUS

The Articles of Incorporation, as amended, provide that the authorized capital of the Company shall consist of 3,000,000 shares of common stock with a \$1 par value. As of December 31, 2016, IIC owned all 2,500,000 issued and outstanding shares of the Company's common stock. The Company has no shares of preferred stock outstanding.

DIVIDENDS TO STOCKHOLDERS

The Company paid the following dividends to IIC during the examination period:

Year	Total	Ordinary Dividends	Extraordinary Dividends
2016	\$ -	\$ -	\$ -
2015	250,000	250,000	-
2014	115,000	115,000	-
2013	80,000	80,000	-
2012	425,000	425,000	-
Total	<u>\$ 870,000</u>	<u>\$ 870,000</u>	<u>\$ -</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 no extraordinary dividends during the examination period. 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.

In 2014, the Company received a capital contribution of \$50,000 from its parent, IIC.

TERRITORY AND PLAN OF OPERATION

The Group provides automobile insurance nationwide with a concentration in non-standard private passenger auto insurance. The Group markets its insurance products using a network of approximately 10,800 independent agents and brokers in 15,400 locations. While the Group does offer commercial auto and classic collector coverage, these products represented only 10% and 1% of gross written premiums for 2016, respectively. The remaining 89% of gross writings represents private passenger auto insurance.

The Group, through its various affiliated insurance companies, holds licenses in all fifty (50) states and the District of Columbia, but the Group is committed to growth in targeted urban areas identified within the Group's focus states. The Group has targeted urban areas in the following focus states: Arizona, California, Florida, and Texas. Business is heavily focused in California and Florida, which generate approximately 86% of the direct premiums written.

The Company is licensed in fifteen (15) states but only writes a material amount in three (3) states with Connecticut at 79.5% being the largest. No direct premium is written in Indiana.

GROWTH OF THE COMPANY

The following exhibit summarizes the financial results of the Company during the examination period:

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums Earned	Net Income
2016	\$ 7,149,799	\$ 1,532,668	\$ 5,617,131	\$ 1,391,664	\$ 87,781
2015	7,152,197	1,622,963	5,529,234	1,346,564	230,890
2014	6,887,780	1,339,132	5,548,648	1,325,935	117,890
2013	7,086,373	1,590,826	5,495,547	1,302,525	58,517
2012	9,358,284	3,842,709	5,515,575	1,184,090	71,798

The admitted assets and liabilities decrease from 2012 to 2013 was due to an Amendment to the intercompany reinsurance pooling agreement (effective December 1, 2013) which permits the participating companies to settle their accounts on an estimated basis. Admitted assets and liabilities changes in 2013, 2014, and 2015 relate to an intercompany balance that was payable in 2013 and 2015, but a receivable in 2014. Reduction in liabilities from 2015 to 2016 was due to a reduction in the intercompany payable.

Surplus and other funds declined as an increase from net income was more than offset by a decrease from dividends. With the intercompany pooling agreement and IIC's ability to contribute capital as needed, excess surplus is paid in dividends out of the Company and concentrated into IIC for capital management purposes.

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 shall be held 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, 2016, and their principal occupations as of that date:

Name and Address	Principal Occupation
Robert Harold Bateman, Jr. Mountain Brook, Alabama	Executive Vice President and Chief Financial Officer Infinity Property and Casualty Corporation
David Glenn Blachly Indianapolis, Indiana	Attorney (Outside Director) Densborn Blachly LLP
James Randall Gober ^A Birmingham, Alabama	Chairman of the Board, President, and CEO Infinity Property and Casualty Corporation
Glen Nelson Godwin ^B Birmingham, Alabama	Senior Vice President, Business Development Infinity Property and Casualty Corporation
Amy Kay Jordan Hoover, Alabama	Senior Vice President and Controller Infinity Property and Casualty Corporation
Scott Christopher Pitrone ^C Decatur, Georgia	Senior Vice President, Product Management Infinity Property and Casualty Corporation
Samuel James Simon ^D Birmingham, Alabama	Executive Vice President and Secretary Infinity Property and Casualty Corporation

Officers

The Bylaws state that the elected officers of the Company shall consist of a Chairman of the Board, a Vice Chairman, and a President (each of whom shall be a director), one (1) or more Vice Presidents, a Treasurer, and one (1) or more Secretaries, such other Assistant Vice Presidents, Assistant Treasurers, or other officers, as from time to time, may appear to the Board necessary or desirable for the conduct of the affairs of the Company. Any two (2) offices may be held by the same person except that any person holding office as Secretary shall not also hold the office of Chairman of the Board, Vice Chairman of the Board, or President.

The following is a list of key officers and their respective titles as of December 31, 2016:

Name	Office
Scott Christopher Pitrone ^B	President and Chief Executive Officer
Robert Harold Bateman, Jr.	Senior Vice President and Chief Financial Officer
Ralph Allen Gravelle	Senior Vice President and Chief Information
Samuel James Simon	Senior Vice President and Secretary
Amy Kay Jordan	Vice President, Treasurer, and Controller
Troy Perry Ballard	Assistant Treasurer

^A Effective August 1, 2017, James R. Gober retired as CEO of IPCC. He will continue to serve as the Chairman of the Board and serve on Boards of the various company subsidiaries.

^B Effective August 1, 2017, Glen N. Godwin became the CEO of IPCC

^C Effective August 9, 2017, Scott C. Pitrone resigned from all Officer and Board Member positions served with IPCC and its subsidiary companies. Troy P. Ballard, Assistant Treasurer, replaced Mr. Pitrone as the Board Member.

^D Effective August 1, 2017, Samuel J. Simon became the President of IPCC.

^E Glen N. Godwin replaced Scott C. Pitrone as the President and Chief Executive Officer of the Company.

Mary Linn Clark	Assistant Treasurer
Timothy Michael Kelly	Assistant Treasurer
James Henry Romaker	Assistant Secretary
Mitchell Silverman	Assistant Secretary

CONFLICT OF INTEREST

The Company's directors and officers are required to review and sign Conflict of Interest statements every two (2) years. 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, 2015 for years 2015 and 2016.

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 all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2016.

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. For all years under examination the meeting was found to be held within this time frame.

The Company's finance committee meeting minutes for the examination period, and through the fieldwork date, were reviewed, as well as the minutes for the following IPCC committees: Audit Committee, Compensation Committee, Executive Committee, Investment Committee, and Nominating and Corporate Governance Committee.

AFFILIATED COMPANIES

Organizational Structure

The following organizational chart shows the Company's parent and subsidiaries as of December 31, 2016:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
Infinity Property and Casualty Corporation		
Hillstar Insurance Company	10068	IN
Infinity Financial Centers, LLC		
Infinity Insurance Company	22268	IN
Infinity Insurance Agency, Inc.		
Infinity Agency of Texas		
Infinity Indemnity Insurance Company	10061	IN
Infinity Select Insurance Company	20260	IN
Infinity Security Insurance Company	38873	IN
Infinity Standard Insurance Company	12599	IN
Infinity Property and Casualty Services, Inc.		
Casualty Underwriters, Inc.		
Infinity Assurance Insurance Company	39497	OH
Infinity Auto Insurance Company ¹	11738	OH
Leader Managing General Agency, Inc.		
Leader Group, Inc.		
Infinity Casualty Insurance Company	21792	OH
Infinity Preferred Insurance Company	10195	OH
Infinity Safeguard Insurance Company	16802	OH
Infinity County Mutual Insurance Company ^F	13820	TX

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:

Consolidated Tax Allocation Agreement

IPCC and certain of its subsidiaries are parties to a Tax Allocation Agreement whereby federal income taxes resulting from the filing of a consolidated federal tax return are allocated among members of the federal consolidated tax group. The Tax Allocation Agreement was entered into on December 31, 2003, and was effective February 13, 2003.

Intercompany Pooling Agreement

As more fully discussed in the Reinsurance section of this Report of Examination, all affiliate insurers, except Hillstar Insurance Company (Hillstar) and Infinity County Mutual Insurance Company (County Mutual), are members of an Intercompany Pooling Agreement, effective January 1, 2005, under which all the premiums,

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

applicable liabilities, and expenses of the companies are “pooled” in accordance with the terms of the pooling agreement. On December 31, 2014, an Amendment was made to the pooling agreement terminating Hillstar’s participation.

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 Travelers Casualty and Surety Company of America. The bond has a single loss coverage limit of \$5,000,000, with a \$250,000 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 as of December 31, 2016, including but not limited to claim expense liability, computer fraud liability, fraudulent instruction liability, in transit liability, on premises liability, securities liability, and umbrella liability.

PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS

All employees meeting minimum requirements regarding service are eligible to participate in the IPCC 401(k) Retirement Plan (Plan) for the benefit of employees of IPCC and its participating subsidiaries. The Plan is a defined contribution plan in which participating employees are entitled to share in contributions made by the Company on their behalf. The Plan has two (2) types of contributions, including 401(k) contributions made by participating employees and contributions made by the Company. Participating employees are permitted to make 401(k) contributions to the Plan. Matching contributions may be made by the Company based on the amount of 401(k) contributions made by the participating employees. IPCC also has a Supplemental Executive Retirement Plan (SERP) for a select group of management or highly compensated employees. The SERP enables eligible employees to receive additional retirement contributions from the Company that are precluded by law due to limitations of a qualified retirement plan. SERP costs are funded as they accrue and vested benefits are fully funded. Matching contributions to the SERP are subject to the discretion of IPCC, and the company has no liability for future contributions to the SERP. The Company’s share of the expense for the Plan and the SERP during 2016 was \$5,085.

The Company provides postretirement benefits to employees based on date of retirement, age, and service requirements. The retiree medical care plan is a contributory plan. Some employees pay the full cost of retiree medical coverage as outlined by the plan. The Company paid the full cost of life insurance coverage in 2016 for retirees eligible for this coverage. The Company has the right to modify or terminate either of these plans in the future.

SPECIAL AND STATUTORY DEPOSITS

The Company reported the following special and statutory deposits as of December 31, 2016:

State	Book Value	Fair Value
For All Policyholders:		
Florida	\$ 205,058	\$ 208,692
Indiana	2,033,602	2,028,186
All Other Special Deposits:		
Georgia	35,010	35,630
South Carolina	255,072	259,592
Texas	35,010	35,630
Total Deposits	<u>\$ 2,563,752</u>	<u>\$ 2,567,730</u>

REINSURANCE

Reinsurance Pool

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

The pooling process is comprised of three (3) steps. First, each company directly or indirectly cedes 100% of their direct and assumed business to IIC pursuant to the pooling agreement. In 2016, the Company ceded premiums and case loss and expense reserves totaling \$5.2 million and \$3.6 million respectively to IIC in connection with pooling transactions.

Second, IIC then cedes excess of loss and catastrophe reinsurance to a group of unrelated open market reinsurers (external reinsurance) and various state-operated residual market reinsurance facilities. Any uncollected external reinsurance balances are ultimately shared amongst all pool members in proportion to each member's designated pooling percentage.

Third, in its capacity as lead pool insurer, IIC then cedes (or retrocedes) back to each participating pool member a specified percentage of the combined "pool" in accordance with each member's applicable pooling percentage. As of December 31, 2016, IIC retained 99.1% of the total pool and ceded 1/10th of 1% (one-tenth of one percent) to each of nine (9) respective pool members as shown below. In 2016, IIC ceded premiums and case loss and loss expense, including IBNR, totaling \$1.4 million and \$.7 million respectively to the Company in connection with pooling transactions.

Following is a list of the companies within the Intercompany Pooling Agreement and their respective contract percentage:

<u>Name of Pool Members</u>	<u>Percentage of Pool</u>	<u>Domiciliary State</u>
Infinity Insurance Company	99.1%	IN
Infinity Indemnity Insurance Company	0.1%	IN
Infinity Security Insurance Company	0.1%	IN
Infinity Select Insurance Company	0.1%	IN
Infinity Standard Insurance Company	0.1%	IN
Infinity Assurance Insurance Company	0.1%	OH
Infinity Auto Insurance Company	0.1%	OH
Infinity Casualty Insurance Company	0.1%	OH
Infinity Preferred Insurance Company	0.1%	OH
Infinity Safeguard Insurance Company	0.1%	OH
Total	<u>100.0%</u>	

In addition to the above listed companies one (1) other affiliate, County Mutual, cedes 100% of its business to Standard, but does not re-assume any share of the combined pool results. Standard, in turn cedes all but a minor portion of its direct and assumed business to other pool companies where it is combined with other business in the pool.

External Ceded Reinsurance

As noted above, IIC maintains a comprehensive "corporate" reinsurance program designed to limit both per-risk

and catastrophe exposures to acceptable limits. The most significant contracts and limits placed in this regard are as follows:

- Commercial Liability Quota Share - 75%
- Commercial auto Excess of Loss - \$500k x/s \$500k
- Property and Homeowners Catastrophe Excess of Loss - \$95 million x/s \$5 million
- Contingency Clash and Excess of Loss - \$10 million x/s \$5 million

These treaties are placed on behalf of all members of the Group by IIC in their capacity as lead pool reinsurer. The cost of each treaty is deducted from the combined pooled premium and the residual ceded to each pool member in proportion to their designated pool share.

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, 2015 and December 31, 2016, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2012 through December 31, 2016, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

INFINITY STANDARD INSURANCE COMPANY
 Assets
 As of December 31, 2016

	Per Examination*
Bonds	\$ 5,952,616
Cash, cash equivalents and short-term investments	879,871
Subtotals, cash and invested assets	6,832,487
Investment income due and accrued	39,033
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	106,188
Reinsurance:	
Amounts recoverable from reinsurers	120,836
Net deferred tax asset	51,255
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	7,149,799
TOTAL	\$ 7,149,799

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

INFINITY STANDARD INSURANCE COMPANY
 Liabilities, Surplus and Other Funds
 As of December 31, 2016

	Per Examination*
Losses	\$ 527,996
Reinsurance payable on paid losses and loss adjustment expenses	98,239
Loss adjustment expenses	139,996
Commissions payable, contingent commissions and other similar charges	3,307
Other expenses	19,283
Taxes, licenses and fees	1,267
Current federal and foreign income taxes	4,238
Unearned premiums	612,058
Ceded reinsurance premiums payable	(4,364)
Payable to parent, subsidiaries and affiliates	130,648
Total liabilities excluding protected cell liabilities	1,532,668
Total liabilities	1,532,668
Common capital stock	2,500,000
Gross paid in and contributed surplus	2,150,000
Unassigned funds (surplus)	967,131
Surplus as regards policyholders	5,617,131
TOTAL	\$ 7,149,799

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

INFINITY STANDARD INSURANCE COMPANY
Statement of Income
For the Year Ended December 31, 2016

	Per Examination*
UNDERWRITING INCOME	
Premiums earned	\$ 1,391,664
DEDUCTIONS:	
Losses incurred	940,503
Loss adjustment expenses incurred	158,869
Other underwriting expenses	326,267
Total underwriting deductions	1,425,639
Net underwriting gain (loss)	(33,975)
INVESTMENT INCOME	
Net investment income earned	86,175
Net realized capital gains (losses) less capital gains tax	1,380
Net investment gain (loss)	87,555
OTHER INCOME	
Net gain (loss) from agents' or premium balances charged off	(16,984)
Finance and service charges not included in premiums	65,170
Aggregate write-ins for miscellaneous income	33,863
Total other income	82,049
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	135,629
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	135,629
Federal and foreign income taxes incurred	47,848
Net income	\$ 87,781

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

INFINITY STANDARD INSURANCE COMPANY
Capital and Surplus Account Reconciliation

	2016	2015	2014	2013	2012
Surplus as regards policyholders, December 31 prior year	\$ 5,529,234	\$ 5,548,648	\$ 5,495,547	\$ 5,515,575	\$ 5,861,531
Net income	87,781	230,890	117,890	58,517	71,798
Change in net unrealized capital gains or (losses) less capital gains tax	(1,293,370)	-	-	1,760,373	-
Change in net deferred income tax	116	(129,638)	(11,341)	18,936	28,277
Change in nonadmitted assets	1,293,370	129,334	11,552	(1,777,854)	(21,031)
Surplus adjustments:					
Paid in	-	-	50,000	-	-
Dividends to stockholders	-	(250,000)	(115,000)	(80,000)	(425,000)
Change in surplus as regards policyholders for the year	87,897	(19,414)	53,101	(20,028)	(345,956)
Surplus as regards policyholders, December 31 current year	<u>\$ 5,617,131</u>	<u>\$ 5,529,234</u>	<u>\$ 5,548,648</u>	<u>\$ 5,495,547</u>	<u>\$ 5,515,575</u>

COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2016, based on the results of this examination.

OTHER SIGNIFICANT ISSUES

There were no issues noted that require a disclosure in this Report of Examination.

SUBSEQUENT EVENTS

In late August and early September 2017, the southern United States suffered the effects of back-to-back hurricanes which struck multiple sites along the Gulf of Mexico and southeastern Florida. Hurricane Harvey was recorded as making "landfall" near Houston, Texas on August 24 and Hurricane Irma struck the southeastern Florida coast on September 6, 2017. Both hurricanes were rated by National Oceanic and Atmospheric Administration as Category 4 or higher at the time of their coastal impact. It was calculated that the net-of-reinsurance losses arising from both hurricanes totaled less than \$15 million for IPCC as a group.

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 Merlino & Associates, Inc., hereinafter collectively referred to as the "Examiners", performed an examination of Infinity Standard Insurance Company, as of December 31, 2016.

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 Standard Insurance Company as of December 31, 2016, as determined by the undersigned.

Vitaliy Kyryk, CFE
Noble Consulting Services, Inc.

Under the Supervision of:

Jerry Ehlers, CFE
Examinations Manager
Indiana Department of Insurance

State of: Indiana
County of: Marion

On this 13 day of February, 2018, 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

Notary Public

