

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

IN THE MATTER OF: )  
 )  
**Monroe Guaranty Insurance Company** )  
**9025 River Road, Suite 300** )  
**Indianapolis, Indiana 46240-6443** )

Examination of: **Monroe Guaranty 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 Monroe Guaranty 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 Monroe Guaranty 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.

6/16/2022  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7019 0700 0000 3590 2515**

STATE OF INDIANA ) BEFORE THE INDIANA  
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**Monroe Guaranty Insurance Company** )  
**9025 River Road, Suite 300** )  
**Indianapolis, Indiana 46240-6443** )

Examination of: **Monroe Guaranty Insurance Company**

**FINDINGS AND FINAL ORDER**

The Indiana Department of Insurance conducted an examination into the affairs of the Monroe Guaranty Insurance Company (hereinafter “Company”) for the time period January 1, 2016 through December 31, 2020.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on March 22, 2022.

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, 2022 and was received by the Company on May 26, 2022.

On June 7, 2022, 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, 2020.
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 16 day of June, 2022.

  
\_\_\_\_\_  
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**

**MONROE GUARANTY INSURANCE COMPANY**  
NAIC COMPANY CODE 32506  
NAIC GROUP CODE 474

As of

December 31, 2020

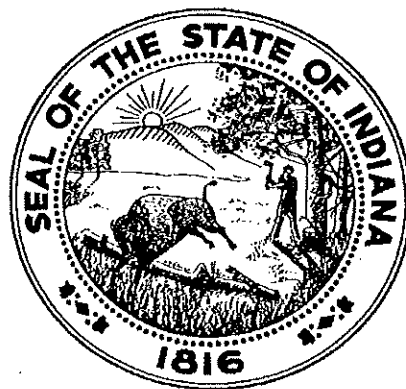


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# STATE OF INDIANA

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](http://in.gov/doi)

March 22, 2022

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 4079, an examination has been made of the affairs and financial condition of:

**Monroe Guaranty Insurance Company**  
**9025 River Road, Suite 300**  
**Indianapolis, Indiana 46420-6443**

an Indiana domestic property and casualty insurer hereinafter referred to as the "Company." The examination was conducted at the administrative offices of the Company located at 6300 University Parkway, Sarasota, Florida 34240.

The Report of Examination, showing the status of the Company as of December 31, 2020, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

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

## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) as of December 31, 2015. The present risk-focused examination was conducted by The Thomas Consulting Group, Inc. (Thomas Consulting) and covered the period from January 1, 2016, through December 31, 2020, 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 performed on a coordinated basis with the Florida Office of Insurance Regulation (FLOIR) and the Mississippi Department of Insurance. The FLOIR served as the lead state for the coordinated examination. The INDOI relied upon a portion of the coordinated examination work performed by the FLOIR in its examination of the Company's parent, FCCI Insurance Company (FCCI IC), and the Company's U.S. domiciled affiliated property and casualty insurers.

In conducting the risk-focused examination, the INDOI, by its representatives, relied upon the independent audit reports and opinions contained therein rendered by BDO USA, LLP for each year of the examination period. Such reports were prepared on a consolidated statutory basis and reconciled to the financial statements contained in the Annual Statements.

The actuarial firm of Merlinos & Associates, Inc. was appointed by the INDOI to conduct a review of the Company's Loss Reserves and Loss Adjustment Expenses as of December 31, 2020.

In accordance with the 2020 NAIC *Financial Condition Examiners Handbook*, Thomas Consulting planned and performed the risk-focused examination to evaluate the financial condition of the Company and to identify prospective risks related to its operations. The examination process included an evaluation of corporate governance, identification and assessment of inherent risks, and documentation of system controls and procedures used to mitigate the identified risks. In addition, Thomas Consulting performed an assessment of the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The examination also included a review of the Company's compliance with Statutory Accounting Principles, Annual Statement Instructions, and the Indiana Insurance Code (IC). All accounts and activities of the Company were considered in accordance with the risk-focused examination process.

## HISTORY

The Company was formed in November 1971 as Northern Financial and Guaranty Company of Bermuda and solely provided product liability insurance for its parent, Cook Group, Inc., an international manufacturer and distributor of medical products. On June 21, 1974, the Company was reformed under the laws of the State of Indiana, and its present name was adopted on July 2, 1975.

On October 7, 1991, Monroe Guaranty Companies, Inc. (MGCI) acquired the Company from Cook Group, Inc. At that time, the Company's employees owned 80% of MGCI through an Employee Stock Ownership Plan. In 2000, MGCI and the Company were acquired by FCCI Insurance Group, Inc. (FCCI), a Florida domiciled holding company. On October 1, 2003, MGCI merged into FCCI with FCCI as the surviving entity. FCCI is owned by FCCI IC, a Florida domiciled property and casualty insurer. FCCI IC is 100% owned by FCCI Group, Inc. The Company's ultimate parent is FCCI Mutual Insurance Holding Company (FCCI Mutual), a Florida corporation.



## CAPITAL AND SURPLUS

As of December 31, 2020, the Company had 1,000 shares of “no par” value common stock authorized, issued, and outstanding. The Company has no preferred stock authorized, issued, or outstanding. No dividends have been paid or declared by the Board of Directors (Board) during the period under examination.

## TERRITORY AND PLAN OF OPERATION

As of December 31, 2020, the Company was licensed in the following 34 states and the District of Columbia:

Alabama	Louisiana	Pennsylvania
Arizona	Maryland	South Carolina
Arkansas	Michigan	South Dakota
Colorado	Mississippi	Tennessee
Delaware	Missouri	Texas
Florida	Montana	Utah
Georgia	Nebraska	Virginia
Illinois	New Mexico	West Virginia
Indiana	North Carolina	Wisconsin
Iowa	North Dakota	Wyoming
Kansas	Ohio	
Kentucky	Oklahoma	

The Company writes 83% of its business in eight (8) states; Florida (28%), Texas (20%), Georgia (11%), Alabama (6%), Indiana (5%), Virginia (5%), South Carolina (4%) and North Carolina (4%). The Company primarily writes five (5) lines of business: commercial auto liability (38%), workers’ compensation (19%), commercial multiple peril (18%), auto physical damage (11%), and other liability-occurrence (7%). The Company operates as a regional middle-market carrier with a broad industry appetite with specialization. The Company plans to continue to offer its products through independent agents.

## GROWTH OF THE COMPANY

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

<u>Year</u>	<u>Admitted Assets</u>	<u>Liabilities</u>	<u>Capital &amp; Surplus</u>	<u>Net Premiums Written</u>	<u>Net Income (Loss)</u>
2020	\$57,009,953	\$(566,608)	\$57,576,561	\$0	\$1,201,081
2019	55,500,007	(821,276)	56,321,283	0	1,144,862
2018	53,908,098	(1,266,666)	55,174,764	0	1,160,944
2017	52,482,931	(1,556,815)	54,039,746	0	982,580
2016	51,522,294	(1,562,423)	53,084,717	0	1,106,567

Note: Amounts are shown in whole dollars and rows may not total due to rounding.

The negative liability reported above is attributed to a reduction in ceded premiums payable for the uncollected portion of ceded reinsurance premiums from the policyholders. As reported in each year of the examination period, the net premiums earned of zero (0) resulted from the 100% quota-share agreement with FCCI IC.

**MANAGEMENT AND CONTROL**

**Directors**

The Company’s Bylaws specify that the number of directors shall at no time consist of less than five (5) persons. The number of directors may be increased or decreased by the affirmative vote of a majority of the directors. At least one (1) of the directors shall reside in the State of Indiana at all times. At any meeting of the Board, a majority of the whole Board shall constitute a quorum. The act of a majority of the directors present and voting at the meeting at which a quorum is present, shall be the act of the Board. The following is a listing of persons serving as directors as of December 31, 2020:

<b><u>Name and Residence</u></b>	<b><u>Principal Business Affiliation</u></b>
Charles R. Baumann Sarasota, FL	Former Shareholder Kerkering Barberio & Company
Mary L. Carlton Sidell, FL	Secretary/Owner Mabry Carlton Ranch, Inc.
John J. Cox Sarasota, FL	President Halfacre Construction Company
Robert W. Flanders Sarasota, FL	Former Business Executive Quality Walls L.C.
Gordon W. Jacobs Sarasota, FL	Former Insurance Executive FCCI Insurance Group
Gregory L. Kramer Zionsville, IN	Senior Vice President FCCI Insurance Group
Lisa A. Krouse Lakewood Ranch, FL	Former Insurance Executive FCCI Insurance Group
Christina D. Welch Sarasota, FL	Director, President, and Chief Executive Officer FCCI Insurance Group
James M. Welch Myakka City, FL	Former Insurance Agency Executive Owner, Sporting Clays Lodge
Roy A. Yahraus Sarasota, FL	Former Business Executive RNR of Sarasota, Inc.

## Officers

The Company's Bylaws specify that the officers shall be a Chairman of the Board, a President, one (1) or more Vice Presidents, a Secretary, a Treasurer, and such other officers and assistants as may be appointed by the Board. One (1) person may simultaneously hold one (1) or more offices. The following key officers managed the Company's daily operations as of December 31, 2020:

<u>Name</u>	<u>Position</u>
Christina Dawn Welch	President and Chief Executive Officer
Christopher Samir Shoucair	Secretary, Treasurer, Executive Vice President, and Chief Financial Officer
Ralph John LaSpina	Executive Vice President
Gregory Lee Kramer	Senior Vice President
Michelle Marie Jalbert	Senior Vice President

## Corporate Governance

The Company's Bylaws specify that the Board shall appoint a Nominating Committee, which consists of three (3) members of the Board, other than its chairman. The Nominating Committee shall be responsible for nominating directors. In addition, the Board may appoint such other committees as it shall determine from time to time. The committees and the member directors that were elected to serve as of December 31, 2020, were as follows:

### Nominating Committee:

Gordon W. Jacobs	Chairman
James M. Welch	
Roy A. Yahraus	

### Investment Committee:

Gordon W. Jacobs	Chairman
Charles R. Baumann	
John J. Cox	
Robert W. Flanders	

### Budget Committee:

Charles R. Baumann	Chairman
Mary J Carlton	
James M. Welch	
Roy A. Yahraus	

Audit Committee:

Charles R. Baumann                      Chairman  
Mary J Carlton  
Gordon W. Jacobs  
Roy A. Yahraus

The Company also receives oversight from its other committees that were comprised of, but not limited to: Marketing & Underwriting, Internal Operations, Claims & Reserving, Executive, and Compensation Committees.

### **CONFLICT OF INTEREST**

The Company's conflict of interest disclosure process requires directors and officers to complete a conflict of interest disclosure statement on an annual basis. From a review of the directors and officers signed statements, there were no material conflicts of interest noted for the period under examination.

### **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. The Company provided evidence that the oath of office statements were signed by each of the directors for the period under examination.

During the period under examination, two (2) newly elected directors did not complete an oath of office the year they were elected. However, they did complete the oath of office at the annual meeting of the following year. **Please see the "Other Significant Findings" section of this report regarding this issue.**

### **CORPORATE RECORDS**

#### **Articles of Incorporation**

There were no amendments made to the Company's Articles of Incorporation during the period under examination.

#### **Bylaws**

There were no amendments made to the Company's Bylaws during the period under examination.

#### **Minutes**

The Board Meeting minutes were reviewed for the period under examination through the fieldwork completion date and significant actions taken during each meeting were noted. For the period under examination, the Annual Board Meetings were held in accordance with IC 27-1-7-7(b) and the Company's Bylaws.

## AFFILIATED COMPANIES

### **Organizational Structure**

The Company is a member of an insurance holding company system as defined within IC 27-1-23. FCCI Mutual is wholly owned by members who are the policyholders of the wholly-owned insurance company subsidiaries.

FCCI includes six (6) insurance companies, five (5) of which are reinsured by their indirect parent, FCCI IC, under a 100% quota share agreement. The following organizational chart depicts the Company's relationship within the holding company system:

- FCCI Mutual Insurance Holding Company (Parent Company)
  - FCCI Group, Inc (FL) (100%)
    - FCCI Services, Inc. (100%)
    - FCCI Agency, Inc. (100%)
  - FCCI Insurance Company (FL) (NAIC #10178)(100%)
    - FCCI Insurance Group, Inc. (FL) (100%)
      - FCCI Commercial Insurance Company (FL) (NAIC #33472) (100%)
      - FCCI Advantage Insurance Company (FL) (NAIC #12842) (100%)
      - Brierfield Insurance Company (MS) (NAIC #10993) (100%)
      - National Trust Insurance Company (IN) (NAIC #20141) (100%)
      - Monroe Guaranty Insurance Company (IN) (NAIC #32506) (100%)

### **Affiliated Agreements**

To the extent required, the following affiliated agreements and transactions were disclosed as part of the Form B Holding Company Registration Statement and were filed with and not disapproved by the INDOI, in accordance with IC 27-1-23-4(b)(4).

#### Amended and Restated Management Services Agreement

Effective January 1, 2007, the Company and FCCI Services, Inc. entered into a Management Services Agreement. The agreement identifies insurance and general management services to be provided among the entities. The Company has filed two (2) amendments to the original agreement. The first amendment allowed for compliance with changes to the Statement of Statutory Accounting Principles in the NAIC Accounting Practices and Procedure Manual. In 2016, a second amended and restated agreement was also filed. It clarifies when loans or advances made by a reporting entity insurer to its parent are submitted for approval and conform to regulatory requirements. Amounts incurred by the Company in 2020 under this agreement were \$20,688,667.

#### Federal and State Income Tax Allocation Agreement

The Company is party to a Federal and State Allocation Agreement to file a consolidated tax return with FCCI IC and other affiliates. The method of allocation between companies is subject to written agreements approved by the Board. Allocation is based upon separate return calculations with current credit for net losses. Intercompany tax balances are settled annually within 90 days of filing the Consolidated Federal Income Tax Return. Amounts incurred by the Company in 2020 under this agreement for Federal and State Income Allocation were \$162,045 and \$23,884, respectively.

### Capital Maintenance Agreements

As a condition of authorization to write workers' compensation coverage under the Longshore and Harbor Workers' Compensation Act and its extensions, the Department of Labor, Office of Workers' Programs, and Division of Longshore and Harbor Workers' Compensation required the Company and its affiliate, Brierfield Insurance Company (BIC), to enter into Capital Maintenance Agreements with FCCI IC. The agreements require FCCI IC to maintain specified capital levels in the Company and BIC. Any potential capital contributions are contingent upon any necessary regulatory approval. The Company incurred no amounts under this agreement in 2020.

### Reinsurance Agreement

Please refer to the "Reinsurance" section of the report for the intercompany quota share reinsurance agreement.

### Service Mark License Agreements

FCCI Mutual, as the owner of the FCCI registered service mark with design features, grants a license for the Company to use the mark. The Company incurred no amounts under this agreement in 2020.

### Loss Portfolio Transfer Agreements

There is a Loss Portfolio Transfer Agreement between FCCI IC and the Company in which the Company cedes 100% of its losses to FCCI IC on or before December 31, 2004, and any subsequent developments, pursuant to the terms and conditions of the agreement. The Company incurred no amounts under this agreement in 2020.

## **FIDELITY BOND AND OTHER INSURANCE**

The Company, along with its parent and affiliates, are named insureds on a Financial Institution Bond underwritten by the Chubb Group of Insurance Companies. The fidelity bond covers losses up to \$5,000,000 per occurrence and \$10,000,000 aggregate limits as of December 31, 2020. Although the fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC, it was not approved by its Board at any time during the five-year (5) examination period ending December 31, 2020.

It is recommended that the Company's Board approve its fidelity bond in accordance with IC 27-1-7-14. **(Please see the "Other Significant Findings" section of this Report of Examination regarding this issue.)**

The Company was also under a commercial umbrella liability policy, workers' compensation insurance policy, property portfolio protection policy, storage tank third-party liability policy, and corrective acts & clean-up policy.

## STATUTORY AND SPECIAL DEPOSITS

The Company reported the following statutory and special deposits as of December 31, 2020:

State	Book Value	Fair Value
<b>For the Benefit of All Policyholders:</b>		
Florida	\$ 220,247	\$ 232,994
Georgia	99,552	102,781
Indiana	2,290,876	2,423,586
Virginia	402,168	403,625
<b>All Other Deposits:</b>		
Delaware	149,425	155,344
Nebraska	149,425	155,344
New Mexico	373,562	388,359
North Carolina	631,058	669,178
Aggregate Alien and Other	550,085	553,781
<b>Total Deposits</b>	<b>\$ 4,866,398</b>	<b>\$ 5,084,992</b>

Note: Amounts are shown in whole dollars and rows may not total due to rounding.

## REINSURANCE

### Reinsurance Assumed

As a direct writer of insurance, the Company is required by certain states to participate in underwriting pools. These pools require that all insurers share proportionally in providing coverage for certain high-risk insureds. As of December 31, 2020, the Company participated in the underwriting pools of sixteen (16) programs, with the four (4) largest being Georgia, North Carolina, Indiana, and Virginia.

### Reinsurance Ceded

The Company has a single reinsurance contract with its upstream parent FCCI IC, under which 100% of its business, premiums, and claims are ceded to FCCI IC. The quota share reinsurance contracts include a provision for an assumed commission equal to 100% of subsidiaries' operating expenses incurred. Additionally, FCCI IC has various excess loss and quota share agreements providing coverage on various segments of their property and casualty lines of business. Incurred loss and loss adjustment expenses were \$0 in 2020, which reflects the 100% Quota Share Reinsurance Agreement with FCCI IC.

## RESERVES

Russel H. Greig, Jr., FCAS, MAAA, CFA of Willis Towers Watson was the Company's Appointed Actuary in 2020. Mr. Greig was initially appointed by the Board of the Company on August 26, 2004, to render an opinion on the reserves of the Company.

The scope of the opinion was to examine the actuarial assumptions and methods used in determining reserves and related actuarial items, as shown in the Annual Statement of the Company as prepared for

filing with state regulatory officials as of December 31, 2020. In forming the opinion, information prepared by the Company was relied upon. This information was evaluated for reasonableness and consistency. In other respects, the examination included such a review of the actuarial assumptions and methods used and such tests of the calculations as considered necessary.

The 2020 opinion stated that the reserve balances: 1) meet the requirements of the insurance laws of the State of Indiana, 2) are computed in accordance with generally accepted Actuarial Standards of Practice, and 3) make a reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company under the terms of its contracts and agreements.

### **ACCOUNTS AND RECORDS**

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. Accordingly, the Annual Statement totals for the years ending December 31, 2016, through December 31, 2020, were agreed to each year's trial balance with no exceptions noted.



**FINANCIAL EXHIBITS**

Comparative Exhibit – Statutory Statement of Assets  
Comparative Exhibit – Statutory Statement of Liabilities, Surplus, and Other Funds  
Comparative Exhibit - Statutory Statement of Income  
Comparative Exhibit – Statutory Capital and Surplus Account

NOTE: Amounts are shown in whole dollars and columns may not total due to rounding.

**MONROE GUARANTY INSURANCE COMPANY**

**FINANCIAL STATEMENTS**

**Assets**

**As of December 31, 2020**

	<b>Per Annual Statement</b>	<b>Exam Adjustments</b>	<b>Per Examination</b>	<b>December 31, Prior Year</b>
<b>Assets:</b>				
Bonds	\$ 54,364,731	\$ -	\$ 54,364,731	\$ 53,207,474
Cash, cash equivalents and short-term investments	2,140,251	-	2,140,251	1,733,202
Other invested assets	-	-	-	44,876
Subtotals, cash and invested assets	<u>\$ 56,504,982</u>	<u>\$ -</u>	<u>\$ 56,504,982</u>	<u>\$ 54,985,522</u>
Investment income due and accrued	\$ 379,267	\$ -	\$ 379,267	\$ 396,664
Reinsurance amounts recoverable from reinsurers	22	-	22	16,404
Funds held by or deposited with reinsured companies	22,761	-	22,761	20,553
Net deferred tax asset	98,662	-	98,662	44,465
Aggregate write-ins for other than invested assets	<u>4,259</u>	<u>-</u>	<u>4,259</u>	<u>36,369</u>
<b>Total Assets</b>	<b><u>\$ 57,009,953</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 57,009,953</u></b>	<b><u>\$ 55,500,007</u></b>

**MONROE GUARANTY INSURANCE COMPANY**

**FINANCIAL STATEMENTS**

**Liabilities, Surplus, and Other Funds**

**As of December 31, 2020**

	<b>Per Annual Statement</b>	<b>Exam Adjustments</b>	<b>Per Examination</b>	<b>December 31, Prior Year</b>
<b>Liabilities:</b>				
Reinsurance payable on paid losses and loss adjustment expenses	\$ 2,285,334	\$ -	\$ 2,285,334	\$ 1,905,283
Commissions payable, contingent commissions and other similar charges	3,437,890	-	3,437,890	2,974,299
Taxes, licenses and fees (excluding federal and foreign income taxes)	1,395,011	-	1,395,011	1,321,597
Current federal and foreign income taxes	152,488	-	152,488	167,578
Advance premiums	141,228	-	141,228	148,167
Ceded reinsurance premiums payable (net of ceding commissions)	(8,704,131)	-	(8,704,131)	(8,080,474)
Amounts withheld or retained by company for account of others	685,836	-	685,836	716,121
Aggregate write-ins for liabilities	39,778	-	39,778	26,153
Total liabilities excluding protected cell liabilities	<u>\$ (566,608)</u>	<u>\$ -</u>	<u>\$ (566,608)</u>	<u>\$ (821,276)</u>
<b>Total liabilities</b>	<u><b>\$ (566,608)</b></u>	<u><b>\$ -</b></u>	<u><b>\$ (566,608)</b></u>	<u><b>\$ (821,276)</b></u>
Common capital stock	\$ 3,000,000	\$ -	\$ 3,000,000	\$ 3,000,000
Gross paid in and contributed surplus	31,200,000	-	31,200,000	31,200,000
Unassigned funds (surplus)	23,376,561	-	23,376,561	22,121,283
Surplus as regards policyholders	<u>\$ 57,576,561</u>	<u>\$ -</u>	<u>\$ 57,576,561</u>	<u>\$ 56,321,283</u>
<b>Total Liabilities, Surplus, and Other Funds</b>	<u><b>\$ 57,009,953</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 57,009,953</b></u>	<u><b>\$ 55,500,007</b></u>

MONROE GUARANTY INSURANCE COMPANY

FINANCIAL STATEMENTS

Statement of Income

As of December 31, 2020

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
<b>Underwriting Income</b>				
Other underwriting expenses incurred	\$ 19,806	\$ -	\$ 19,806	\$ 134,189
<b>Total underwriting deductions</b>	<u>\$ 19,806</u>	<u>\$ -</u>	<u>\$ 19,806</u>	<u>\$ 134,189</u>
Net underwriting gain (loss)	\$ (19,806)	\$ -	\$ (19,806)	\$ (134,189)
<b>Investment Income</b>				
Net investment income earned	\$ 1,376,111	\$ -	\$ 1,376,111	\$ 1,319,504
Net realized capital gains or (losses) less capital gains tax	142,717	-	142,717	13,341
<b>Net investment gain (loss)</b>	<u>\$ 1,518,828</u>	<u>\$ -</u>	<u>\$ 1,518,828</u>	<u>\$ 1,332,845</u>
<b>Other Income</b>				
Net gain (loss) from agents' or premium balances charged off	\$ (197,189)	\$ -	\$ (197,189)	\$ (100,924)
Finance and service charges not included in premiums	256,168	-	256,168	251,561
Aggregate write-ins for miscellaneous income	4,528	-	4,528	3,348
<b>Total Other Income</b>	<u>\$ 63,507</u>	<u>\$ -</u>	<u>\$ 63,507</u>	<u>\$ 153,985</u>
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 1,562,529	\$ -	\$ 1,562,529	\$ 1,352,641
Dividends to policyholders	67,064	-	67,064	43,299
Net income after dividends, capital gains tax and before all other federal and foreign income taxes	\$ 1,495,465	\$ -	\$ 1,495,465	\$ 1,309,342
Federal and foreign income taxes incurred	294,384	-	294,384	164,480
<b>Net Income</b>	<u>\$ 1,201,081</u>	<u>\$ -</u>	<u>\$ 1,201,081</u>	<u>\$ 1,444,862</u>

**MONROE GUARANTY INSURANCE COMPANY**

**FINANCIAL STATEMENTS**

**Capital and Surplus Account**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Capital and Surplus Account:</b>					
Surplus as regards policyholders, December 31, prior year	<u>\$ 56,321,283</u>	<u>\$ 55,174,764</u>	<u>\$ 54,039,746</u>	<u>\$ 53,084,717</u>	<u>\$ 52,017,216</u>
Net income	<u>\$ 1,201,081</u>	<u>\$ 1,144,862</u>	<u>\$ 1,160,944</u>	<u>\$ 982,580</u>	<u>\$ 1,106,567</u>
Change in net unrealized capital gains or (losses) less capital gains tax	-	612	1,624	5,738	(6,557)
Change in net deferred income tax	54,197	(3,624)	(22,881)	(48,807)	(41,412)
Change in nonadmitted assets	-	4,669	(4,669)	15,518	8,903
<b>Change in surplus as regards policyholders for the year</b>	<u><b>\$ 1,255,278</b></u>	<u><b>\$ 1,146,519</b></u>	<u><b>\$ 1,135,018</b></u>	<u><b>\$ 955,029</b></u>	<u><b>\$ 1,067,501</b></u>
Surplus as regards policyholders, December 31, current year	<u><b>\$ 57,576,561</b></u>	<u><b>\$ 56,321,283</b></u>	<u><b>\$ 55,174,764</b></u>	<u><b>\$ 54,039,746</b></u>	<u><b>\$ 53,084,717</b></u>

## COMMENTS ON THE FINANCIAL STATEMENTS

Based on the results of this examination, there were no recommended adjustments to surplus as of December 31, 2020.

### OTHER SIGNIFICANT FINDINGS

#### Oath of Office

For 2020, certain directors did not take and subscribe to an oath of office when elected as required by IC 27-1-7-10(i) (See page 6).

**It is recommended that all elected directors complete an oath of office at the time of their election as required by IC 27-1-7-10(i).**

#### Fidelity Bond

Contrary to the requirements of IC 27-1-7-14, the Company's fidelity bond was not approved by its Board (See page 9).

**It is recommended that the Company's Board approve the fidelity bond in accordance with the requirements of IC 27-1-7-14.**

### SUBSEQUENT EVENTS

There were no events subsequent to the examination date that significantly affected the finances or operations of the Company.

### MANAGEMENT REPRESENTATION

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

**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 The Thomas Consulting Group, Inc., performed an examination of the **Monroe Guaranty Insurance Company** as of **December 31, 2020**.

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

The examination was performed in accordance with those procedures required by the 2020 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 standard, 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 the condition of the **Monroe Guaranty Insurance Company** as of **December 31, 2020**, as determined by the undersigned.



**David L. Daulton, CFE**  
**The Thomas Consulting Group, Inc.**



**Jerry Ehlers, CFE, CPA**  
**Indiana Department of Insurance**

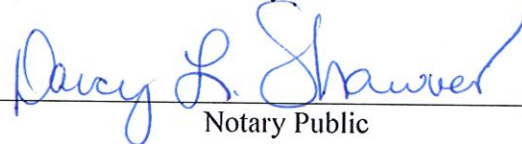
State of:  
County of:

On this 12 day of May, 2022, before me personally appeared, David L. Daulton 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

October 4, 2025



Notary Public

DARCY L. SHAWVER  
NOTARY PUBLIC  
**SEAL**  
MARION COUNTY, STATE OF INDIANA  
MY COMMISSION EXPIRES OCTOBER 4, 2025  
COMMISSION NO 706053

