

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

IN THE MATTER OF:)
)
National Trust Insurance Company)
9025 River Road, Suite 300)
Indianapolis, Indiana 46240-6443)

Examination of: **National Trust 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 National Trust 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 National Trust 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: 7018 1130 0001 7982 6727

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

IN THE MATTER OF:)
)
National Trust Insurance Company)
9025 River Road, Suite 300)
Indianapolis, Indiana 46240-6443)

Examination of: **National Trust Insurance Company**

FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the National Trust 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
NATIONAL TRUST INSURANCE COMPANY
NAIC COMPANY CODE 20141
NAIC GROUP CODE 474

As of

December 31, 2020

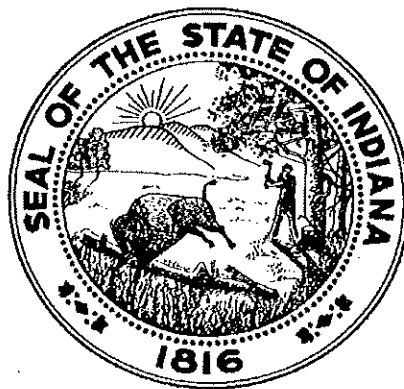


TABLE OF CONTENTS

SALUTATION	1
SCOPE OF EXAMINATION.....	2
HISTORY	2
CAPITAL AND SURPLUS	3
TERRITORY AND PLAN OF OPERATION	3
GROWTH OF THE COMPANY	3
MANAGEMENT AND CONTROL	4
Directors.....	4
Officers	5
Corporate Governance	5
CONFLICT OF INTEREST	6
OATH OF OFFICE.....	6
CORPORATE RECORDS	6
Articles of Incorporation.....	6
Bylaws.....	7
Minutes	7
AFFILIATED COMPANIES	7
Organizational Structure	7
Affiliated Agreements.....	7
FIDELITY BOND AND OTHER INSURANCE	8
STATUTORY AND SPECIAL DEPOSITS	9
REINSURANCE.....	9
Reinsurance Assumed.....	9
Reinsurance Ceded.....	9
RESERVES.....	9
ACCOUNTS AND RECORDS.....	10
FINANCIAL EXHIBITS	11
FINANCIAL STATEMENTS	12
Assets	12
Liabilities, Surplus, and Other Funds	13
Statement of Income	14
Capital and Surplus Account	15
COMMENTS ON THE FINANCIAL STATEMENTS.....	16
OTHER SIGNIFICANT FINDINGS	16
SUBSEQUENT EVENTS	16
MANAGEMENT REPRESENTATION.....	16
AFFIDAVIT	17



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/idoi

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 4078, an examination has been made of the affairs and financial condition of:

**National Trust Insurance Company
9025 River Road, Suite 300
Indianapolis, Indiana 46240-6443**

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 317-232-2389	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) 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, then known as National Trust Fire Insurance Company (National Trust Fire), was incorporated on January 25, 1965, under the laws of Tennessee and began business the same day. Operations were conducted under the name National Trust Fire from inception until the present title was adopted. The Company's name was changed to National Trust Insurance Company, effective August 7, 1990.

Effective May 7, 1987, National Trust Fire Insurance Holdings, Inc., a Georgia Corporation, acquired National Trust Fire, at which time National Trust Fire ceased to write any new business. In 1990, National Trust Fire Insurance Holdings, Inc. was sold to Florida Employers Life Insurance Corporation (FELIC), which assumed all existing liabilities of National Trust Fire. On January 12, 1990, FEICO Agency, Inc., parent of FELIC, acquired National Trust Fire, and the administrative offices were moved in 1990 from Atlanta, Georgia, to Sarasota, Florida.

CAPITAL AND SURPLUS

As of December 31, 2020, the Company reported \$40,041,053 in surplus, comprised of: \$2,500,000 of common stock with 50,000 shares authorized and 25,000 issued with \$100 par value; \$29,290,293 gross paid in and contributed surplus; and \$8,250,760 in unassigned funds. There were no shareholder dividends declared or paid during the examination period.

In compliance with Indiana statutes, the Company is required to maintain a surplus of not less than \$1,500,000. The NAIC has established risk-based capital (RBC) requirements to monitor the financial strength and stability of property and casualty insurers. The Company had a calculated RBC level of 30,722% on December 31, 2020.

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 is a property and casualty insurance company that writes various commercial lines of business in the Midwestern and Southeastern states. In 2020 it wrote a total \$176,804,234 in direct premium. The highest concentrations of premiums were in Florida (19%), Georgia (15%), Alabama (6%), South Carolina (6%), and Indiana (6%). The Company primarily writes four (4) lines of business; commercial multiple peril (38%), other liability – occurrence (22%), commercial auto liability (14%), and workers' compensation (14%). 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 & Surplus</u>	<u>Net Premiums Written</u>	<u>Net Income (Loss)</u>
2020	\$39,917,697	\$(123,356)	\$40,041,053	\$0	\$897,579

2019	39,393,317	290,830	39,102,487	0	659,699
2018	37,948,087	(489,562)	38,437,649	0	615,994
2017	37,040,418	(733,301)	37,813,719	0	552,084
2016	36,562,254	(818,282)	37,380,536	0	669,189

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 of the Directors (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:

<u>Name and Residence</u>	<u>Principal Business Affiliation</u>
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 D. Welch	President and Chief Executive Officer
Christopher S. Shoucair	Secretary and Treasurer
Ralph J. LaSpina	Executive Vice President
Gregory L. Kramer	Senior Vice President
Michelle M. 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 L. Carlton	
James M. Welch	
Roy A. Yahraus	

Audit Committee:

Charles R. Baumann	Chairman
Mary L. 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 was 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 Insurance Holding Company (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 \$29,861,089.

Federal and State 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 \$100,607 and \$15,072, respectively.

Reinsurance Agreement

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

Service Mark License Agreement

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 Agreement

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:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For the Benefit of All Policyholders:		
Florida	\$ 225,598	\$ 229,992
Georgia	125,332	127,773
Indiana	2,830,407	2,880,981
Virginia	350,008	350,492
All Other Deposits:		
Arkansas	205,155	209,455
Delaware	149,425	155,344
Nebraska	149,425	155,344
New Mexico	373,562	388,359
North Carolina	651,726	664,422
Aggregate Alien and Other	901,345	914,625
Total Deposits	<u>\$ 5,961,983</u>	<u>\$ 6,076,787</u>

Note: Amounts are shown in whole dollars and columns 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 seventeen (17) programs, with the four (4) largest being, Georgia, North Carolina, South Carolina, and Illinois.

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.

NATIONAL TRUST INSURANCE COMPANY

FINANCIAL STATEMENTS

Assets

As of December 31, 2020

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Assets:				
Bonds	\$ 37,094,833	\$ -	\$ 37,094,833	\$ 38,002,043
Cash, cash equivalents and short-term investments	2,107,360	-	2,107,360	235,097
Other invested assets	-	-	-	26,211
Subtotals, cash and invested assets	<u>\$ 39,202,193</u>	<u>\$ -</u>	<u>\$ 39,202,193</u>	<u>\$ 38,263,351</u>
Investment income due and accrued	\$ 383,401	\$ -	\$ 383,401	\$ 379,070
Funds held by or deposited with reinsured companies	44,314	-	44,314	39,490
Current federal and foreign income tax recoverable and interest thereon	33,029	-	33,029	-
Net deferred tax asset	179,534	-	179,534	138,547
Aggregate write-ins for other than invested assets	<u>75,226</u>	<u>-</u>	<u>75,226</u>	<u>572,859</u>
Total Assets	<u>\$ 39,917,697</u>	<u>\$ -</u>	<u>\$ 39,917,697</u>	<u>\$ 39,393,317</u>

NATIONAL TRUST INSURANCE COMPANY

FINANCIAL STATEMENTS

Liabilities, Surplus, and Other Funds

As of December 31, 2020

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Liabilities:				
Reinsurance payable on paid losses and loss adjustment expenses	\$ 3,896,452	\$ -	\$ 3,896,452	\$ 3,585,960
Commissions payable, contingent commissions and other similar charges	3,924,560	-	3,924,560	3,813,136
Taxes, licenses and fees (excluding federal and foreign income taxes)	1,455,993	-	1,455,933	2,727,707
Current federal and foreign income taxes	-	-	-	112,258
Advance premiums	121,785	-	121,785	368,668
Ceded reinsurance premiums payable (net of ceding commissions)	(10,351,691)	-	(10,351,691)	(11,001,222)
Amounts withheld or retained by company for account of others	603,865	-	603,865	472,823
Aggregate write-ins for liabilities	<u>225,680</u>	-	<u>225,680</u>	<u>211,500</u>
Total liabilities excluding protected cell liabilities	<u>\$ (123,356)</u>	\$ -	<u>\$ (123,356)</u>	<u>\$ 290,830</u>
Total liabilities	<u>\$ (123,356)</u>	\$ -	<u>\$ (123,356)</u>	<u>\$ 290,830</u>
Common capital stock	\$ 2,500,000	\$ -	\$ 2,500,000	\$ 2,500,000
Gross paid in and contributed surplus	29,290,293	-	29,290,293	29,290,293
Unassigned funds (surplus)	<u>8,250,760</u>	-	<u>8,250,760</u>	<u>7,312,194</u>
Surplus as regards policyholders	<u>\$ 40,041,053</u>	\$ -	<u>\$ 40,041,053</u>	<u>\$ 39,102,487</u>
Total Liabilities, Surplus, and Other Funds	<u>\$ 39,917,697</u>	\$ -	<u>\$ 39,917,697</u>	<u>\$ 39,393,317</u>

NATIONAL TRUST INSURANCE COMPANY

FINANCIAL STATEMENTS

Statement of Income

As of December 31, 2020

	Per Annual Statement	Exam Adjustments	Per Examination	December 31, Prior Year
Underwriting Income				
Other underwriting expenses incurred	\$ (1,816)	\$ -	\$ (1,816)	\$ 329,329
Total underwriting deductions	<u>\$ (1,816)</u>	<u>\$ -</u>	<u>\$ (1,816)</u>	<u>\$ 329,329</u>
Net underwriting gain (loss)	\$ 1,816	\$ -	\$ 1,816	\$ (329,329)
Investment Income				
Net investment income earned	\$ 868,656	\$ -	\$ 868,656	\$ 779,878
Net realized capital gains or (losses) less capital gains tax	171,804	-	171,804	9,160
Net investment gain (loss)	<u>\$ 1,040,460</u>	<u>\$ -</u>	<u>\$ 1,040,460</u>	<u>\$ 789,038</u>
Other Income				
Net gain (loss) from agents' or premium balances charged off	\$ (231,921)	\$ -	\$ (231,921)	\$ (40,997)
Finance and service charges not included in premiums	311,258	-	311,258	405,415
Aggregate write-ins for miscellaneous income	(999)	-	(999)	(1,628)
Total Other Income	<u>\$ 78,338</u>	<u>\$ -</u>	<u>\$ 78,338</u>	<u>\$ 362,790</u>
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	\$ 1,120,614	\$ -	\$ 1,120,614	\$ 822,499
Dividends to policyholders	87,282	-	87,282	49,514
Net income after dividends, capital gains tax and before all other federal and foreign income taxes	\$ 1,033,332	\$ -	\$ 1,033,332	\$ 772,985
Federal and foreign income taxes incurred	135,753	-	135,753	113,286
Net Income	<u>\$ 897,579</u>	<u>\$ -</u>	<u>\$ 897,579</u>	<u>\$ 659,699</u>

NATIONAL TRUST INSURANCE COMPANY

FINANCIAL STATEMENTS

Capital and Surplus Account

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Capital and Surplus Account:					
Surplus as regards policyholders, December 31, prior year	\$ 39,102,487	\$ 38,437,649	\$ 37,813,719	\$ 37,380,536	\$ 36,838,255
Net income	\$ 897,579	\$ 659,699	\$ 615,994	\$ 552,084	\$ 669,189
Change in net deferred income tax	7,907	23,463	(2,271)	(143,930)	(154,984)
Change in nonadmitted assets	33,080	(18,324)	10,207	25,029	28,076
Change in surplus as regards policyholders for the year	\$ 938,566	\$ 664,838	\$ 623,930	\$ 433,183	\$ 542,281
Surplus as regards policyholders, December 31, current year	<u>\$ 40,041,053</u>	<u>\$ 39,102,487</u>	<u>\$ 38,437,649</u>	<u>\$ 37,813,719</u>	<u>\$ 37,380,536</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 **National Trust 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 **National Trust Insurance Company** as of **December 31, 2020**, as determined by the undersigned.



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

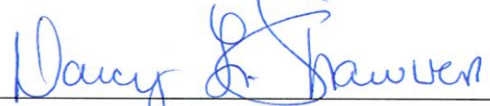


Jerry Ehlers, CFE, CPA
Indiana Department of Insurance

State of:
County of:

On this 12th 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

