

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

IN THE MATTER OF: )  
 )  
**Wellfleet Insurance Company** )  
**5814 Reed Road** )  
**Fort Wayne, IN 46835** )

Examination of: **Wellfleet 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 Wellfleet 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 Wellfleet 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 10, 2020 \_\_\_\_\_  
Date Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7017 3040 0000 9294 9360**

STATE OF INDIANA ) BEFORE THE INDIANA  
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**5814 Reed Road** )  
**Fort Wayne, IN 46835** )

Examination of: **Wellfleet Insurance Company**

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the Wellfleet Insurance Company (hereinafter “Company”) for the time period January 1, 2012 through December 31, 2017.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on February 3, 2020

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 19, 2020 and was received by the Company on May 14, 2020.

On May 14, 2020 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, 2018.
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 10 day of June, 2020.

  
Stephen W. Robertson  
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.

*[Handwritten signature]*

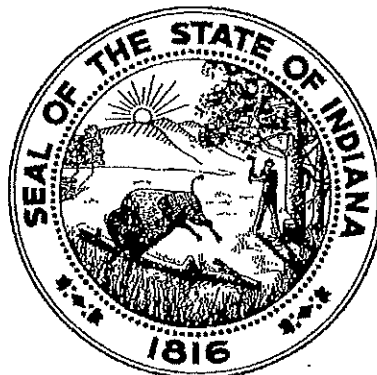
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**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**

**WELLFLEET INSURANCE COMPANY**  
(FORMERLY COMMERCIAL CASUALTY INSURANCE COMPANY)  
NAIC Co. CODE 32280  
NAIC GROUP CODE 0031

As of

December 31, 2018



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February 3, 2020

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 4003 an examination has been made of the affairs and financial condition of:

**Wellfleet Insurance Company**  
**(Formerly known as Commercial Casualty Insurance Company)**  
**5814 Reed Road**  
**Fort Wayne, Indiana 46835**

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

The Report of Examination, reflecting the status of the Company as of December 31, 2018, is hereby respectfully submitted.

## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Indiana Department of Insurance (INDOI) and covered the period from January 1, 2012 through December 31, 2016. The present risk focused examination was conducted by Noble Consulting Services, Inc., and covered the period from January 1, 2017 through December 31, 2018, 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 Nebraska Department of Insurance (NDOI) called the MedPro Group Inc. (MPG) exam in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The examination of the Indiana domestic insurance companies of MPG was called by the INDOI. The INDOI served as the facilitating state on the examination, with NDOI being the lead state of the Berkshire Hathaway Group. The District of Columbia Department of Insurance, Securities and Banking, Oklahoma Insurance Department, New Jersey Department of Banking and Insurance, and New York State Department of Financial Services served as participating states. The INDOI appointed Merlinos & Associates to perform actuarial services throughout the examination and conduct a review of the Company's actuarial related risks as of December 31, 2018.

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

WIC was incorporated on March 21, 1986, under the laws of California, and the title "Commercial Casualty Insurance Company" was adopted on January 31, 1991. Effective October 1, 2016, WIC was sold by Railsplitter Holdings Corporation (Railsplitter) to an affiliate, Columbia Insurance Company (Columbia), pursuant to a stock purchase agreement between the parties. Immediately upon acquiring the Company, Columbia contributed all the issued and outstanding shares to its wholly owned subsidiary, MPG, an Indiana corporation. Columbia, domiciled in the state of Nebraska, is 100% owned by BH Columbia, Inc. a direct, wholly-owned subsidiary of Berkshire Hathaway, Incorporated (BHI), a Delaware corporation. Effective September 20, 2016, the Company re-domesticated from California to Indiana. The Company name change to Wellfleet Insurance Company from Commercial Casualty Insurance Company was approved by the Board of Directors on October 15, 2018. The name change was approved by the INDOI on March 25, 2019.

All of the issued and outstanding shares of the Company's common stock were owned by Railsplitter, which is wholly-owned by General Reinsurance Corporation, a Delaware insurance company and indirectly wholly-owned



by BHI. The Company has been in runoff since 2004. Prior to the runoff, the Company had written workers' compensation insurance. In 2018, WIC recommenced underwriting operations with a focus on blanket accident and student health products and workers' compensation insurance.

**CAPITAL AND SURPLUS**

MPG owned 100% of the Company's issued and outstanding stock as of the examination date. As of December 31, 2018, the Company had 10,000 authorized and outstanding shares of \$300 par value common stock, and no preferred stock authorized, issued or outstanding. BHI is the ultimate controlling party. The company received no capital contributions during the examination period.

**DIVIDENDS TO STOCKHOLDERS**

The Company did not pay any dividends during the examination period and did not receive or make any capital contributions during the examination period.

**TERRITORY AND PLAN OF OPERATION**

Beginning in 2018, WIC has focused on blanket accident and student health products and workers' compensation products. Its student health insurance program provides one-year term coverage to college and university students, while participant accident policies are issued on a blanket basis and renewable after a one-year term. WIC's accident and health insurance programs are administered by an affiliate, Consolidated Health Plans, Inc. (CHP) (now named Wellfleet Group, LLC), a Massachusetts administrator. CHP currently provides Accident & Health administration to over 110,000 student health members, over 150 colleges and universities, and over 11,000 participant accident plans.

BHI also began using WIC to write workers' compensation insurance in 2018. WIC's workers' compensation policies are issued to small to medium-sized employers. WIC is licensed in forty-nine (49) states and the District of Columbia.

**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
2018	\$ 104,519,427	\$ 41,202,231	\$ 63,317,196	\$ 8,129	\$ 862,826
2017	65,084,538	1,415,879	63,668,659	-	723,782

Admitted assets increased \$39.4 million, or 61%, primarily as a result of recommenced business operations in the accident and health and workers' compensation lines, resulting in increased invested assets of \$10.4 million, or 16%, and an increase in premiums receivable and reinsurance recoverable of \$20.3 million (\$0 in 2017) and \$9.3 million (\$0.1 million in 2017), respectively. Cash and short-term investments increased by \$26.8 million, or 64%, due to proceeds from the sale of common stock and the sale or maturity of long-term bonds.

Liabilities increased \$39.8 million, or 2,810%, primarily due to recommenced business operations, resulting in increased ceded reinsurance premium payable of \$39.0 million or 68,839%.

## MANAGEMENT AND CONTROL

### Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no less than five (5) directors. At least one (1) of the directors must be a resident of Indiana. The shareholders, at each annual meeting, elect the members of the Board.

The following is a listing of persons serving as directors as of December 31, 2018, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
Dr. Graham Torquil Billingham Rolling Hills, California	Chief Medical Officer MedPro Group Inc.
Anthony Allen Bowser Fort Wayne, Indiana	Treasurer, Chief Financial Officer and Vice President The Medical Protective Company and MedPro Group Inc.
Andrew Michael DiGiorgio Monson, Massachusetts	President WIC and Wellfleet New York Insurance Company
Dr. Carl Truman Hook Norman, Oklahoma	Former CEO PLICO, Inc.
Timothy John Kenesey Fort Wayne, Indiana	President and CEO The Medical Protective Company and MedPro Group Inc.
Charles William Lefevre Hamilton Square, New Jersey	President and CEO Princeton Insurance Company

### Officers

The Bylaws state that the principal corporate and executive officers of the Company shall consist of a President, a Vice President, a Secretary, and a Chief Financial Officer. The corporation may also have, at the discretion of the Board, a chairman of the Board and such other officers, with such titles and duties as may be determined by the Board. One person may hold two or more offices, except that the offices of president and secretary shall not be held by the same person.

The following is a list of key officers and their respective titles as of December 31, 2018:

<u>Name</u>	<u>Office</u>
Andrew Michael DiGiorgio	President
Anthony Allen Bowser	Treasurer and Vice President
Angela Marie Adams	Secretary and Associate General Counsel
Brad Alan Ober	Vice President and Chief Health Actuary

### CONFLICT OF INTEREST

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2018.

### 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 the year they were initially elected. However, it was noted Oaths of Office were not obtained for each director upon re-election as a director. **See Other Significant Issues section of this Report of Examination.**

### CORPORATE RECORDS

#### Articles of Incorporation

The Articles of Incorporation were updated December 11, 2018 and approved February 21, 2019 to reflect the change of the Company's name to Wellfleet Insurance Company.

#### Bylaws

The Bylaws were amended in September 2017 to remove references to California law and substitute Indiana law. The changes to the bylaws were approved by the Board of Directors on October 15, 2018.

#### Minutes

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

IC 27-1-7-7(b) states an annual meeting of Shareholders, Members, or Policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company's Bylaws require that the annual meeting of Shareholders is to be held within five (5) months of the close of the fiscal year. For each year under review, the annual meeting of shareholders was held in compliance with the timing required by IC 27-1-7-7(b) and prescribed by the Bylaws.

WIC has no standing committees, other than an informal, non-independent, audit committee. Meeting minutes are not recorded for this informal committee. Should the informal audit committee identify any material weaknesses, significant deficiencies or other serious financial solvency concerns, these issues are reported to the independent audit committee of BHL.

### AFFILIATED COMPANIES

#### Organizational Structure

The following abbreviated organizational chart shows the Company's parent and affiliates as of December 31, 2018:

	NAIC Co. Code	Domiciliary State/Country
Berkshire Hathaway Inc.		DE
Berkshire Hathaway Finance Corporation		DE
BH Columbia Inc.		NE
Columbia Insurance Company	27812	NE
MedPro Group Inc.		IN
Wellfleet New York Insurance Company (Formerly Atlanta International Insurance Company)	20931	NY
AttPro RRG Reciprocal Risk Retention Group	13795	DC
<b>Wellfleet Insurance Company (Formerly Commercial Casualty Insurance Company)</b>	<b>32280</b>	<b>IN</b>
Medical Protective Finance Corporation		IN
MedPro Risk Retention Services, Inc.		IN
MedPro RRG Risk Retention Group	13589	DC
PLICO, Inc.	39594	OK
PLICO Financial, Inc.		OK
Princeton Insurance Company	42226	NJ
Princeton Risk Protection, Inc.		NJ
<b>The Medical Protective Company</b>	<b>11843</b>	<b>IN</b>
C&R Insurance Services, LLC		PA
C&R Legal Insurance Agency, LLC		PA
CHP Insurance Agency, LLC		MA
MedPro Insurance Services, LLC		IN
Somerset Services, LLC		IN
Wellfleet Group, LLC (formerly Consolidated Health Plans, LLC)		MA

#### Affiliated Agreements

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

#### *Management Agreements*

As amended and restated effective May 1, 2017, WIC is a party to a Cost-Sharing Agreement in which the parent, MPG, and its subsidiaries agree to share certain expenses of administration, data processing, investments,

management, payroll, personnel, taxes, and other shared expenses not specifically listed. Each party shall be responsible for and pay the charges, costs, and expenses for each service that can be reasonably identified as being incurred for the sole benefit of that party. WIC incurred \$355,070 and \$294,637, respectively, for their portion of the 2018 and 2017 expenses.

#### *Service Agreements*

Effective November 1, 2008, WIC and Resolute Management Inc. (RMI) entered into an Intercompany Service Agreement in which RMI provides certain administrative and special services for WIC and makes available certain property, equipment, and facilities. This agreement allows RMI to continue to service past workers compensation (WC) business written by WIC that is now in run-off. WIC incurred \$120,636 and \$256,470 in 2018 and 2017, respectively, for services from RMI.

Effective November 1, 2008, WIC along with National Liability & Fire Insurance Company (NL&F), and National Indemnity Company (NICO) entered into an Intercompany Services Agreement whereby NL&F and NICO provide certain administrative and special services for WIC and make available certain property, equipment, and facilities. This agreement allows NL&F and NICO to continue to service past WC business written by WIC that is now in run-off. No payments were made in 2018 or 2017 related to this agreement.

Effective September 1, 2017, WIC and CHP entered into an Administrative Services Agreement whereby CHP, as a third-party administrator, will perform key functions including, but not limited to, Underwriting, Sales & Marketing, Claims Administration, Actuarial Analysis and General Administration. WIC incurred expenses of \$2.2 million and \$0, respectively, in 2018 and 2017 related to this agreement.

#### *Reinsurance*

Effective January 1, 2017, WIC entered into a Quota Share Agreement with The Medical Protective Company (TMPC) under which WIC cedes on a quota share basis 100% of the net loss arising from occurrences taking place on or after January 1, 2017 on all accident and health lines of insurance and reinsurance written by the Company and administered by its affiliated third party administrator, CHP. WIC incurred expenses of \$29.7 million in assumed premium net of ceding commission and losses and loss adjustment expenses (LAE) in 2018, and (\$0.3) million in ceding commission in 2017. The 2017 amount is negative given there were no ceded premiums or losses in that year, but there was a ceding commission received by WIC of \$0.3 million.

Effective January 1, 2018, WIC entered into a Quota Share Reinsurance Agreement with NICO under which WIC cedes on a quota share basis 90% of the net losses arising from occurrences taking place on or after January 1, 2018, on all WC, commercial property and commercial casualty lines of insurance and reinsurance written by the Company through the biBERK.com program (the Berkshire Hathaway online portal for workers compensation business). WIC incurred \$282,193 in ceded premium net of ceding commission and losses and LAE in 2018.

Effective July 1, 2016, WIC entered into a Quota Share Reinsurance Agreement with Finial Reinsurance Company (FRC) under which WIC cedes 100% of policy liabilities for all policies issued prior to July 1, 2016. WIC incurred \$3.4 million and \$3.8 million in ceded premium net of ceding commission and losses and LAE in 2018 and 2017, respectively.

The Company commuted a reinsurance agreement with National Union Fire Insurance Company of Pittsburgh in 2017. The Company recognized the amounts received from the reinsurer as a reduction of losses and LAE paid in 2017. The effect of the commutation was a decrease in loss and LAE of \$21.2 million in 2017, however due to a separate reinsurance agreement with FRC, the net effect to the company was \$0. WIC received \$66.3 million in 2017 under this agreement. No amounts were paid in 2018.

*Revolving Loan Agreement:*

Effective May 1, 2017, WIC entered into a revolving loan agreement with TMPC. Under the agreement, WIC may borrow up to \$25.0 million from TMPC at any time, as needed. There was no balance as of the exam date.

*Consolidated Federal Income Tax Allocation Agreement*

Effective November 1, 2008, WIC entered into a written Federal Income Tax allocation agreement with BHI. Effective January 1, 2017, the agreement between WIC and BHI was terminated and replaced by a Federal Tax Allocation Agreement with MPG. The consolidated tax liability is allocated among affiliates in the ratio that each affiliate's separate return tax liability bears to the sum of the separate return tax liabilities of all affiliates that are members of the consolidated group. In addition, a complementary method is used which results in reimbursement by profitable affiliates to loss affiliates for tax benefits generated by loss affiliates. In the event a company incurs a net operating loss in a future year in which the group reports consolidated taxable income, a company will be entitled to reimbursement (from other profitable members of the group) for the income tax benefits attributable to the loss. All federal income taxes allocated to a company for the current and preceding year may be recoverable in the event future net operating losses are reported for both a company and on a consolidated basis for the group, depending upon the magnitude of such losses. Under this agreement, WIC paid/accrued \$232,136 and \$343,440, respectively, for 2018 and 2017.

**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 CNA Insurance Company. The bond has a single loss coverage limit of \$5.0 million, with a \$75,000 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, 2018, including but not limited to commercial auto coverage, commercial package coverage, cyber coverage, employment practices liability coverage, fiduciary liability coverage, foreign policy coverage, professional liability coverage, umbrella coverage, and workers' compensation coverage.

**PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS**

MPG, the parent company, sponsors a post-retirement health care benefit plan covering substantially all employees who reach retirement age while working for the Company. MPG makes contributions to this plan as claims are incurred. The Company's share of health care plan expenses for retirees was (\$700) and \$1,200 for 2018 and 2017, respectively. The Company has no legal obligation for benefits under this plan.

MPG sponsors a defined contribution retirement plan covering all employees. The plan includes a parent-paid primary retirement (profit-sharing) plan based on years of service and pay. MPG charges each affiliate for its allocable share of such contributions based on a percentage of payroll. The Company's allocated costs for the plan were \$10,900 and \$10,100 for 2018 and 2017, respectively.

MPG sponsors a 401k plan for eligible employees. MPG's matching contribution is one dollar (\$1.00) for each dollar of the first four percent (4%) of the participant's compensation for the plan year that the participant contributes to the plan. MPG charges each affiliate for its allocable share of such contributions based on a percentage of payroll. The Company's costs for the plan were \$5,000 and \$5,200 for 2018 and 2017, respectively.

## SPECIAL AND STATUTORY DEPOSITS

The Company reported the following deposits as of December 31, 2018:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Indiana	\$ 2,706,852	\$ 2,704,652
All Other Special Deposits:		
California	149,703	147,526
Delaware	107,815	108,186
Georgia	73,510	73,763
Idaho	298,941	299,971
Maryland	98,013	98,351
Massachusetts	151,921	152,444
Nebraska	401,855	403,239
Nevada	693,932	693,375
New Mexico	325,388	319,641
North Carolina	215,630	216,372
Oregon	117,616	118,021
Texas	98,013	98,351
Virginia	303,842	304,888
Total Deposits	<u>\$ 5,743,031</u>	<u>\$ 5,738,780</u>

## OTHER REINSURANCE

### Assumed Reinsurance

The Company assumes no external reinsurance other than its participation in mandatory pools and associations. These contracts are not regarded as being individually significant from a financial perspective.

## 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, 2017 and December 31, 2018, were agreed to the respective Annual Statements. The Annual Statements for the years ended December 31, 2017 through December 31, 2018, were agreed to each year's independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.

## FINANCIAL STATEMENTS

WELLFLEET INSURANCE COMPANY  
(FORMERLY KNOWN AS COMMERCIAL CASUALTY INSURANCE COMPANY)

Assets  
As of December 31, 2018

	<u>Per Examination*</u>
Bonds	\$ 5,880,437
Cash, cash equivalents and short-term investments	68,597,450
Receivables for securities	813
Subtotals, cash and invested assets	<u>74,478,700</u>
Investment income due and accrued	8,536
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	20,095,880
Deferred premiums, agents' balances and installments booked but deferred and not yet due	157,110
Reinsurance:	
Amounts recoverable from reinsurers	9,369,980
Net deferred tax asset	320,077
Receivables from parent, subsidiaries and affiliates	<u>89,144</u>
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	<u>104,519,427</u>
Totals	<u>\$ 104,519,427</u>

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



WELLFLEET INSURANCE COMPANY  
(FORMERLY KNOWN AS COMMERCIAL CASUALTY INSURANCE COMPANY)  
Liabilities, Surplus and Other Funds  
As of December 31, 2018

	Per Examination*
Losses	\$ 5,691
Loss adjustment expenses	813
Commissions payable, contingent commissions and other similar charges	254,375
Other expenses	1,007,163
Taxes, licenses and fees	837,296
Current federal and foreign income taxes on realized capital gains (losses)	77,767
Unearned premiums	29,443
Ceded reinsurance premiums payable	38,952,989
Payable to parent, subsidiaries and affiliates	28,081
Aggregate write-ins for liabilities	8,613
Total liabilities excluding protected cell liabilities	41,202,231
Total liabilities	41,202,231
Aggregate write-ins for special surplus funds	2,229,690
Common capital stock	3,000,000
Gross paid in and contributed surplus	53,253,594
Unassigned funds (surplus)	4,833,912
Surplus as regards policyholders	63,317,196
Totals	\$ 104,519,427

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

WELLFLEET INSURANCE COMPANY  
(FORMERLY KNOWN AS COMMERCIAL CASUALTY INSURANCE COMPANY)  
Statement of Income  
For the Year Ended December 31, 2018

	<u>Per Examination*</u>
UNDERWRITING INCOME	
Premiums earned	\$ 8,129
DEDUCTIONS	
Losses incurred	5,691
Loss adjustment expenses incurred	1,154
Other underwriting expenses incurred	5,876
Total underwriting deductions	12,721
Net underwriting gain (loss)	(4,592)
INVESTMENT INCOME	
Net investment income earned	1,078,482
Net realized capital gains (losses) less capital gains tax	15,902
Net investment gain (loss)	1,094,384
OTHER INCOME	
Finance and service charges not included in premiums	943
Total other income	943
Net income before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	1,090,735
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	1,090,735
Federal and foreign income taxes incurred	227,909
Net income	\$ 862,826

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

WELLFLEET INSURANCE COMPANY  
(FORMERLY KNOWN AS COMMERCIAL CASUALTY INSURANCE COMPANY)  
Capital and Surplus Account Reconciliation

	2018	2017
Surplus as regards policyholders, December 31 prior year	\$ 63,668,660	\$ 62,640,255
Net income	862,826	723,782
Change in net unrealized capital gains or (losses) less capital gains tax	(16,545)	(321,931)
Change in net deferred income tax	320,077	(278,710)
Change in nonadmitted assets	(1,517,820)	892,767
Change in provision for reinsurance	-	12,497
Change in surplus as regards policyholders for the year	(351,462)	1,028,405
Surplus as regards policyholders, December 31 current year	\$ 63,317,198	\$ 63,668,660

### COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2018, based on the results of this examination.

### OTHER SIGNIFICANT ISSUES

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that while each director does have an Oath of Office statement on file, not all were current as of their last elected date. It is recommended that every director shall take and subscribe to an Oath of Office at the time of annual election to the Board.

### SUBSEQUENT EVENTS

The company submitted a name change to the INDOI in 2018. The name change was approved by the INDOI on March 25, 2019. Going forward, the company will be known as Wellfleet Insurance Company.

**AFFIDAVIT**

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that he, in coordination with staff assistance from Noble Consulting Services, Inc., and actuarial assistance from Merlino & Associates, Inc, performed an examination of Wellfleet Insurance Company (formerly known as Commercial Casualty Insurance Company), as of December 31, 2018.

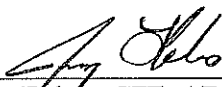
The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

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 Wellfleet Insurance Company (formerly known as Commercial Casualty Insurance Company) as of December 31, 2018, as determined by the undersigned.

  
\_\_\_\_\_  
Brad Neff, CFE  
Noble Consulting Services, Inc.

Under the Supervision of:

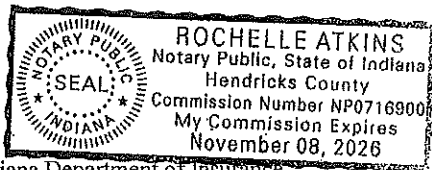
  
\_\_\_\_\_  
Jerry Ehlers, CFE, AES  
Examinations Manager  
Indiana Department of Insurance

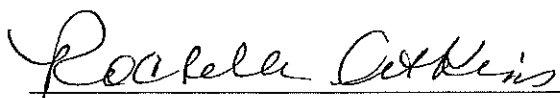
State of: Indiana  
County of: Marion

On this 7<sup>th</sup> day of February, 2020, before me personally appeared, Brad Neff 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: Nov 8, 2026 Rochelle Atkins  
Notary Public



  
\_\_\_\_\_  
Notary Public

