



MISSISSIPPI INSURANCE DEPARTMENT

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MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

RICKY DAVIS
State Chief Deputy Fire Marshal

December 12, 2023

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Pat T. Nunnelee, President
Allied Funeral Associates Insurance Company
316 South Thomas Street
Tupelo, MS 38801

RE: Report of Examination as of December 31, 2021

Dear Mr. Nunnelee:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.

Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department will open the report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY


Christina J. Kelsey
General Counsel

MC/CJK/de
Encls. Order w/exhibit

**BEFORE THE COMMISSIONER OF INSURANCE
OF THE STATE OF MISSISSIPPI**

**IN RE: REPORT OF EXAMINATION OF ALLIED
 FUNERAL ASSOCIATES INSURANCE COMPANY**

CAUSE NO. 23-7849

ORDER

THIS CAUSE came on for consideration before the Commissioner of Insurance of the State of Mississippi ("Commissioner"), or his designated appointee, in the Offices of the Commissioner, 1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011). The Commissioner, having fully considered and reviewed the Report of Examination together with any submissions or rebuttals and any relevant portions of the examiner's work papers, makes the following findings of fact and conclusions of law, to-wit:

JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011).

II.

That Allied Funeral Associates Insurance Company is a Mississippi-domiciled Company licensed to write Industrial Life, Industrial Accident and Health, and Life (Burial) coverages.

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), called for an examination of Allied Funeral Associates Insurance Company and appointed R. Dale Miller, Examiner-In-Charge, to conduct said examination.

IV.

That on or about September 11, 2023, the draft Report of Examination concerning Allied Funeral Associates Insurance Company for the period of January 1, 2017 through December 31, 2021, was submitted to the Department by the Examiner-In-Charge, R. Dale Miller.

V.

That on or about November 17, 2023 pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), the Department forwarded to the Company a copy of the draft report and allowed the Company a 15-day period to submit any rebuttal to the draft report. On or about December 4, 2023 the Company responded by email.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2011), must consider and review the report along with any submissions or rebuttals and all relevant portions of examiner work papers and enter an Order: (1) adopting the Report of Examination as final or with modifications or corrections; (2) rejecting the Report of Examination with directions to reopen; or (3) calling for an investigatory hearing.

IT IS, THEREFORE, ORDERED, after reviewing the Report of Examination and all relevant examiner work papers, that the Report of Examination of Allied Funeral Associates Insurance Company, attached hereto as Exhibit "A", should be and same is hereby adopted as final.

IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage pre-paid, return receipt requested.

IT IS FURTHER ORDERED that the Mississippi Department of Insurance shall continue to hold the content of this report as private and confidential for a period of ten (10) days from the date of this Order, pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), that within thirty (30) days of the issuance of the adopted report, Allied Funeral Associates Insurance Company shall file affidavits executed by each of its directors stating under oath that they have received a copy of the adopted report and related orders.

IT IS FURTHER ORDERED that Allied Funeral Associates Insurance Company take the necessary actions and implement the necessary procedures to ensure that all recommendations contained in the Report of Examination are properly and promptly complied with.

SO ORDERED, this the 12th day of December, 2023.



J. Mark Haire
J. MARK HAIRE
DEPUTY COMMISSIONER OF INSURANCE
STATE OF MISSISSIPPI

CERTIFICATE OF MAILING

I hereby certify that a true and correct copy of the above and foregoing Order and a copy of the final Report of Examination, as adopted by the Mississippi Department of Insurance, was sent by certified mail, postage pre-paid, return receipt requested, on this the 12th day of December, 2023 to:

**Mr. Pat T. Nunnelee, President
Allied Funeral Associates Insurance Company
316 South Thomas Street
Tupelo, MS 38801**



Christina J. Kelsey
General Counsel

Christina J. Kelsey
General Counsel
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
Miss. Bar No. 9853



Mississippi Insurance Department

Report of Examination

of

Allied Funeral Associates Insurance Company

as of

December 31, 2021

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**EXAMINER'S AFFIDAVIT AS TO STANDARDS AND
PROCEDURES USED IN AN EXAMINATION**

State of Mississippi,

County of Madison,

R. Dale Miller, being duly sworn, states as follows:

1. I have authority to represent the Mississippi Insurance Department in the examination of Allied Funeral Associates Insurance Company as of December 31, 2021.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Allied Funeral Associates Insurance Company was performed in a manner consistent with the standards and procedures required by the National Association of Insurance Commissioners and the Mississippi Insurance Department.

The affiant says nothing further.

R. Dale Miller
R. Dale Miller, CPA, CFE, CFF
Examiner-in-charge

Subscribed and sworn before me by R. Dale Miller on this 15th day of November, 2023.

(SEAL)

Wendy Smith
Notary Public



My commission expires October 27, 2024 [date].



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of
Insurance

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September 8, 2023

Honorable Mike Chaney
Commissioner of Insurance
Mississippi Insurance Department
1001 Woolfolk Building
501 North West Street
Jackson, Mississippi 39201

Dear Commissioner Chaney:

Pursuant to your instructions and authorization and in compliance with statutory provisions, an examination has been conducted, as of December 31, 2021, of the affairs and financial condition of:

ALLIED FUNERAL ASSOCIATES INSURANCE COMPANY

316 South Thomas Street
Tupelo, MS 38801

License #	NAIC #	FEETS#	MATS#
9700002	60209	60209-MS-2021-5	MS-MS099-47

This examination was commenced in accordance with Miss. Code Ann. §83-5-201 et seq. and was performed in Tupelo Mississippi, at the statutory home office of the Company, and the office of Carr, Riggs & Ingram, LLC located in Ridgeland, Mississippi. The report of examination is herewith submitted.

SCOPE OF EXAMINATION

We have performed our single-state examination of Allied Funeral Associates Insurance Company (“Company” or “AFAIC”). The last examination covered the period of January 1, 2012 through December 31, 2016. This examination covers the period January 1, 2017 through December 31, 2021.

We conducted our examination 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.

All accounts and activities of the Company were considered in accordance with the risk-focused examination process. This may include assessing significant estimates made by management and evaluating management’s compliance with Statutory Accounting Principles. The examination does not attest to the fair presentation of the financial statements included herein. If, during the course of the examination an adjustment is identified, the impact of such adjustment will be documented separately following the Company’s financial statements.

This examination report includes significant findings of fact, as mentioned in the Miss. Code Ann. §83-5-201, 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.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

There were no comments or recommendations in the previous examination report.

HISTORY OF THE COMPANY

The Company was incorporated on July 30, 1996 under the laws of the State of Mississippi as Allied Funeral Associates Insurance Company, for the purpose of engaging in the industrial life insurance business. The Company commenced operations on January 1, 1997 as an industrial life insurance company with its principal office located in Tupelo, Mississippi. In 2009, the Company became the wholly-owned subsidiary of Allied Funeral Holdings, Inc. (“Allied Holdings”) through a 1:1 share exchange with AFAIC’s shareholders.

In 2021, Allied Holdings purchased Mississippi American Life Insurance Company (“MALICO”).

AFAIC then entered into an assumption reinsurance agreement with MALICO to acquire all assets and outstanding liabilities. See the Reinsurance section of this report for additional information regarding this transaction.

CORPORATE RECORDS

The Articles of Incorporation, Bylaws and amendments thereto were reviewed and duly applied in other sections of this report where appropriate. Minutes of the meetings of the Stockholders and Board of Directors (“Board”) as recorded during the period covered by this examination, were reviewed and appeared to be complete and in order with regard to actions on matters brought up at the meetings for deliberation.

MANAGEMENT AND CONTROL

Stockholders

At December 31, 2021, the Company had 500,000 shares of \$1 par value common stock authorized with 117,638 shares issued and outstanding. Allied Holdings owned 100% of the shares issued and outstanding. The Company had no treasury stock outstanding.

During the examination period, the Board of Directors declared dividends, both regular and extraordinary, to its stockholders as follows:

Year	Amount
2017	\$ 140,000
2018	\$ 150,000
2019	\$ 150,000
2020	\$ 125,000
2021	\$ 387,000

For the examination years 2017-2019, the dividends declared equaled the amount paid by the Company. At December 31, 2020, the Company accrued \$15,000 of the dividends declared during 2020 that remained unpaid at year end. This amount was subsequently paid in January 2021.

On October 6, 2021, the MID approved an extraordinary dividend payment of \$170,000.

Board of Directors

The Articles of Incorporation and Bylaws vest the management and control of the Company’s business affairs with the Board. The members of the duly elected Board, along with their place of residence, year elected/appointed, and principal occupation, at December 31, 2021, were as follows:

Board Member	Year Elected/Appointed	Principal Occupation
Johnny Anthony Agnew, III Baldwyn, MS	1997	Funeral Director and President of Agnew & Sons Funeral Home
John Grover Burt Calhoun City, MS	1997	Funeral Director and President/ Manager of Pryor Funeral Home, Inc.
Victor Gerard Byas, Sr. Indianola, MS	1997	Funeral Director and Owner of Byas Funeral Home, Inc. and Byas Land & Investment Company
Victor Gerard Byas, II Indianola, MS	2011	Funeral Director and President of Byas Funeral Home, Inc.
Mark Keith King Greenville, MS	1997	Funeral Director and Owner of Boon Funeral Homes and Boon Benefit Association
Wellington L. R. Byas Indianola, MS	2018	Funeral Director
Lisa Nunnelee Talbott Tupelo, MS	2012	Vice President of Allied Funeral Associates Insurance Company
Pat Thomas Nunnelee Tupelo, MS	1997	President of Allied Funeral Associates Insurance Company
Teresa Gail Snow Tupelo, MS	1997	Secretary/Treasurer of Allied Funeral Associates Insurance Company
Kenneth Walter Tisdale Aberdeen, MS	1997	Funeral Director and General Manager of Tisdale-Lann Memorial Funeral Home
James Alan Waters Baldwyn, MS	1997	Funeral Director and Co-owner of Waters Funeral Home

Committees

There were no active committees of the Board as of the examination date.

Officers

The senior officers of the Company as of December 31, 2021, were:

Name and Place of Residence	Number of Years with Company	Principal Occupation
Pat Thomas Nunnelee Tupelo, MS	25	President of Allied Funeral Associates Insurance Company

Lisa Nunnelee Talbott Tupelo, MS	11	Vice President of Allied Funeral Associates Insurance Company
Teresa Gail Snow Tupelo, MS	25	Secretary/Treasurer of Allied Funeral Associates Insurance Company

Conflict of Interest

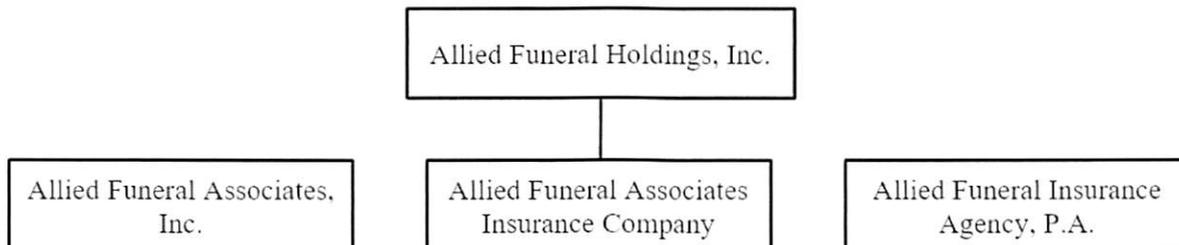
The Company had formal procedures whereby disclosure was made to the Board of any material interest or affiliation on the part of any officer or director that was, or would likely be, a conflict with their official duties. These procedures were reviewed, and exceptions to the Company’s policies were noted in 2017, 2018, 2019, and 2020. It is recommended that the Company retain the annual signed conflict of interest statements.

HOLDING COMPANY STRUCTURE

The Company is a member of an insurance holding company system as defined in Miss. Code Ann. §83-6-1. For the period covered by the examination, the Company filed holding company registration statements with the MID in compliance with Miss. Code Ann. §83-6-5 and §83-6-9.

Organizational Chart

The organizational chart below displays the holding company structure at December 31, 2021.



At December 31, 2021, the ownership structure of the entities mentioned were as follows:

Allied Funeral Holdings, Inc.	AFAIC	Allied Funeral Associates, Inc.	Allied Funeral Insurance Agency, PA
Pat Nunnelee 13% Teresa Snow 2% Other Stockholders 85%	Allied Holdings 100%	Pat Nunnelee 60% Teresa Snow 25% Lisa Talbott 15%	Pat Nunnelee 70% Teresa Snow 15% Lisa Talbott 15%

Related Party and Other Transactions

AFAIC and Allied Funeral Associates, Inc. entered into an agreement effective January 1, 1997, whereby AFAIC pays Allied Funeral Associates Inc. a monthly fee as a reimbursement for management and various operating services and supplies provided to the Company. In 2021, the Company paid \$420,000 under the terms of this agreement.

FIDELITY BOND AND OTHER INSURANCE

During the examination period, the Company maintained a commercial insurance policy for employee theft with a limit of \$125,000. This amount did not meet the NAIC suggested minimum fidelity coverage of \$150,000 to \$175,000. Effective August 31, 2023, the Company increased the fidelity coverage to the NAIC suggested minimum amount of \$150,000.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company had no employees and all necessary administrative functions were performed by employees of Allied Funeral Associates, Inc. through an administrative services agreement.

TERRITORY AND PLAN OF OPERATION

The Company writes industrial life insurance policies for the state of Mississippi. The distribution network is comprised of agents who are also directors of funeral homes.

GROWTH OF COMPANY

The review of the growth of the Company was performed based on balances reported in the annual statements filed with the MID during the period under examination.

	2021	2020	2019	2018	2017
Balance Sheet					
Total admitted assets	\$ 19,708,572	\$ 14,191,590	\$ 13,710,171	\$ 12,910,726	\$ 12,827,903
Total liabilities	\$ 17,696,244	\$ 12,021,028	\$ 11,701,300	\$ 11,147,178	\$ 11,118,170
Total capital and surplus	\$ 2,012,328	\$ 2,170,562	\$ 2,008,871	\$ 1,763,548	\$ 1,709,733
Cash Flow					
Net cash from operations	\$ 487,177	\$ 311,972	\$ 581,053	\$ 542,157	\$ 656,531
Risk-Based Capital Analysis					
Total adjusted capital	\$ 2,627,185	\$ 2,640,958	\$ 2,386,300	\$ 1,880,221	\$ 2,011,561
Authorized control level risk-based capital	\$ 695,204	\$ 469,036	\$ 378,791	\$ 289,739	\$ 306,414

Income Statement

Net earned premium income	\$ 2,678,889	\$ 2,316,414	\$ 2,184,936	\$ 2,346,724	\$ 2,327,322
Net investment income	\$ 552,211	\$ 503,455	\$ 474,882	\$ 515,189	\$ 485,952
Total death and surrender benefits	\$ 1,424,707	\$ 1,217,677	\$ 874,596	\$ 983,740	\$ 911,208
Increase in life reserves	\$ 431,283	\$ 107,115	\$ 296,555	\$ 198,287	\$ 317,767
Net income (loss)	\$ 91,797	\$ 226,248	\$ 279,166	\$ 277,579	\$ 263,463
Net income/capital and surplus (ROE)	4.6%	10.4%	13.9%	15.7%	15.4%
Net premium earned /capital and surplus	133.1%	106.7%	108.8%	133.1%	136.1%
Total benefits & expenses/ net prem earned	121.2%	113.7%	110.4%	106.3%	105.2%

MORTALITY AND LOSS EXPERIENCE

The MID contracted with Risk & Regulatory Consulting, LLC (“RRC”) to review the actuarial analysis supporting the Company’s carried aggregate reserves for life contracts, premiums for life contracts received in advance, and uncollected premiums. Based on the examination actuarial evaluation, the Company’s reserve liabilities appeared to be reasonably stated in all material respects.

REINSURANCE

Effective July 27, 2021, Allied Holdings purchased MALICO through a Stock Purchase Agreement. Immediately following the purchase, AFAIC entered into an assumption reinsurance agreement with MALICO, which was a Mississippi-domiciled insurance company authorized to write industrial life business. Under the agreement, MALICO ceded to AFAIC all of their assets, policies, and contractual liabilities of MALICO to its policyholders effective date of the agreement. The Company received assets of \$5,073,000 and assumed insurance related liabilities of the same amount. No goodwill was recorded as the result of the assumption reinsurance transaction. Upon execution of the agreement MALICO was dissolved.

ACCOUNTS AND RECORDS

The Company utilized a computerized accounting system on which general ledger information was maintained. Detailed general ledger information was traced to the trial balance and the December 31, 2021 annual statement, without material exception.

The Company does not have an internal audit function, which is acceptable considering the size of the Company. During the examination period, the Company was audited by an independent CPA firm for the year ended December 31, 2019. The MID granted the Company an exemption from audit for the years ended December 31, 2021, 2018 and 2017.

STATUTORY DEPOSITS

The Company's statutory deposits with the state of Mississippi complied with Miss. Code Ann. §83-19-31(2) and §83-7-21. The following chart displays the Company's deposits held at December 31, 2021.

<u>Description</u>	<u>State Deposited</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Certificate of Deposit	Mississippi	\$ 160,414	\$ 160,414

ALLIED FUNERAL ASSOCIATES INSURANCE COMPANY
FINANCIAL STATEMENTS
EXAMINATION AS OF DECEMBER 31, 2021

Introduction

The following financial statements consist of a Statement of Admitted Assets, Liabilities, Surplus and Other Funds - Statutory at December 31, 2021, a Summary of Operations - Statutory for the year ended December 31, 2021, and a Reconciliation of Capital and Surplus - Statutory for the examination period ended December 31, 2021, and a Reconciliation of Examination Changes to Surplus - Statutory at December 31, 2021.

The accompanying comments on the financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

**Statement of Admitted Assets, Liabilities, Surplus and Other Funds - Statutory
December 31, 2021**

Admitted Assets

Bonds	\$	13,918,653
Common stocks		4,061,401
Real estate occupied by the company		-
Cash, cash equivalents, and short term investments		1,043,511
Investment income due and accrued		135,896
Uncollected premiums		67,347
Current federal income taxes recoverable		23,469
Receivables from parents, subsidiaries and affiliates		54,073
Aggregate write-ins for other-than-invested assets		57,000
Total admitted assets	\$	19,361,350

Liabilities, Capital and Surplus

Aggregate reserve for life contracts	\$	16,724,726
Life contract claims		155,765
Premiums received in advance		63,334
General expenses due and accrued		3,146
Taxes, licenses and fees due or accrued		1,343
Net deferred tax liability		43,568
Asset valuation reserve		669,362
Payable to parent, subsidiaries and affiliates		35,000
Total liabilities		17,696,244

Common capital stock		117,638
Gross paid in and contributed surplus		497,206
Unassigned funds		1,050,262
Total capital and surplus		1,665,106
Total liabilities, capital and surplus	\$	19,361,350

Summary of Operations - Statutory
For the Examination Period Ended December 31, 2021

Income		
Life premiums	\$	2,678,889
Net investment income		552,211
<hr/>		
Total income, net of amortization of interest maintenance reserve		3,231,100
<hr/>		
Benefits and reserve changes		
Death benefits		1,386,840
Surrender benefits and withdrawals for life contracts		37,867
Increase in aggregate reserves for life contracts		431,283
<hr/>		
Total benefits and reserve changes		1,855,990
<hr/>		
Other operating expenses		
Commissions		725,100
General insurance expenses		195,365
Taxes, licenses and fees, excluding federal income taxes		49,060
Other expenses		420,000
<hr/>		
Total other operating expenses		1,389,525
<hr/>		
Net gain from operations before dividends to policyholders and federal income taxes		(14,415)
Policyholders' dividends		-
Federal income taxes incurred		(1,994)
<hr/>		
Net gain from operations after dividends to policyholders and federal income taxes and before realized capital gains		(12,421)
Net realized capital gains, excluding transfers to interest maintenance reserve		104,218
<hr/>		
Net income	\$	91,797
<hr/>		

**Reconciliation of Capital and Surplus – Statutory
For the Examination Period Ended December 31, 2021**

	2021	2020	2019	2018	2017
Capital and surplus, beginning of the year	\$ 2,170,562	\$ 2,008,871	\$ 1,763,548	\$ 1,709,733	\$ 1,414,455
Net income	91,797	226,248	279,166	277,579	263,463
Change in net unrealized capital gains (losses)	279,481	247,539	376,261	(219,019)	204,299
Change in net deferred income tax	77,695	57,934	-	-	-
Change in nonadmitted assets	(9,241)	(140,063)	652	(39,900)	5,751
Change in asset valuation reserve	(198,966)	(92,967)	(260,756)	185,155	(38,235)
Dividends to stockholders	(387,000)	(125,000)	(150,000)	(150,000)	(140,000)
Aggregate write-ins for gains and losses in surplus	(12,000)	(12,000)	-	-	-
Examination adjustment to surplus	(347,222)	-	-	-	-
Capital and surplus, end of the year	\$ 1,665,106	\$ 2,170,562	\$ 2,008,871	\$ 1,763,548	\$ 1,709,733

**Reconciliation of Examination Adjustments to Surplus - Statutory
For the year ended December 31, 2021**

Analysis of Changes to Surplus			
	<u>Increase</u>	<u>Decrease</u>	
Surplus at Dec. 31, 2021, per Annual Financial Statement			\$1,894,690
Real Estate		\$347,222	
Change in Non-Admitted Assets	\$347,222		
Net decrease			<u>(\$347,222)</u>
Surplus at Dec. 31, 2021, after examination adjustment			<u>\$1,547,468</u>

The Company's total surplus and other funds per the December 31, 2021 examination was \$1,665,106 and consisted of \$117,638 in capital stock and \$1,547,468 in surplus. Total capital and surplus of \$1,665,106 was determined to be in compliance with Miss. Code Ann. §83-19-31.

COMMENTS ON FINANCIAL STATEMENTS

Real estate occupied by the company

\$ 0

On July 23, 2021, Allied Holdings executed a promissory note to aide in the purchase of MALICO whereby the Company's real estate was pledged as collateral. Per Statement of Statutory Accounting Principles ("SSAP") No. 4, "If assets of an insurance entity are pledged or otherwise restricted by the action of a related party, the assets are not under the exclusive control of the insurance entity and are not available to satisfy policyholder obligations due to these encumbrances or other third party interests. Thus, pursuant to paragraph 2(c), such assets shall not be recognized as an admitted asset on the balance sheet." The examiners recorded an increase in nonadmitted assets in the amount of \$347,222 related to this event. This adjustment reduced the admitted value of real estate occupied by the company to \$0 at December 31, 2021. It is recommended that the Company comply with SSAP No. 4 and non-admit its real estate holdings while the asset is pledged as collateral on the aforementioned loan.

MARKET CONDUCT ACTIVITIES

A full scope market conduct examination was not performed; however, limited procedures were performed on certain areas of the Company's market conduct. The areas in which limited procedures were performed included operations/management, producer licensing, underwriting and rating, and claims. No significant exceptions with regard to the limited procedures performed were noted.

COMMITMENTS AND CONTINGENT LIABILITIES

Procedures performed during the course of the examination revealed no pending litigation, commitments or other contingent liabilities to which the Company was a party.

SUBSEQUENT EVENTS

During 2022, the following Board of Directors were not reelected: Victor Byas, Sr., Victor Byas II, and Wellington Byas.

On June 10, 2022, the MID approved an extraordinary dividend in the amount of \$255,000.

Effective August 31, 2023, the Company increased the fidelity coverage to the NAIC suggested minimum amount of \$150,000.

COMMENTS AND RECOMMENDATIONS

1. Lack of Conflict of Interest Statements

It was noted that the Company did not maintain signed conflict of interest statements for each year under examination. It is recommended that the Company retain the annual signed conflict of interest statements. (Page 6)

2. Real Estate Pledged as Collateral

At December 31, 2021, the Company's real estate holding was pledged as collateral for a loan executed by the parent, Allied Holdings. Per SSAP No. 4, "If assets of an insurance entity are pledged or otherwise restricted by the action of a related party, the assets are not under the exclusive control of the insurance entity and are not available to satisfy policyholder obligations due to these encumbrances or other third party interests. Thus, pursuant to paragraph 2(c), such assets shall not be recognized as an admitted asset on the balance sheet." It is recommended that the Company comply with SSAP No. 4 and non-admit its real estate holdings while the asset is pledged as collateral on the aforementioned loan. (Page 15)

ACKNOWLEDGMENT

The examiners representing the Mississippi Insurance Department and participating in this examination were:

Supervising Examiner	Joseph R. May, CPA, CFE, CFF, CIE
Examiner-in-Charge	R. Dale Miller, CPA, CFE, CFF
Lead IT Specialist	Francois Houde, CPA, CA, CFE, CISA, AES
Examination Actuary	T. Michael Presley, FSA, MAAA
Senior Examiner	Andrea Harbison, CPA
Examiner	Sophia Tran, CPA

The courteous cooperation of the officers and employees responsible for assisting in the examination is hereby acknowledged and appreciated.

Respectfully submitted,



R. Dale Miller, CPA, CFE, CFF
Examiner-in-Charge



Mark Cooley, CFE
Mississippi Insurance Department Designee