



MISSISSIPPI INSURANCE DEPARTMENT

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JACKSON, MISSISSIPPI 39201
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MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

DAVID BROWNING
Deputy Commissioner of Insurance

June 28, 2024

CERTIFIED MAIL
RETURN RECEIPT REQUESTED

Mr. Ned Dolese, President
Property Insurance Company of America
301 East 2nd Street, Suite 200B
Pass Christian, MS 39571

RE: Report of Examination as of December 31, 2022

Dear Mr. Dolese:

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
Christina J. Kelsey
General Counsel
(OB of BS)

MC/CJK/de
Encls. Order w/exhibit

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

**IN RE: REPORT OF EXAMINATION OF PROPERTY
INSURANCE COMPANY OF AMERICA**

CAUSE NO. 24-7897

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 Property Insurance Company of America is a Mississippi domestic stock property and casualty insurance company. The Company was licensed and commenced business on July 22, 2021 under the laws of the State of Mississippi. The company was formed for purposes of providing personal lines of property products, specifically homeowners' and dwelling policies, and policy enhancements such as private flood and builders' risk 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 Property Insurance Company of America and appointed Ryne Davison, Examiner-In-Charge, to conduct said examination.

IV.

That on or about June 5, 2024, the draft Report of Examination concerning Property Insurance Company of America for the period of July 22, 2021 through December 31, 2022, was submitted to the Department by the Examiner-In-Charge, Ryne Davison.

V.

That on or June 13, 2024, 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. The Company responded by email on or about June 14, 2024.

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, the Company's rebuttal, and all relevant examiner work papers, that the Report of Examination of Property Insurance Company of America, 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, Property Insurance Company of America of Mississippi 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 Property Insurance Company of America 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 20th day of June 2024.



David Browning
DAVID BROWNING
DEPUTY COMMISSIONER OF INSURANCE
STATE OF MISSISSIPPI
OK on behalf of

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 28th day of June 2024, to:

Mr. Ned Dolese, President
Property Insurance Company of America
301 East 2nd Street, Suite 200B
Pass Christian, MS 39571

Christina J. Kelsey
Christina J. Kelsey
General Counsel

(03 of 35)

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

**PROPERTY INSURANCE COMPANY OF
AMERICA**

as of

December 31, 2022

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

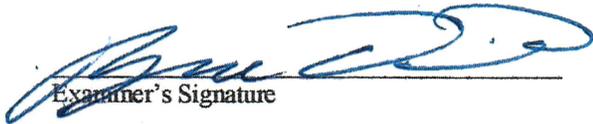
State of NEBRASKA,

County of GARDEN,

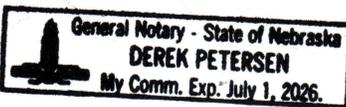
RYNE DAVISON, being duly sworn, states as follows:

1. I have authority to represent the Mississippi Insurance Department in the examination of Property Insurance Company of America as of December 31, 2022.
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 Property Insurance Company of America 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.


Examiner's Signature

Subscribed and sworn before me by RYNE DAVISON on this 21ST day of JUNE, 2024.

(SEAL) 


Notary Public

My commission expires July 1, 2026 [date].



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

DAVID BROWNING
Deputy Commissioner of
Insurance

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June 18, 2024

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, 2022, of the affairs and financial condition of:

PROPERTY INSURANCE COMPANY OF AMERICA

301 East 2nd Street, Suite 200B
Pass Christian, MS 39571

License #	NAIC Group #	NAIC #	FEETS#	MATS#
2100003	N/A	17087	17087-MS-2022-10	MS-MS099-54

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 *et seq.* The examination was performed in Pass Christian, MS, at the main administrative home office of the Company. The report of examination is herewith submitted.

SCOPE OF EXAMINATION

We have performed a full scope, multi-state risk-focused financial examination of Property Insurance Company of America (“Company”). This is the first examination of the Company that covers the period July 22, 2021 through December 31, 2022.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners 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 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

This is the first examination of the Company and therefore, there was no previous examination report.

HISTORY OF THE COMPANY

The Company is a Mississippi domestic stock property and casualty insurance company. The Company was licensed and commenced business on July 22, 2021 under the laws of the State of Mississippi. The Company was formed for purposes of providing personal lines of property products, specifically homeowners’ and dwelling policies, and policy enhancements such as private flood and builders’ risk coverages.

The authorized stock of the Company at the time of incorporation was 2,000,000 shares of common

stock; par value \$1 per share. At December 31, 2022, the Company had 1,500,000 common shares authorized issued and outstanding to its immediate parent, Property Holding Corporation.

CORPORATE RECORDS

The minutes of the meetings of Stockholders and Board of Directors (“Board”), regarding the Company’s business affairs as recorded during the period covered by the examination, were reviewed and appeared to be complete and in order with regard to recording action on matters brought up at the meetings for deliberation.

MANAGEMENT AND CONTROL

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, and principal occupation, at December 31, 2022, were as follows:

Name and Residence	Principal Occupation
Christopher Hendersen Cheek, Chairman Bay St. Louis, Mississippi	President & Chief Executive Officer SentryCare
Robert Edward Dolese Pass Christian, Mississippi	President & Chief Executive Officer Property Insurance Company of America
Clifford Randolph Tillman Natchez, Mississippi	Doctor
Gregory Ernest Alexander Morrison Hamilton, Bermuda	President Brookfield Bermuda LTD
Sonja Sharp Watkins Pelahatchie, Mississippi	Chief Financial Officer SentryCare
Albert Homer Swanke, Jr. Princeton, New Jersey	Self-Employed
Richard Thomas Daspit, Sr. Baton Rouge, Louisiana	President & Chief Executive Officer Foundation Health Services

Committees

During the period covered by this examination, the following Board appointed committees were

utilized by the Company to carry out certain specified duties: Audit Committee, Finance and Investment Committee, Reinsurance Committee and Operations Committee. The following members served on the Committees at December 31, 2022:

Audit Committee	Finance and Investment Committee	Operations Committee	Reinsurance Committee
Greg Morrison, Chair	Sonja Watkins, Chair	Richard Daspit, Chair	Greg Morrison, Chair
Randy Tillman	Ned Dolese	Ned Dolese	Ned Dolese
Jata Craighill	Chris Cheek	Chris Cheek	Chris Cheek
John Hainkel	Greg Morrison	Joel Morrison	Al Swanke
Rick Bradley	Randy Tillman	John Hainkel	Richard Daspit
Mary Ellen Warner	Rick Bradley	Justin Jackson	Will McNamara
	Al Swanke		

Officers

The following officers were duly elected by the Board and were serving as officers of the Company, as of December 31, 2022:

Name	Title
Robert Edward Dolese	President & Chief Executive Officer
Clifford Randolph Tillman	Vice President
Christopher Henderson Creek	Secretary/Treasurer

Conflict of Interest

The Company has formal procedures whereby disclosure was made to the Board of any material interest or affiliation on the part of any officer or director that is, or would likely be, a conflict with their official duties. These procedures were reviewed, and no conflicts or exceptions to the Company's policies were noted.

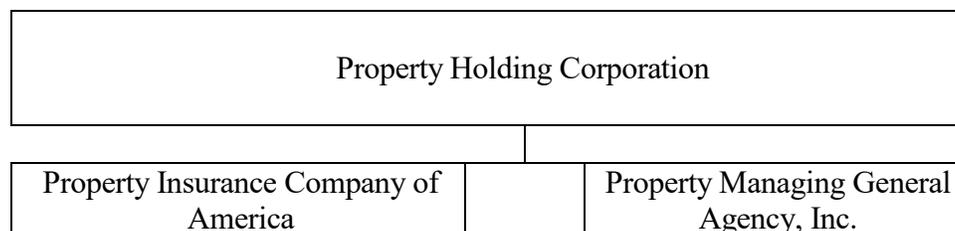
HOLDING COMPANY STRUCTURE

The Company is a member of an insurance holding company system as defined in Miss. Code Ann. § 83-6-1. Holding Company Registration Statements were filed during the examination period with the MID in accordance with Miss. Code Ann. § 83-6-5 and § 83-6-9. The statements and applicable amendments that were filed with the MID during the examination period were

reviewed and it appeared that any changes and material transactions by and between the Company and its affiliates were appropriately disclosed.

Organizational Chart

A simplified organizational chart as of December 31, 2022, reflecting the holding company system, is shown below. Schedule Y of the Company's 2022 annual statement provided a list of all related companies of the holding company group.



Parent and Affiliated Companies

The Company is 100% owned by Property Holding Corporation which is owned by Macdol, LLC (2.5%), Headquarters Investments, LLC (21%), Locust Point, LLC (10.8%), Gregory E.A. Morrison (21%), and all other investors (44.7%) that do not own more than 10% individually. Voting securities of the Property Holding Corporation are owned by four persons with three persons owning 10% or more - Christopher Hendersen Creek, Clifford Randolph Tillman, and Gregory Ernest Alexander Morrison. The Company has one affiliate Property Managing General Agency, Inc. ("PMGA") which manages and writes the Company's business through individual appointed agents.

Affiliated and Related Party Transactions

Underwriting and Management Agreement

Effective July 22, 2021, the Company entered into an administrative services agreement with PMGA whereby PMGA would perform certain sales, administrative and underwriting services with respect to property and casualty policies. Compensation to be paid to PMGA pursuant to this agreement was commissions of up to 30% of direct written premium and \$100 per policy less premium taxes and producing agent commissions paid by the Company.

FIDELITY BOND AND OTHER INSURANCE

As of December 31, 2022, the Company was not covered by a fidelity bond. Subsequent to the exam date, the Company acquired a fidelity bond in the amount of \$1 million single loss limit of

liability, which met the NAIC’s suggested minimum amount for fidelity coverage. The Company also had additional coverage, including directors and officers liability, cyber, and workers’ compensation.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company did not have any direct employees, nor did it provide any benefits or welfare programs for its officers or directors.

TERRITORY AND PLAN OF OPERATION

The Company was licensed to write property and casualty business in the states of Mississippi, Alabama, and South Carolina. The Company offers a residential suite of products that includes homeowners’ and dwelling policies. The Company primarily writes homeowners policies through PMGA that offers their products on a multi-channel basis utilizing a network of agents.

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.

	2022	2021
Total admitted assets	\$9,512,678	\$4,678,576
Total liabilities	\$5,672,791	\$792,609
Total capital and surplus	\$3,839,887	\$3,885,968
Net cash from operations	\$4,343,569	\$616,265
Total adjusted risk-based capital	\$3,839,887	\$5,828,952
Authorized control level risk-based capital	\$386,618	\$225,455
Premiums Earned	\$48,252	\$8,404
Net underwriting gain (loss)	(\$917,543)	(\$106,871)
Net Income	\$47,361	(\$42,613)

REINSURANCE

Assumed

The Company did not assume any business during the examination period.

Ceded

Effective June 1, 2022, the Company had a quota share reinsurance agreement with Arch Reinsurance Company, where the Company ceded 80% of its net liability under its policies in force and retained 20% of the net liability. The reinsurance agreement covers up to \$5 million for any one loss occurrence and \$10 million for all losses arising out of named storms commencing during the term of the contract. The quota share reinsurance agreement included a sliding scale commission at 27.5% provisional commission on gross written premium and adjusted on earned premium subject to actual losses at the end of the treaty.

The Company maintained excess catastrophe reinsurance agreements with various reinsurers to provide relief from catastrophic losses. The Company's excess of loss structure was split into multiple layers with total coverage of \$33 million with full reinstatement protection for second event losses. Modeling was projected to September 30, 2022, using RMS v21 with Near-Term Long-Term, demand Surge and 7% LAE to the 130 Year PML. The Company purchased excess of loss coverage to cover 30% of its \$1,500,000 retention, or \$450,000, for a Company retention of \$260,00 net of its quota share agreement and excess placement on layer two for first and second event losses.

The Company's excess catastrophe reinsurance program was split into 4 layers:

- Layer 1: \$1,500,000 xs \$1,500,000 / Term limit: \$3,000,000
- Layer 2: \$2,000,000 xs \$3,000,000 / Term limit: \$4,000,000
- Layer 3: \$5,000,000 xs \$5,000,000 / Term limit: \$10,000,000
- Layer 4: \$23,000,000 xs \$10,000,000 / Term limit: \$46,000,000

ACCOUNTS AND RECORDS

The 2022 trial balance of the Company's accounts was traced to the balance sheet of the Company's statutory annual statement filed with the MID, with no exceptions noted. The Company was audited annually by an independent CPA firm.

The Company outsources its IT infrastructure and networking including claims and policy administration functions, to various third-party vendors. The Company maintained supporting documentation that was reviewed during the examination as applicable.

STATUTORY DEPOSITS

The Company's statutory deposits with the State of Mississippi complied with Miss. Code Ann. §83-19-31. The following chart displays the Company's total statutory deposits as held at December 31, 2022:

<u>State Deposited</u>	<u>Description of Security</u>	<u>Par Value</u>	<u>Fair Value</u>
Alabama	Cash	\$455,095	\$455,095
Mississippi	Cash	\$303,469	\$303,469
South Carolina	Bond	\$200,000	\$206,946
South Carolina	Bond	\$50,000	\$51,297
South Carolina	Bond	\$50,000	\$51,297
	Total	<u>\$1,058,564</u>	<u>\$1,068,103</u>

FINANCIAL STATEMENTS

Introduction

The financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2022, a Statement of Income for the year ended December 31, 2022, and a Reconciliation of Capital and Surplus for the examination period ended December 31, 2022.

The following financial statements are based on the statutory financial statements filed by the Company with the Mississippi Insurance Department and present the financial condition of the Company for the period ending December 31, 2022.

**STATEMENT OF ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2022**

ASSETS

Bonds	\$3,194,233
Cash and cash equivalents	5,634,603
Investment income due and accrued	34,246
Uncollected premiums and agents' balances	78,475
Deferred premiums booked but deferred and not yet due	471,121
Receivable from parent, subsidiaries, and affiliates	100,000
Total Assets	<u>\$9,512,678</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Losses	\$58,677
Loss adjustment expenses	3,432
Commissions payable	150,944
Other expenses	197,446
Taxes, licenses, and fees	74,786
Unearned premiums	3,170,652
Advance premium	94,270
Ceded reinsurance premiums payable	1,920,181
Aggregate write-ins for liabilities	2,403
Total Liabilities	<u>\$5,672,791</u>
Common capital stock	\$1,500,000
Gross paid in and contributed surplus	2,545,000
Unassigned funds (surplus)	(205,113)
Surplus as regards policyholders	<u>\$3,839,887</u>
Total liabilities and surplus	\$9,512,678

**SUMMARY OF OPERATIONS
FOR YEAR ENDED DECEMBER 31, 2022**

Premiums earned	\$48,252
Losses incurred	90,170
Loss adjustment expenses incurred	72,071
Other underwriting expenses incurred	798,235
Aggregate write ins for underwriting expenses	5,319
Total underwriting deductions	<u>\$965,795</u>
Net underwriting gain (loss)	(\$917,543)
Net investment income earned	\$47,517
Net realized capital gains (loss)	(1,760)
Net investment gain	<u>\$45,757</u>
Aggregate write-ins for miscellaneous income	921,550
Total other income	<u>\$921,550</u>
Federal and foreign income taxes incurred	\$2,403
Net Income	<u>\$47,361</u>

**RECONCILIATION OF CAPITAL AND SURPLUS
FOR EXAMINATION PERIOD ENDED DECEMBER 31, 2022**

	2022	2021
Capital and Surplus, December 31, prior year	\$3,885,968	\$0
Net Income	47,361	(42,613)
Change in net unrealized capital gains (losses)	(477)	856
Change in non-admitted assets	(92,965)	(117,275)
Capital paid in	(500,000)	2,000,000
Surplus paid in	500,000	2,045,000
Capital and Surplus, December 31, current year	\$3,839,887	\$3,885,968

**RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS
DECEMBER 31, 2022**

As a result of this examination, there have been no changes affecting surplus, as regards to policyholders, made to the admitted assets, liabilities, and surplus balance reported by the Company in the December 31, 2022 annual statement as filed with the MID. The capital and surplus reported by the Company as of December 31, 2022 in the amount of \$3,839,887 is accepted as reasonably stated for purposes of the balance sheet per the examination.

MARKET CONDUCT ACTIVITIES

A full scope market conduct examination was not performed, however, specific areas of the Company's market conduct activities were reviewed. The specific areas reviewed included those items indicated below.

Underwriting and Rating

No exceptions were noted during the course of our testing regarding the Company's underwriting and rating.

Claims Handling

No exceptions were noted during the course of our testing regarding the Company's claims handling and payments.

Operations/Management

The Company had a privacy policy in place for the protection of its policyholders. No material concerns were noted during the course of our testing regarding the Company's privacy policy.

Complaint Handling

The Company had procedures in place to maintain and handle complaints received. No material concerns were noted during the course of our testing regarding the Company's complaint handling procedures.

Producer Licensing

Appointed Agents for the Company in the state of Mississippi, as well as those agents appointed during the examination period, were compared to agents' records maintained by the MID. The Company appeared to have the appropriate licensure to issue its products and agents appeared to have been properly licensed and appointed.

COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 2022, the Company was not a party to any legal proceedings. Procedures performed during the course of the examination revealed no pending litigation, commitments, or other contingent liabilities to which the Company was a party as of the examination date.

SUBSEQUENT EVENTS

The Company received a capital contribution of \$1.1 million and \$5.1 million from Property Holding Corporation effective February 28, 2024, and March 31, 2024, respectively.

Effective May 1, 2024, the Company had a quota share reinsurance agreement with Arch Reinsurance Company, where the Company ceded 50% of its net liability under its policies in force and retained 50% of the net liability with limits of \$2 million per policy. The reinsurance agreement covers up to \$25 million for any one loss occurrence and \$50 million for all losses arising out of named storms commencing during the term of the contract. The quota share reinsurance agreement included a sliding scale commission at 32% provisional commission on gross written premium and adjusted on earned premium subject to actual losses at the end of the treaty.

The Company also entered into a property per risk excess of loss agreement and maintained excess catastrophe reinsurance agreements with various reinsurers to provide relief from catastrophic losses. The Company's excess of loss structure was split into multiple layers with total coverage of \$102 million.

The Company's excess catastrophe reinsurance program was split into 4 layers:

- Layer 1: \$6,000,000 xs \$6,000,000
- Layer 2: \$13,000,000 xs \$12,000,000
- Layer 3: \$30,000,000 xs \$25,000,000
- Layer 4: \$53,000,000 xs \$55,000,000

COMMENTS AND RECOMMENDATIONS

The examination did not identify any material comments and/or recommendations deemed appropriate for inclusion in the examination report.

ACKNOWLEDGMENT

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

Supervising Examiner: David Palmer, CFE

Examiner-in-charge: Ryne Davison, CFE

Participating Examiner: Sarah Mayberry

IT Examiner: Lindsey Pittman, CISA, AES, CFE, CPA

Actuary: Robert Daniel, ACAS, MAAA

Actuary: Mark Davenport, ACAS, MAAA

Department Designee: Mark Cooley, CFE

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

Respectfully submitted,



Examiner-in-charge



Department Designee