



MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

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WOOLFOLK BUILDING
JACKSON, MISSISSIPPI 39201
www.mid.ms.gov

DAVID BROWNING
Deputy Commissioner of Insurance

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October 22, 2025

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Mr. Scott Intravia, President
Magna Insurance Company
895 Park Avenue
Mandeville, LA 70448

RE: Report of Examination as of December 31, 2023

Dear Mr. Intravia:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 2022), 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.

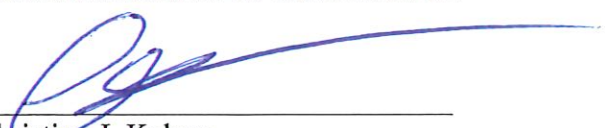
Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2022), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department 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/bs
Encls. Order w/exhibit

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

**IN RE: REPORT OF EXAMINATION OF
 MAGNA INSURANCE COMPANY**

CAUSE NO. 25-8073

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. 2022). 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. 2022).

II.

That Magna Insurance Company is a Mississippi-domiciled Company licensed to write Life; Accident and Health; and Credit Life, Credit Health and Accident coverages.

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2022), called for an examination of Magna Insurance Company and appointed Ryne Davison, Examiner-In-Charge, to conduct said examination.

IV.

That on or about August 28, 2025, the draft Report of Examination concerning Magna Insurance Company for the period of January 1, 2019, through December 31, 2023, was submitted to the Department by the Examiner-In-Charge, Ryne Davison.

V.

That on or about August 29, 2025, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2022), the Department forwarded to the Company a copy of the draft report and allowed the Company a 15-day period but later extended the response time to September 18, 2025, to submit any rebuttal to the draft report. The Department received the Company's first written response on September 18, 2025, and another on October 13, 2025. The Company responded on October 16, 2025, that they no longer had any objections to the exam report.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2022), 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 and the Company's rebuttal, that the Report of Examination of Magna 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. 2022).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2022), that within thirty (30) days of the issuance of the adopted report, Magna 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 Magna 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 22nd day of October 2025.



David Browning

DAVID BROWNING
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 22nd day of October 2025, to:

**Mr. Scott Intravia, President
Magna Insurance Company
895 Park Avenue
Mandeville, LA 70448**



Christina J. Kelsey
General Counsel

Christina J. Kelsey
Senior Attorney
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

MAGNA INSURANCE COMPANY

as of

December 31, 2023

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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:

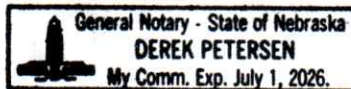
1. I have authority to represent the Mississippi Insurance Department in the examination of Magna Insurance Company as of December 31, 2023.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.
3. I have reviewed the examination work papers and examination report, and the examination of Magna 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.


Examiner's Signature

Subscribed and sworn before me by RYNE DAVISON on this 19TH day of OCTOBER, 20 25.

(SEAL)




Notary Public

My commission expires July 1, 2026 [date].



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

DAVID BROWNING
Deputy Commissioner of

MISSISSIPPI INSURANCE DEPARTMENT

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October 16, 2025

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, 2023, of the affairs and financial condition of:

MAGNA INSURANCE COMPANY

3100 North State Street, Suite 300
Jackson, MS 39216

License #	NAIC Group #	NAIC #	FEETS#	MATS#
7700104	N/A	61018	61018-MS-2023-2	N/A

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 *et seq.* The report of examination is herewith submitted.

SCOPE OF EXAMINATION

We have performed a full scope, multi state risk-focused financial examination of Magna Insurance Company (“Company” or “Magna”). The last full scope examination covered the period January 1, 2014 through December 31, 2018. This examination covers the period January 1, 2019 through December 31, 2023.

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

The Company complied with the comments and/or recommendations made by the Mississippi Insurance Department (“MID”) examination team in the previous examination report as a result of the limited scope examination as of December 31, 2020.

HISTORY OF THE COMPANY

On June 13, 1960, the Company was formed under the laws of the state of South Carolina as Argus Life Insurance Company (“Argus”) and commenced its business on November 27, 1962. In December 1994, Magna Bancorp, Inc. (“MBI”) acquired the Company and re-domiciled its operations to the State of Mississippi. Thereafter, by Articles of Merger executed on June 13, 1995, the former Magna Insurance Company was merged with and into Argus with Argus being the surviving entity, and the corporate name being changed to its current title.

In 1997, MBI merged into Union Planters Corporation (“Union Planters”), leaving the Company as an indirect subsidiary of Union Planters, and in December of 2003, the Company was purchased by Hancock Holding Company. Effective March 1, 2004 and January 1, 2005, the Company assumed group credit life and credit accident & health insurance from Harrison Life Insurance Company, and, effective March 1, 2004, the Company assumed insurance business from Family Financial Life Insurance Company. On December 1, 2011, the Company entered into an assumptive reinsurance agreement with Life of the South Insurance Company (“Life of the South”) whereby all policies and their related reserves were assumed by Life of the South with certificates of assumption issued to policyholders. On December 29, 2011, 100% of the stock was purchased by LOTS Intermediate Company, a wholly owned subsidiary of Fortegra Financial Corporation (“Fortegra”).

On April 26, 2013, a Form A filing was filed on behalf of PRAM LLC (“PRAM”) to acquire 100% ownership of the Company; the Form A was approved by the MID. The order was signed on June 27, 2013, and on June 28, 2013, PRAM purchased the Company’s stock from Fortegra.

PRAM was formed for the purpose of acquiring and managing an insurance company which would underwrite or assume risks associated with certain insurance business produced and administered by Professional Risk and Asset Management Insurance Services, Inc., (“PRAM, Inc.”) a California corporation and affiliate of PRAM.

Effective November 21, 2018, the owners of PRAM, among others, entered into a Settlement Agreement and Mutual Release resolving any claims of rights to ownership of PRAM. As part of this settlement agreement, PRAM’s name was changed to Magna Holding Company, LLC. At December 31, 2023, the membership interests of Magna Holding Company, LLC was owned 84% by Scott M. Intravia and 16% by Mark C. Kuhls.

At December 31, 2023, the Company was authorized to write the following lines of business: accident & health, credit life, credit accident & health and life. The Company is licensed to write business in 12 states. The Company's main lines of business have been various supplemental medical lines (MediGap) and supplemental prescription directly and assumed from various direct writers.

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 regards 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 of Directors ("Board"). The members of the duly elected Board, along with their place of residence, and principal occupation, at December 31, 2023, were as follows:

Name and Residence	Principal Occupation
Scott Intravia Madisonville, LA	President & Chief Executive Officer Magna Insurance Company
Mark Kuhls Overland Park, KS	Senior Vice President, General Counsel & Secretary Magna Insurance Company
Bradley Bone Kennesaw, GA	Vice President Magna Insurance Company

Committees

During the examination period the Company's Board performed the functions of the audit committee and a separate committee was not appointed.

Officers

The following officers served for the Company at December 31, 2023:

Name	Title
Scott Intravia	President & Chief Executive Officer
Susan Sweeney	Chief Financial Officer
Mark Kuhls	Senior Vice President, General Counsel & Secretary
Bradley Bone	Vice President
Robin Intravia	Treasurer

Conflict of Interest

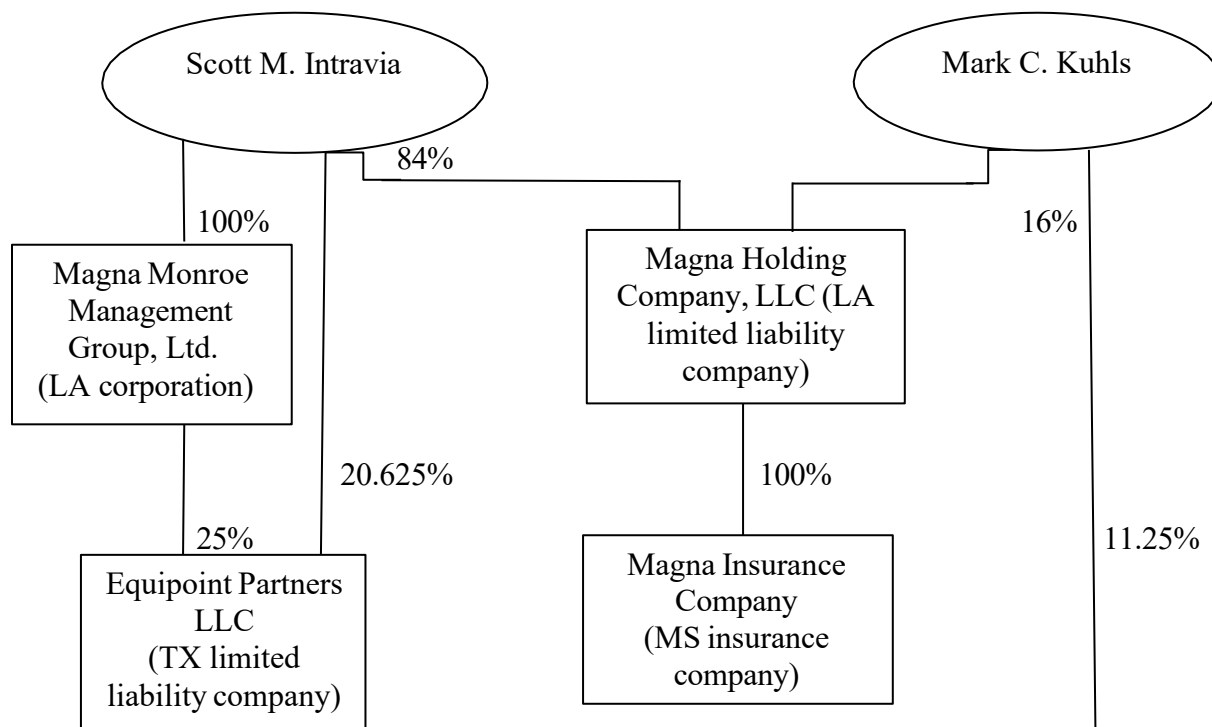
The Company has formal procedures whereby disclosure was made to the Board of any material interest or affiliation on the part of any officer or director that is, or would likely be, a conflict with their official duties. These procedures were reviewed, and no conflicts or exceptions to the Company's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

The following chart depicts the Company's ownership as of December 31, 2023:



Affiliated and Related Party Transactions

Marketing & Administrative Services Agreement

Magna Insurance Company and Equipoint Partners LLC entered into a Marketing & Administrative Services Agreement effective January 1, 2017, and Amendment No. 1 to Marketing & Administrative Services Agreement effective April 1, 2018, whereby Equipoint Partners, LLC or Adroit Mutual Benefits, LLC as appropriate performs certain sales, administrative and underwriting services with respect to fully insured prescription drug coverage of Magna Insurance

Company. Compensation to be paid to Equipoint Partners, LLC pursuant to this agreement shall be (i) commissions of up to twenty percent (20%) of gross collected premium and (ii) administrative fees of up to ten percent (10%) of gross collected premium and up to \$2.00 per employee per month on aggregate only stop loss prescription drug business.

Amended and Restated Management and Administrative Services Agreement

Magna Insurance Company and Magna Holding Company, LLC entered into an Amended and Restated Management and Administrative Services Agreement effective January 1, 2019, pursuant to Magna Insurance Company. Compensation to be paid to Magna Holding Company, LLC pursuant to this agreement shall be a percentage of net written premium. Previously, management and administrative services were provided by Magna Monroe Management Group, Ltd. under the agreement effective November 1, 2017, which was the result of modifications to a prior administrative services agreement requested by the Mississippi Department of Insurance. On December 3, 2020, the Mississippi Department of Insurance evidenced its approval of Amendment No. 1 to Amended and Restated Management and Administrative Services Agreement and Amendment No. 1 to Exhibit "A" of Amended and Restated Management and Administrative Services Agreement.

Surplus Contribution Agreement

Magna Insurance Company, Equipoint Partners, LLC and Magna Monroe Management Group, Ltd. entered into a Surplus Contribution Agreement dated November 6, 2017, First Amendment to Surplus Contribution Agreement dated January 30, 2018, and Second Amendment to Surplus Contribution Agreement dated September 17, 2019. The Surplus Contribution Agreement, as amended, provides for the sale and purchase of surplus notes with the maximum aggregate original principal amount of all surplus notes issued pursuant to the Surplus Contribution Agreement not to exceed \$3,000,000. As of December 31, 2023, the Company had Surplus Notes totaling \$1,433,544. Subsequent to the exam period on July 1, 2024, the Company requested to pay off all outstanding Surplus Notes which was approved by the Department on July 24, 2024.

Administration Agreement

Magna Insurance Company, Equipoint Partners LLC and S&S Healthcare Strategies, Ltd. entered into an Administration Agreement effective January 1, 2022, pursuant to which Equipoint Partners and S&S will perform certain services with respect to certain group supplemental benefit insurance policies. Compensation to be paid to pursuant to this agreement is based on stated percentages of premium as defined in the agreement.

Marketing Agreement

Magna Insurance Company and Equipoint Partners LLC entered into a Marketing Agreement effective January 1, 2022, pursuant to which Equipoint Partners, LLC will perform certain marketing services with respect to certain group supplemental benefit insurance policies. Compensation to be paid to Equipoint Partners, LLC pursuant to this agreement is based on a stated percentage of premium as defined in the agreement as omission in situations where Equipoint Partners, LLC is the producing agent or broker and, if the commission payable to a producing agent or broker other than Equipoint Partners, LLC is less than the percentage specified

for commissions, then the difference in the percentage specified and the amount payable to such producing agent or broker.

FIDELITY BOND AND OTHER INSURANCE

The Company maintained 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.

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

At December 31, 2023, the Company was authorized to write the following lines of business: accident & health, credit life, credit accident & health and life. The Company is licensed to write business in 12 states. Over the past seven years, Magna's main lines of business have been various supplemental medical lines (MediGap) and supplemental prescription directly and assumed from various direct writers. On October 1, 2018, Magna began writing Group Out-Patient Prescription Drug business on a direct basis and continued writing this business in Alabama, Arkansas, Mississippi, Florida, Tennessee and Texas through December 31, 2023, with plans to expand this product to other states.

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.

	2023	2022	2021	2020	2019
Total admitted assets	\$11,452,151	\$9,384,059	\$8,817,409	\$8,448,277	\$5,412,551
Total liabilities	\$3,594,756	\$3,776,248	\$3,822,507	\$4,379,823	\$2,576,003
Total capital and surplus	\$7,857,395	\$5,607,811	\$4,994,901	\$4,068,453	\$2,836,550
Members enrolled	170,244	99,791	125,878	21,132	7,263
Total revenues	\$13,467,486	\$12,792,018	\$13,289,868	\$10,660,768	\$10,035,545
Net underwriting gain (loss)	\$3,146,355	\$1,825,936	\$1,118,824	\$971,085	(\$676,818)
Net investment income	(\$42,485)	(\$400,996)	\$49,729	\$103,882	\$77,865
Net Income	\$2,453,144	\$1,125,366	\$926,448	\$1,074,967	(\$598,953)

REINSURANCE

Assumed

The Assumed Supplemental/GAP Medical and Assumed Group Out-Patient Prescription Drug reinsurance agreements with National Guardian Life Insurance Company (NGL) no longer have new business written on or after January 1, 2023, leaving both these assumed reinsurance agreements in run-out for 2023.

Magna has replaced NGL as the issuing carrier for the Supplemental/GAP Medical business with Fidelity Security Life Insurance Company (FSL) effective August 1, 2022. Magna assumes a 50% quota share risk on the Supplemental/GAP Medical business.

Magna replaced NGL as the issuing carrier for the Group Out-Patient Prescription Drug business with Plateau Insurance Company (Plateau) effective March 1, 2023. Magna assumes a 90% quota share risk on Employer Rx business and a 75% quota share on Association Rx business. There was no Rx business written in 2023 as Plateau went through the Rx policy form/rate approval process with the various states.

Ceded

Effective September 1, 2020, the Company entered into a reinsurance agreement with Aetna Life Insurance Company (Aetna), whereby the Company ceded 95% of its direct written Individual Medicare Supplement coverage. Due to the lack of premium production by the national agency, Magna and Aetna mutually agreed not to write any new Medicare Supplement business under the program and allow the in-force business to run-out.

ACCOUNTS AND RECORDS

There were instances where the Company had difficulty in providing detailed records which tied to the amount included in the trial balance and filed annual statements. There were instances noted where the Company did not comply with certain Mississippi Codes, Statements of Statutory Accounting Principles (“SSAP”) 54 and NAIC Annual Statement Instructions. See “Comments and Recommendations” section for further discussion. Due to the inability in certain cases to provide adequate supporting documentation, providing for specific adjustments and/or changes to existing financial statement balances reported by the Company was not feasible. The Company was audited annually by an independent CPA firm.

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 total statutory deposits as held at December 31, 2023:

State	Type of Deposit	Book/Adjusted Carrying Value	Fair Value
Arkansas	Certificate of deposit	\$ 106,772	\$ 106,772
Florida	Cash	225,000	225,000
Mississippi	Bonds	1,726,198	1,638,872
South Carolina	Bonds and Cash	155,963	162,715
Total		\$ 2,213,933	\$ 2,133,359

FINANCIAL STATEMENTS

Introduction

The financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2023, a Statement of Revenue and Expenses for the year ended December 31, 2023, and a Reconciliation of Capital and Surplus for the examination period ended December 31, 2023.

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, 2023.

**STATEMENT OF ASSETS, LIABILITIES, SURPLUS AND OTHER FUNDS
DECEMBER 31, 2023**

ASSETS

Bonds	\$1,685,856
Common stocks	97,198
Cash and cash equivalents	6,804,668
Investment income due and accrued	12,681
Uncollected premiums and agents balances	619,670
Funds held by or deposited with reinsured companies	631,734
Net deferred tax asset	5,857
Aggregate write-ins for other-than-invested assets	1,594,487
Total Assets	<u>\$11,452,151</u>

LIABILITIES, SURPLUS AND OTHER FUNDS

Claims unpaid	\$2,036,955
Unpaid claims adjustment expenses	60,766
General expenses due or accrued	382,691
Current federal and foreign income tax payable	282,958
Amounts due to parent, subsidiaries, and affiliates	31,970
Funds held under reinsurance treaties	668,364
Aggregate write-ins for other liabilities	131,052
Total Liabilities	<u>\$3,594,756</u>
Common capital stock	\$1,000,236
Gross paid in and contributed surplus	303,515
Surplus notes	1,433,544
Unassigned funds (surplus)	5,120,100
Total capital and surplus	<u>\$7,857,395</u>
Total liabilities and surplus	\$11,452,151

**SUMMARY OF OPERATIONS
FOR YEAR ENDED DECEMBER 31, 2023**

Member months	1,110,974
Revenues	
Net premium income	\$13,467,486
Total Revenue	<u>\$13,467,486</u>
Expenses	
Hospital/medical benefits	\$3,686,763
Prescription drugs	1,978,093
Net reinsurance recoveries	<u>(298,459)</u>
Total hospital and medical	\$5,963,315
Claims adjustment expenses	\$20,067
General administrative expenses	<u>4,337,749</u>
Total underwriting deductions	\$10,321,131
Net underwriting gain or (loss)	\$3,146,355
Net investment income earned	<u>(\$42,485)</u>
Net investment gain (losses)	(\$42,485)
Net income or (loss) after capital gains and before income tax	\$3,103,870
Federal and foreign income taxes incurred	<u>650,726</u>
Net Income (loss)	\$2,453,144

**RECONCILIATION OF CAPITAL AND SURPLUS
FOR EXAMINATION PERIOD ENDED DECEMBER 31, 2023**

	2023	2022	2021	2020	2019
Capital and Surplus, December 31, prior year	\$5,607,807	\$4,994,898	\$4,068,450	\$2,836,547	\$3,229,736
Net Income	2,453,144	1,125,366	926,448	1,074,967	(598,953)
Change in net deferred income tax	(432)	6,293	-	-	-
Change in non-admitted assets	(80,418)	-	-	108,936	(108,936)
Change in unauthorized and certified reinsurance	-	-	-	48,000	(48,000)
Change in surplus notes	(122,706)	(518,750)	-	-	362,700
Capital and Surplus, December 31, current year	\$7,857,395	\$5,607,807	\$4,994,898	\$4,068,450	\$2,836,547

**RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS
DECEMBER 31, 2023**

There were no material changes made to the assets, liabilities or surplus balances reported by the Company for the year ended December 31, 2023. The surplus as regards policyholders reported by the Company, which totaled \$7,857,395 as of the examination date, was in compliance with Miss. Code Ann. §83-19-31.

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.

Privacy

As part of our testing, the Company's policies, practices and procedures regarding protection and disclosure of nonpublic personal information was reviewed to verify compliance with applicable state laws regarding privacy. Although the Company does not currently obtain nonpublic personal health information, the Company does not have a privacy policy in place so that nonpublic personal health information will not be disclosed in accordance with MID Regulation 19, Miss. Admin. Code Title 19, Part 1, Chapter 27.

Producer Appointment & Licensing

Based upon procedures performed during the course of the examination, the company appeared to have the appropriate producer licensing process in place, and no material exceptions were noted.

Disclosure Requirements of Administrators

Based upon procedures performed during the course of the examination, it was determined that the Company is not identifying the Administrator, Equipoint Partners LLC, on policyholder communication per Miss. Code Ann. § 83-18-19(1) within their RX policies. It was further noted that Equipoint Partners, LLC did not identify any fees, commissions or additional charges collected to the policyholder per Miss. Code Ann. § 83-18-19(2), nor identifying any fees, commissions or additional charges that are received from all services in connection with the provision of administrative services performed for the insurer per Miss. Code Ann. § 83-18-19(3).

COMMITMENTS AND CONTINGENT LIABILITIES

At December 31, 2023, 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

On July 24, 2024, the MID approved a request from the Company to pay off all principal and interest on its surplus notes.

On July 31, 2024, Equipoint Partners LLC was sold to Acrisure, LLC.

COMMENTS AND RECOMMENDATIONS

1. Non-Compliance with Annual Statement Instructions – Underwriting and Investment Exhibit Part 3 – Analysis of Expenses

The Company reported all amounts related to the Administrative Agreement with Equipoint Partners, LLC as Commissions on the Underwriting and Investment Exhibit Part 3.

Recommendation: It is recommended that the Company correctly report all expenses in accordance with the NAIC Annual Statement Instructions.

2. Billing Practice Errors Leading to Errors in Compliance with Mississippi Code or SSAP 54

As a result of the examination, it was determined that the Company's Third-Party Administrator, Equipoint Partners, LLC, was invoicing the Company's insureds a single amount and did not break out any additional billing fees as a separate item from the premium amount. The single amount invoiced implied that the total amount was gross premium and should be accounted for per SSAP 54. The Company and its Third-Party Administrator may either invoice the policyholders a single premium amount or a premium amount separate from a billing fee.

To properly account for separate billing fees, Equipoint Partners, LLC should invoice and collect billing fees as separate items. The invoice must clearly identify any separate amounts from the insureds' premium per Miss. Code Ann. § 83-18-19(2). Per Miss. Code Ann. § 83-18-13, the Company is responsible for the billing and operations of Equipoint Partners, LLC as its Third-Party Administrator.

Recommendation: It is recommended, based upon billing practices during the exam period, that the Company require Equipoint Partners, LLC to remit the gross premium to the Company for proper accounting and reporting of premium and expenses in accordance with SSAP 54. In future billing practices, if the Company wishes to separate gross premiums from billing fees, the Company should comply with Miss. Code Ann. § 83-18-19.

3. Requirement to Provide Privacy Notices per MID Regulation 19 Miss. Admin. Code Title 19, Part 1, Chapter 27

Based on the result of the examination, it was noted that the Company does not have a privacy policy in place so that nonpublic personal health information will not be disclosed,

except as permitted by law, unless a customer or a consumer who is not a customer has authorized the disclosure.

Recommendation: It is recommended that the Company establish a privacy policy in accordance with MID Regulation 19 Miss. Admin. Code Title 19, Part 1, Chapter 27.

4. Disclosure Requirements of the Company and Administrators per Miss. Admin. Code § 83-18-19

Based on the results of the examination, it was determined that the Company is not identifying the Administrator, Equipoint Partners, LLC, on policyholder communication Per Miss. Code Ann. § 83-18-19 (1) within their RX policies.

Recommendation: It is recommended that the Company and its Administrator comply with Miss. Code Ann. § 83-18-19(1) to properly identify the Company's relationship with its Administrator.

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: Debbie Fernatt, CFE

IT Examiner: Lori Shores, CISA

Actuary: Mike Presley, FSA, 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