

Report on Examination
of
PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

Warwick, Rhode Island

as of

December 31, 2020



State of Rhode Island
Department of Business Regulation
Insurance Division



**State of Rhode Island
DEPARTMENT OF BUSINESS REGULATION
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920**

Insurance Division

ADOPTION ORDER

The attached Report of Examination as of December 31, 2020, of the condition and affairs of

PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

was recently completed by duly qualified examiners, pursuant to the provisions of the Rhode Island General Laws.

Due consideration has been given to the comments of the examiners regarding the operation of the Companies and their financial condition, as reflected in the report.

It is therefore ORDERED that said Report be, and it is hereby, adopted and filed and made an official record of this Department as of this date.

Department of Business Regulation

A handwritten signature in black ink, reading "Elizabeth Kelleher Dwyer".

Dated: March 7, 2022

Elizabeth Kelleher Dwyer
Superintendent of Insurance

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December 10, 2021

Ms. Elizabeth Kelleher Dwyer
Superintendent of Insurance
State of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue, Bldg. 69-2
Cranston, Rhode Island 02920

Dear Superintendent Dwyer:

In accordance with your instructions and pursuant to Chapters 13.1 and 35 of Title 27 of the General Laws of the State of Rhode Island, an examination has been made as of December 31, 2020, of the financial condition and affairs of

PROVIDENCE MUTUAL FIRE INSURANCE COMPANY

located 340 East Avenue, Warwick, Rhode Island. The report of such examination is herewith submitted.

Providence Mutual Fire Insurance Company (the “Company” or “PMFIC”) was previously examined as of December 31, 2015, and both the current and prior examinations were conducted by the Insurance Division of the State of Rhode Island (“Insurance Division”).

SCOPE OF EXAMINATION

The last examination of the Company covered the five-year period from January 1, 2011, through December 31, 2015. The current examination covered the five-year period from January 1, 2016, through December 31, 2020 and was performed in compliance with the above-mentioned sections of the General Laws of the State of Rhode Island, as amended. The current examination was conducted as a single-state full scope risk-focused examination in accordance with the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook* (“Handbook”), risk-focused examination process.

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 insurers and their 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.

SUMMARY OF SIGNIFICANT FINDINGS

There were no material adverse or significant non-compliance findings noted during the examination conducted as of December 31, 2020.

COMPANY HISTORY

The Company was chartered by an Act of the Rhode Island General Assembly (“the Charter”) and commenced business in 1800. The Charter was amended in 1821, 1873, 1878, 1885, 1890, 1955, 1992 and 2004. The Charter was last amended in 2004, whereby the required surplus was increased from \$200,000 to \$3,000,000, and governance provisions were moved from the Charter to the bylaws.

The Company is the parent and owns 100% of the capital stock of Providence Plantations Insurance Company (“PPIC”), which was incorporated on June 25, 1986. From 1995 to 2002, PPIC participated in an intercompany pooling arrangement with PMFIC and the Grange Mutual Insurance Company, a New Hampshire domiciled insurer. Prior to 1995, PPIC was virtually an inactive insurance company. From 1994 to 2002, PMFIC controlled the Grange Mutual Insurance Company through a Form A filing that was approved by the New Hampshire Insurance Department on June 16, 1994. In December 2002, Grange Mutual was merged into PMFIC, and

on December 31, 2002 the intercompany pooling arrangement was commuted with PPIC. The result of these two transactions is that all insurance operations are now through PMFIC. PPIC has been inactive during the period under examination.

Policyholder and Stockholder Dividends

The Company writes standard and preferred business at various deviations from manual rates and pays a policyholder dividend that is applied as a discount to renewal policies.

MANAGEMENT AND CONTROL

Members

The Charter provides that owners of policies of insurance issued by the Company, which are not cancelled or expired, shall be members thereof. The bylaws provide that meeting of the members shall be held as determined by the bylaws of the Company. The bylaws provide that the annual meeting of the Company shall be held on the fourth Tuesday of February of each year. At all meetings of the members, fifteen (15) or more members shall constitute a quorum for the transaction of business and each member shall be entitled to one vote and may vote by proxy.

Board of Directors

The bylaws provide that the property, affairs, and business of the Company shall be vested in the Board of Directors (“Board”), the number of which shall be fixed from time to time by the Board. The Company’s bylaws require that the Board consist of not less than nine (9) nor more than thirteen (13) persons. The bylaws also provide that the Directors shall be divided into three classes as nearly equal in size as possible. Directors shall be elected for a term of three (3) years or until his or her successor is elected and qualified.

The bylaws state that Board meetings shall be held at such places and such times as the Board shall from time to time by vote determine. A majority of the total number of Directors at the time in office shall constitute a quorum for transaction of business at any meeting. Special meetings of the Board of Directors can be called whenever directed by the President (or other officer then serving as the Chief Executive Officer) or by not less than twenty-five percent (25%) of the members of the Board of Directors.

The bylaws require that the Board of Directors shall, as soon as practicable after each annual election of Directors on the same day, and whenever vacancies occur, elect a chairman of the board, president, secretary, treasurer, and such other officers as they may deem necessary. Each Director shall hold office until the next annual elections of Directors held at the end of his or her term of office and until his or her successor shall have been duly elected and qualified, or until death, resignation, or removal of such Director in the manner provided in the bylaws.

The members of the Board of Directors serving at December 31, 2020, are as follows:
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Name	Business Affiliation	Term Expires
Mary Louise Fazzano	Giving Focus LLC President	February 2021
John Scott Lombardo	MetLife Auto & Home Ins. Co. Retired	February 2021
Sandra Glaser Parrillo	Providence Mutual Fire Insurance Company President & Chief Executive Officer	February 2022
Alan Henry Litwin	Kahn, Litwin, Renza & Co, LTD Managing Director	February 2022
Edwin Joseph Santos	Citizens Financial Group Retired	February 2022
John Bond Trevor IV	Parsons Capital Management , Inc. Certified Financial Planner	February 2022
Rajiv Aggarwal Kumar IV	Virgin Pulse Chief Medical Officer	February 2023
David Martin Gilden	Partridge Snow & Hahn LLP Partner	February 2023
B. Michael Rauh Jr.	Chelsea Groton Bank President & CEO	February 2023

*Sandra Parrillo retired as President and Chief Executive officer in February of 2021, but remained on the Board until her term expired in February 2022

Committees

The bylaws provide that the Board of Directors shall have the power by vote to create from time to time such committee or committees of directors, officers, employees or other persons designated by it for the purpose of advising with the Board, and the officers and employees of the Company in all such matters as the Board shall deem advisable and with such sanctions and duties as the Board shall by vote prescribe.

The standing committees consisted of the following members at December 31, 2020:

Finance Committee
Edwin Joseph Santos
John Scott Lombardo
John Bond Trevor IV
Alan Henry Litwin

Audit Committee
Alan Henry Litwin
Mary Louise Fazzano
B. Michael Rauh, Jr.
Rajiv Aggarwal Kumar IV

Compensation & Benefit Committee
B. Michael Rauh, Jr.
John Scott Lombardo
Mary Louise Fazzano
David Martin Gilden
Sandra Glaser Parrillo, ex-officio member

Corporate Governance Committee
David Martin Gilden
Edwin Joseph Santos
John Bond Trevor IV
Rajiv Aggarwal Kumar IV
Sandra Glaser Parrillo, ex-officio member

Officers

The bylaws provide that the officers shall be a chairman of the board, a president, a secretary, a treasurer, and such other officers as the Board of Directors may from time to time elect. The officers shall be elected annually by the Board of Directors and shall hold office until a successor has been duly elected and qualified, or until such officer’s death, resignation or removal. A vacancy in any office may be filled in the manner prescribed in the bylaws for election or appointment to the office and any such vacancy shall be filled for the unexpired portion of the term.

The officers serving and their respective titles at December 31, 2020 are as follows:

Name	Title
Alan Henry Litwin	Chairman of the Board
Sandra Glaser Parrillo*	President & Chief Executive Officer
Earl Francis Cottam Jr.	Executive Vice President, Treasurer, & Chief Financial Officer
Thomas Francis Burkart	Vice President - Claims & Secretary
Joseph John Muccio	Vice President - Actuarial & Product Development
Stephanie G. Grobin**	Vice President - Underwriting & Product Development
Duc T. Ngo	Vice President - Information Systems

*Sandra G. Parrillo retired and was replaced by Michele Streton in February of 2021.

**Stephanie G. Grobin resigned and was replaced by Lisa Hatch in June 2021.

Intercompany Agreement

There is an intercompany tax sharing agreement in place between the Company and PPIC. The agreement was last updated in 2007.

TERRITORY AND PLAN OF OPERATION

The Company operates on the mutual plan. Since January 1, 1945, all policies issued by the Company have been non-assessable. The Company's Charter states that the issuance of policies is contingent upon maintenance by the Company of surplus of not less than \$3,000,000, and a deposit with the State of Rhode Island General Treasurer for the benefit and protection of all policyholders of the Company. At December 31, 2020, the Company met both requirements.

Underwriting Programs

The Charter confers on the Company multiple line underwriting powers. The Company's writings as of December 31, 2020, were in the homeowner's multiple perils, commercial multiple peril,

fire, allied lines, inland marine, private passenger auto, workers' compensation, other liability-occurrence and commercial auto liability and auto physical damage lines of business.

Marketing Distribution

Business is obtained principally through independent agents, all of whom report directly to the Company. The Company writes standard and preferred business at various deviations from manual rates and pays a policyholder dividend that is applied as a discount to renewal policies.

Approximately 80% of the Company's direct business is in Massachusetts, Rhode Island, Connecticut, and New Jersey combined; however, it also writes in New York, Vermont, Maine, and New Hampshire. In addition, the Company participates in various state "FAIR Plans" and in voluntary reinsurance pools.

REINSURANCE

Ceded Reinsurance

The Company has various reinsurance contracts in effect at December 31, 2020, including excess of loss, catastrophe, facultative and umbrella. The following is a description of the Company's primary reinsurance contracts:

Excess of Loss Reinsurance - Property

This reinsurance coverage on risks classified by the Company as property, provides for a net retention of \$600,000 on each loss, each risk, subject to a limit of liability to the reinsurer of \$2,400,000 each loss, each risk, and further subject to a limit of liability to the reinsurer of \$4,800,000 each loss occurrence. The contract provides for automatic reinstatement to the full

amount of reinsurance upon the occurrence of any losses, subject only to the limit of maximum liability on any one occurrence.

Excess of Loss Reinsurance - Casualty

This reinsurance coverage on risks classified by the Company as casualty and automobile, provides for a “First Excess” and “Second Excess” layer as follows:

First Excess provides for a net retention of \$300,000 on initial ultimate net loss occurrence, subject to a limit of liability to the reinsurer of \$1,700,000 each loss occurrence.

Second Excess provides for \$1,000,000 of liability to the reinsurer on each loss occurrence over and above an initial ultimate net loss of \$2,000,000 each loss occurrence.

Catastrophe Reinsurance

The Company’s Catastrophe Reinsurance program, consisting of an underlying layer and four excess layers, totaling \$173,000,000 of covers up to an \$180,000,000 event at December 31, 2020, and is scheduled as follows:

Underlying layer provides that the reinsurer shall be liable in respect of each loss occurrence, for the Ultimate Net Loss over and above an initial ultimate net loss of \$5,000,000 each loss occurrence, subject to a limit of liability to the reinsurer of \$5,000,000 each loss occurrence. The Company has a retention of \$5,000,000.

First Excess Layer provides that the reinsurer shall be liable in respect of each loss occurrence, for 90% of the ultimate net loss over and above an initial ultimate net loss of

\$10,000,000 each loss occurrence, subject to a limit of \$20,000,000 each loss occurrence.
The Company has a maximum retention of \$2,000,000.

Second Excess Layer provides that the reinsurer shall be liable in respect of each loss occurrence, for the ultimate net loss over and above an initial ultimate net loss of \$30,000,000 each loss occurrence, subject to a limit of liability to the reinsurer of \$35,000,000 each loss occurrence.

Third Excess Layer provides that the reinsurer shall be liable in respect of each loss occurrence, for the ultimate net loss over and above an initial ultimate net loss of \$65,000,000 each loss occurrence, subject to a limit of liability to the reinsurer of \$60,000,000 each loss occurrence.

Fourth Excess Layer provides that the reinsurer shall be liable in respect of each loss occurrence, for the ultimate net loss over and above an initial ultimate net loss of \$125,000,000 each loss occurrence, subject to a limit of liability to the reinsurer of \$55,000,000 each loss occurrence.

Facultative Property Per Risk Reinsurance

This reinsurance contract provides the Company with facultative coverage on certain risks. The reinsurer shall be liable in respect of each loss, each risk, for the ultimate net loss over and above an initial ultimate net loss of \$3,000,000 each loss, each risk subject to a limit of liability to the reinsurer of \$16,000,000 each loss, each risk, or to the limit of liability for the risk. The liability to the reinsurer shall be limited to \$32,000,000 each loss occurrence; however, as respects a loss

occurrence that involves one or more specially-accepted risks, the limit of liability to the reinsurer for the loss occurrence shall be equal to the greater of \$32,000,000 or the largest cession amount of any specially-accepted risk involved in the loss occurrence, plus \$2,000,000 .

Umbrella Facultative Reinsurance

This reinsurance contract provides coverage for loss or losses under policies classified by the Company as personal, farm and commercial umbrella liability. The coverage provides that the reinsurer shall be liable for 90% of the ultimate net loss, each loss occurrence, each policy on an initial ultimate net loss of \$1,000,000, and 100% of the of the next \$4,000,000 of ultimate net loss.

Assumed Reinsurance

As stated in the Territory and Plan of Operation section above, the Company participates in various state “FAIR Plans” and in voluntary reinsurance pools.

FINANCIAL STATEMENTS

The following financial statements are based on the statutory financial statements filed by PMFIC with the State of Rhode Island Department of Business Regulation and present the financial condition of the Company for the period ending December 31, 2020. The accompanying comments on financial statements reflect examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements:

Comparative Statement of Assets
December 31, 2020 and December 31, 2015

Comparative Statement of Liabilities, Surplus and Other Funds
December 31, 2020 and December 31, 2015

Statement of Income
Year ended December 31, 2020

Reconciliation of Capital and Surplus
December 31, 2015 to December 31, 2020

Analysis of Examination Adjustments
December 31, 2020

PROVIDENCE MUTUAL FIRE INSURANCE COMPANY
Comparative Statement of Assets
December 31, 2020 and December 31, 2015

	<u>December 31,</u> <u>2020</u>	<u>December 31,</u> <u>2015</u>	<u>Increase</u> <u>(Decrease)</u>
Bonds	\$110,072,652	\$107,830,727	\$2,241,925
Preferred stocks	0	229,680	(229,680)
Common stocks	65,644,639	44,460,477	21,184,162
Real estate			
Properties occupied by the company	2,464,294	2,849,527	(385,233)
Properties held for the production of income	570,804	0	570,804
Cash, cash equivalents and short-term investments	3,219,459	8,519,793	(5,300,334)
Investment income due and accrued	698,011	630,453	67,558
Uncollected premiums and agents' balances			
in the course of collection	578,909	1,263,323	(684,414)
Deferred premiums, agents' balances and			
installments booked but deferred and not yet due	14,926,846	12,095,413	2,831,433
Amounts recoverable from reinsurers	1,768,442	1,532,140	236,302
Current federal and foreign income tax recoverable	551,944	44,978	506,966
Net deferred tax asset	0	4,262,928	(4,262,928)
Electronic data processing equipment software	0	184,150	(184,150)
Equities and deposits in pools and associations	6,665,962	6,083,473	582,489
Aggregate write-ins for other-than-invested assets	212,396	293,972	(81,576)
Total Assets	<u>\$207,374,358</u>	<u>\$190,281,034</u>	<u>\$17,093,324</u>

PROVIDENCE MUTUAL FIRE INSURANCE COMPANY
Comparative Statement of Liabilities, Surplus and Other Funds
December 31, 2020 and December 31, 2015

	December 31, 2020	December 31, 2015	Increase (Decrease)
Losses	\$45,825,145	\$36,421,029	\$9,404,116
Loss adjustment expenses	10,640,042	11,969,924	(1,329,882)
Commissions payable, contingent commissions and other similar charges	2,218,920	1,914,431	304,489
Other expenses	2,875,064	1,707,096	1,167,968
Taxes, licenses and fees	88,403	339,193	(250,790)
Unearned premiums	44,120,797	45,154,969	(1,034,172)
Advance premium	826,279	938,476	(112,197)
Ceded reinsurance premiums payable	595,059	954,162	(359,103)
Funds held by company under reinsurance treaties	18,017	390,740	(372,723)
Amounts withheld or retained by company for account of others	134,577	12,882	121,695
Remittances and items not allocated	12,121	11,172	949
Provision for reinsurance	0	98,000	(98,000)
Payable to parent, subsidiaries and affiliates	0	40,241	(40,241)
Total Liabilities	107,354,424	99,952,315	7,402,109
Unassigned funds (surplus)	100,019,934	90,328,719	9,691,215
Surplus as regards policyholders	100,019,934	90,328,719	9,691,215
Total Liabilities, Surplus and Other Funds	\$207,374,358	\$190,281,034	\$17,093,324

PROVIDENCE MUTUAL FIRE INSURANCE COMPANY
Statement of Income
Year Ended December 31, 2020

UNDERWRITING INCOME

Premiums earned	\$81,577,845
Losses incurred	52,872,528
Loss adjustment expenses incurred	9,361,405
Other underwriting expenses incurred	<u>32,044,335</u>
Total underwriting deductions	<u>94,278,268</u>
Net underwriting gain or (loss)	<u>(12,700,423)</u>

INVESTMENT INCOME

Net investment income earned	3,229,839
Net realized capital gains or (losses)	<u>(349,304)</u>
Net investment gain or (loss)	<u>2,880,535</u>

OTHER INCOME

Net gain (loss) from agents' balances or premium balances charged off	(77,128)
Finance and service charges not included in premiums	330,452
Aggregate write-ins for miscellaneous income	<u>(454,329)</u>
Total other income	<u>(201,005)</u>
Net income, after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(10,020,893)
Federal and foreign income taxes incurred	<u>(168,521)</u>
Net income (loss)	<u><u>(\$9,852,372)</u></u>

PROVIDENCE MUTUAL FIRE INSURANCE COMPANY
Reconciliation of Capital and Surplus
December 31, 2015 to December 31, 2020

Surplus as regards policyholders, December 31, 2015			\$90,328,719
	<u>Gains</u>	<u>Losses</u>	
Net income		3,801,879	
Change in net unrealized capital gains or (losses)	15,044,613		
Change in net deferred income tax		4,826,502	
Change in nonadmitted assets	3,176,983		
Change in provision for reinsurance	98,000		
Total gains and losses	<u>18,319,596</u>	<u>8,628,381</u>	
Change in surplus as regards policyholders			<u>9,691,215</u>
Surplus as regards policyholders, December 31, 2020			<u><u>\$100,019,934</u></u>

PROVIDENCE MUTUAL FIRE INSURANCE COMPANY
Analysis of Examination Adjustments
December 31, 2020

The examination of PMFIC, performed as of December 31, 2020, did not disclose any material misstatements to the financial statements contained in its 2020 Annual Statement filing. Accordingly, the amounts reported by PMFIC have been accepted for purposes of this report.

COMMENTS ON FINANCIAL STATEMENTS

Bonds

\$110,072,652

The above amount is the net admitted value of bonds owned by Providence Mutual Fire Insurance Company and reflects the amount reported in the 2020 Annual Statement.

All of the bonds owned at year-end 2020 are held in accordance with custodial agreements with third parties. Approximately 0.36% of the bond portfolio, which amounts to \$399,228 is held in the form of special deposits with the state of Rhode Island.

Approximately 99% of all bonds in the portfolio at December 31, 2020, were rated as Class 1 and Class 2 and approximately 1% were rated Class 3 based upon evaluation methods established by the National Association of Insurance Commissioners, Investment Analysis Office. Class 1, Class 2, and Class 3 securities are considered the “highest quality”, “high quality”, and “medium quality” respectively.

The aggregate book/adjusted carrying value of bonds owned by the Company as of December 31, 2020, represents 53.08% of PMFIC’s total admitted assets. The book/adjusted carrying value, fair value, actual cost and par value of PMFIC’s bond portfolio at December 31, 2020, is as follows:

Book/Adjusted Carrying Value	Fair Value	Actual Cost	Par Value
\$110,072,651	\$116,481,729	\$110,776,032	\$110,018,693

Common Stock**\$65,644,639**

The above amount is the same as that reported by the Company in its 2020 Annual Statement and represents the admitted value of common stocks owned at December 31, 2020. U.S. Bank National Association (“US Bank”), in accordance with a custodial agreement, holds the majority of stocks on behalf of the Company. The admitted value of the common stocks owned by the Company at December 31, 2020, represents 31.7% of total admitted assets. As of December 31, 2020, the common stocks book/adjusted carrying value equals its fair value amount of \$65,644,639 and exceeds their actual cost of \$48,082,689 by \$17,561,950.

Losses and Loss Adjustment Expenses**\$56,465,187**

Losses	\$45,825,145
Loss Adjustment Expenses	<u>10,640,042</u>
Total	<u>\$56,465,187</u>

The reserves for losses and loss adjustment expenses reflected above are the amount as reported by the Company in its 2020 Annual Statement. The Company’s reported reserves were reviewed for reasonableness by INS Consultants, Inc. (“INS”), consulting actuaries for the Rhode Island Insurance Division. INS relied upon the underlying data reported by the Company, which was tested by the examiners without exception. INS’ analyses included a review of the actuarial assumptions and methods utilized in determining the reserves, and such tests of actuarial calculations as deemed necessary.

Based upon the review performed by INS, the Company’s reported reserves were found to be calculated in accordance with commonly accepted reserving methods and are based on appropriate

actuarial factors given the risk exposures under the policy provisions. INS also concluded that the reported reserves make reasonable provision for all unpaid loss and loss adjustment expense obligations of the Company, under the terms of their policies and agreements.

Policyholders' Surplus

\$100,019,934

The above amount is the same as that reported by the Company in its December 31, 2020 Annual Statement and consists entirely of unassigned funds.

SUBSEQUENT EVENTS

A review of financial information, the Company's records, and the minutes to the meetings of the Board of Directors and its various committees for the period subsequent to the examination period was performed to ascertain whether any subsequent events have occurred which would have a material impact on the Company's operations or financial statements. In addition, an inquiry was made of the Company's management regarding subsequent events. Based upon our review, the following significant event occurred subsequent to December 31, 2020.

COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the spreading coronavirus (COVID-19) outbreak a pandemic. The extent of the impact of COVID-19 on the Company's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, regulatory decisions, and the impact on the financial markets, all of which are uncertain and cannot be predicted. As of December 10, 2021, the Company's operations are functioning well in a largely "remote" environment. Although the extent to which COVID-19 may impact the Company's financial condition or results of operations is uncertain, given the uncertainty of the future of the pandemic, as of the date of this report, the Company has maintained largely stable operations and financial results.

CONCLUSION

We have applied verification procedures to the data and information contained in this report using sampling techniques and other examination procedures as deemed appropriate. While sampling and other examination procedures do not give complete assurance that all errors and irregularities will be detected, had any been detected during the course of this examination, such errors and/or irregularities would have been disclosed in this report. Other than what may have been noted in the body of this report, we were not informed of, and did not become aware of any errors or irregularities that could have a material effect on the financial condition of the Company as presented in this report.

Participating in the examination with the undersigned were various staff insurance examiners from the Rhode Island Insurance Division. In addition, acknowledgment is made of INS Regulatory Insurance Services, Inc., and its related companies, INS Consultants, Inc., and INS Services, Inc., for the services rendered to assist with the examination by providing consulting financial examiners, actuaries and information technology specialists.

Respectfully submitted,



Kelly M. Willison, CPA, CFE, CFE (Fraud)
Insurance Examiner-In-Charge
INS Regulatory Insurance Services, Inc., on behalf of
Rhode Island Insurance Division



John Tudino Jr., CFE, CIE, CFSA
Chief Insurance Examiner
Rhode Island Insurance Division