

Report on Examination  
of  
**R&Q RI INSURANCE COMPANY**  
Providence, Rhode Island  
as of  
December 31, 2019



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 on Examination as of December 31, 2019 of the condition and affairs of

**R&Q RI 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 Company and its 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 that reads "Elizabeth Kelleher Dwyer".

Dated: June 24, 2021

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Elizabeth Kelleher Dwyer  
Superintendent of Insurance

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May 28, 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, 2019, of the financial condition and affairs of

**R&Q RI INSURANCE COMPANY**

located at 40 Westminster Street, Providence, Rhode Island. The report of such examination is herewith submitted.

R&Q RI Insurance Company, also referred to within this report as “R&Q RI,” or “the Company,” was incorporated on June 23, 2017, therefore, this was the initial financial examination as of December 31, 2019. The examination was conducted by the Insurance Division of the State of Rhode Island (“Insurance Division”).

## SCOPE OF EXAMINATION

The current examination was performed as of December 31, 2019 and was performed in compliance with the above-mentioned sections of the General Laws of the State of Rhode Island, as amended. The examination was conducted in accordance with the National Association of Insurance Commissioners (“NAIC”) *Financial Condition Examiners Handbook* (“Handbook”) risk-focused examination process, and was performed in conjunction with the 2019 full-scope coordinated multi-state risk-focused examination (“Coordinated Exam”) of Randall & Quilter Investment Group (“RQIG”), a Bermuda domiciled holding company established in 1991. The Coordinated Exam encompassed six (6) entities within the RQIG holding company system, as follows: Accredited Surety and Casualty Company, Inc. (Florida), Global Reinsurance Corporation of America (New York), R&Q Reinsurance Company (Pennsylvania), Transport Insurance Company (Ohio), National Legacy Insurance Company (Oklahoma), and R&Q RI Insurance Company. The Florida Department of Insurance served as the lead state for the Coordinated Exam. Rhode Island, New York, Oklahoma, Ohio, and Pennsylvania all served as participating states.

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 was identified, the impact of such adjustment will be documented separately following the Company's financial statements.

### **SUMMARY OF SIGNIFICANT FINDINGS**

There were no material adverse or significant non-compliance findings noted during the examination conducted as of December 31, 2019.

### **COMPANY HISTORY**

R&Q RI Insurance Company was formed on June 23, 2017 and derives its corporate existence and powers from the provisions of the Rhode Island Business Corporations Act, General Law 7-1.1.

The Company adopted Bylaws by Unanimous Written Consent of the Board of Directors on May 10, 2017.

## **MANAGEMENT AND CONTROL**

### **Stockholders**

The Bylaws, in the form adopted by the shareholder of the Company on May 10, 2017, provide that an annual meeting of stockholders shall be determined by the Board of Directors (“Board”).

Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by law, may be called by the Chairman of the Board, President, or the Board of Directors, and shall be called by the Secretary at the request of any shareholder entitled to vote at the meeting.

### **Board of Directors**

The Charter provides that the corporate powers of the Company shall be exercised through its Board of Directors. On May 10, 2017, the Board approved Bylaws providing that the Board shall consist of not less than five (5) and not more than twenty-one (21) members.

The directors shall be elected at each annual meeting of the stockholders to hold office until his or her successor is elected and qualified or until his or her earlier death, resignation or removal. Vacancies and newly created directorships resulting from any increase in the number of directors may be filled by a majority of the directors then in office though less than a quorum. A director elected to fill a vacancy shall be elected for the unexpired term of such director’s predecessor. A director elected to fill a newly created directorship shall be elected for a term continuing only until the next election of directors by the shareholders.

### Regular Meetings

The Bylaws provide that the time and place of meetings of the Board shall be determined by the Board, provided that the Board shall meet not less than two (2) times per year.

### Special Meetings

The Bylaws permit special meetings to be called by or at the request of the Chairman of the Board, the President, or any two (2) directors.

### Action Without Meetings

Unless otherwise restricted by the Articles of Incorporation or the Bylaws, any action required or permitted to be taken at any meetings of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the Board or committee.

At December 31, 2019 the following individuals served as Directors of the Company:

| <b>Name</b>                | <b>Business Affiliation</b>                                    | <b>Term Expires</b> |
|----------------------------|--|---------------------|
| Andrew W. McCarthy         | R&Q Group (Employer) Head of Group Credit Control              | 2020                |
| Pamela S. Sellers-Hoelsken | R&Q Group (Employer) President, US Insurance Services Division | 2020                |
| John W. Fischer            | R&Q Group (Employer) Non-Executive Director                    | 2020                |
| Christopher W. Reichow     | R&Q Group (Employer) US General Counsel                        | 2020                |
| <i>Vacant</i> <sup>1</sup> |  |                     |

The Articles of Incorporation provides that the Board of Directors may elect various committees from time to time as they see fit and may delegate to such committees such other powers as they may deem expedient. As of December 31, 2019, there are no committees of the Board.

### Officers

The Bylaws provide that the officers of the Company shall be elected at the annual meeting of the Board of Directors and shall hold office until their successors are elected and qualified. The Board shall elect a Chairman, a President, one or more Vice Presidents, a Treasurer, a Secretary, and such other officers as may be deemed necessary by the Board.

The Officers serving and their respective titles at December 31, 2019 are as follows:

| <b>Name</b>                | <b>Title</b> |
|----------------------------|--------------|
| Pamela S. Sellers-Hoelsken | President    |
| Desiree R. Mecca           | Treasurer    |
| Michael L. Glover          | Secretary    |

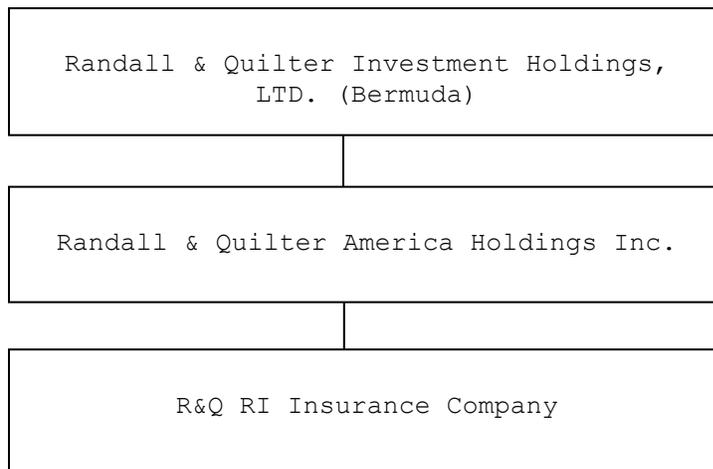
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<sup>1</sup> Mark Langridge resigned as a director in December 2019, and was replaced by Gregg Jarvis subsequent to year-end.

Organizational Structure

At December 31, 2019, Randall & Quilter America Holdings Inc. owned 100% of the issued and outstanding common capital stock of the Company.

The following represents an abbreviated organizational chart as of December 31, 2019. The chart is not inclusive of the entire organizational structure, but includes only the Company and its controlling affiliates:



Intercompany Agreements

At December 31, 2019, the Company was not a party to any intercompany agreements.

## **TERRITORY AND PLAN OF OPERATIONS**

A review of certificates of authority or compliance in effect at December 31, 2019 verified that the Company was licensed to transact business only in the State of Rhode Island.

The Articles of Incorporation empower the Company to issue policies and transact the business of all lines of property and casualty insurance.

## **REINSURANCE**

At December 31, 2019, the Company was not a party to any reinsurance agreements.

## **FINANCIAL STATEMENTS**

The following financial statements are based on the statutory financial statements filed by the Company with the State of Rhode Island Department of Business Regulation and present the financial condition of the Company for the period ending December 31, 2019. The accompanying comments on the financial statements reflect any examination adjustments to the amounts reported in the annual statements and should be considered an integral part of the financial statements.

Statement of Assets  
December 31, 2019

Statement of Liabilities, Surplus, and Other Funds  
December 31, 2019

Statement of Income  
Year ended December 31, 2019

Reconciliation of Capital and Surplus  
December 31, 2017 to December 31, 2019

Analysis of Examination Adjustments  
December 31, 2019

**R&Q RI INSURANCE COMPANY**  
**Statement of Assets**  
**December 31, 2019**

|  | <u>December 31,</u><br><u>2019</u> |
|--|------------------------------------|
| Cash, cash equivalents, and short-term investments | \$ 3,032,968                       |
| Total Assets                                       | <u><u>\$3,032,968</u></u>          |

**R&Q RI INSURANCE COMPANY**  
**Statement of Liabilities, Surplus, and Other Funds**  
**December 31, 2019**

|   | December 31,<br>2019 |
|---|----------------------|
| Current federal and foreign income taxes        | \$ 3,582             |
| Payable to parent, subsidiaries, and affiliates | -                    |
| <b>Total Liabilities</b>                        | <b>\$ 3,582</b>      |
| <br>  |                      |
| Common capital stock                            | 1,000,000            |
| Gross paid in and contributed surplus           | 2,000,000            |
| Unassigned funds (surplus)                      | 29,386               |
| <b>Total Capital and Surplus</b>                | <b>\$ 3,029,386</b>  |
| <br>  |                      |
| <b>Total Liabilities, Capital and Surplus</b>   | <b>\$ 3,032,968</b>  |

**R&Q RI INSURANCE COMPANY**  
**Statement of Income**  
**Year Ended December 31, 2019**

Underwriting Income:

Premiums earned \$ -

Deductions:

Other underwriting expenses incurred 10

Total underwriting deductions 10

Net underwriting gain (loss) (10)

Investment Income:

Net investment income earned 17,067

Net investment gain (loss) 17,067

Other Income:

Total other income -

Net income, after dividends to policyholders, after  
capital gains tax, and before all other federal  
and foreign income taxes 17,057

Federal and foreign income taxes incurred \$ (3,722)

Net income \$13,335

**R&Q RI INSURANCE COMPANY**  
**Reconciliation of Capital and Surplus**  
**June 23, 2017 to December 31, 2019**

|   |                  |               |                  |
|---|------------------|---------------|------------------|
| Capital and Surplus, June 23, 2017*                 |                  | \$            | -                |
|   | <u>Gains</u>     | <u>Losses</u> |                  |
| Net income  | 29,386           |               |                  |
| Capital Changes: Paid in                            | 1,000,000        |               |                  |
| Surplus adjustment: Paid in                         | <u>2,000,000</u> | <u>-</u>      |                  |
| Total Gains and Losses                              | <u>3,029,386</u> | <u>-</u>      |                  |
| Net change in Capital and Surplus for<br>the period |                  |               | <u>3,029,386</u> |
| Capital and Surplus, December 31, 2019              |                  | \$            | <u>3,029,386</u> |

\*Incorporated/Organized

**R&Q RI INSURANCE COMPANY**  
**Analysis of Examination Adjustments**  
**December 31, 2019**

The examination of the R&Q RI Insurance Company, performed as of December 31, 2019, did not disclose any material misstatements to the financial statements contained in its 2019 Annual Statement filing. Accordingly, the amounts reported by the Company have been accepted for purposes of this report.

**COMMENTS ON FINANCIAL STATEMENTS**

**ASSETS**

|   |                           |
|---|---------------------------|
| <b><u>Cash and Cash Equivalents</u></b> | <b><u>\$3,032,968</u></b> |
| Cash                                    | \$95,303                  |
| Cash Equivalents                        | \$2,937,665               |

The above amounts represent the net admitted values of the individually listed annual statement lines, which in the aggregate, represent 100% of the Company's total admitted assets. The Company's reported amounts have been accepted for purposes of this examination.

**CAPITAL AND SURPLUS**

|                                   |                           |
|-----------------------------------|---------------------------|
| <b><u>Capital and Surplus</u></b> | <b><u>\$3,029,386</u></b> |
|-----------------------------------|---------------------------|

The above amount is the same as that reported by the Company in its 2019 Annual Statement, and consists of the following:

|  |                           |
|--|---------------------------|
| Common capital stock                     | \$1,000,000               |
| Gross paid in and contributed surplus    | 2,000,000                 |
| Unassigned funds                         | <u>29,386</u>             |
| Total (Surplus as regards policyholders) | <b><u>\$3,029,386</u></b> |

## **SUBSEQUENT EVENTS**

A review of financial information, Company records, and the minutes to the Board of Directors' meetings 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, there was one (1) significant event that occurred subsequent to December 31, 2019:

1. On January 21, 2021, the Company's sole shareholder voted to take all steps necessary and proper to wind-up the Company's business and to dissolve the Company.

## 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 this examination, such errors and/or irregularities would have been disclosed in this report. Other than what has 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 and representing the Rhode Island Insurance Division were Louis Gabriele, Jr., CPA, CFE, Insurance Examiner-In-Charge, and Sharill Silverio, Senior Insurance Examiner.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Joseph R. Rapczak", written in a cursive style.

Joseph R. Rapczak, CPA, CIA, AFE  
Insurance Examiner-In-Charge  
Rhode Island Insurance Division