

STATE OF INDIANA )  
 ) SS: BEFORE THE INDIANA  
COUNTY OF MARION ) COMMISSIONER OF INSURANCE

IN THE MATTER OF: )  
 )  
**ASI Select Insurance Corp.** )  
**1 ASI Way** )  
**St. Petersburg, Florida 33702-2514** )

Examination of: **ASI Select Insurance Corp.**

**NOTICE OF ENTRY OF ORDER**

Enclosed is the Final Order entered by Amy L. Beard, Commissioner of the Indiana Department of Insurance, after fully considering and reviewing the Verified Report of Examination of ASI Select Insurance Corp., any relevant examination work papers, and any written submissions or rebuttals. The Verified Report of Examination, as amended by the Final Order, has been adopted by the Commissioner.

Pursuant to Ind. Code § 27-1-3.1-12(b), within thirty (30) days of receipt of the Final Order, each director of ASI Select Insurance Corp., shall file an affidavit with the Indiana Department of Insurance stating that he/she has received a copy of the Verified Report of Examination and the Final Order.

The Final Order is a final administrative decision that may be appealed pursuant to Ind. Code § 4-21.5-5.

Date June 27, 2024 Roy Eft  
Chief Financial Examiner

**CERTIFIED MAIL NUMBER: 7018 1130 0001 8982 6987**

STATE OF INDIANA ) BEFORE THE INDIANA  
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**ASI Select Insurance Corp.** )  
**1 ASI Way** )  
**St. Petersburg, Florida 33702-2514** )

Examination of: **ASI Select Insurance Corp.**

### FINDINGS AND FINAL ORDER

The Indiana Department of Insurance conducted an examination into the affairs of the ASI Select Insurance Corp. (hereinafter “Company”) for the time period January 1, 2018 through December 31, 2022.

The Verified Report of Examination was filed with the Commissioner of the Department of Insurance (hereinafter “Commissioner”) by the Examiner on May 15, 2024.

A copy of the Verified Report of Examination, along with a Notice of Opportunity to Make Written Submission or Rebuttal, was mailed to the Company via Certified Mail on June 6, 2024 and was received by the Company on June 12, 2024.

On June 25, 2024 pursuant to Ind. Code § 27-1-3.1-10, the Company filed a response to the Verified Report of Examination. The Commissioner has fully considered the Company’s response.

NOW THEREFORE, based on the Verified Report of Examination and the response filed by the Company, the Commissioner hereby FINDS as follows:

1. The suggested modifications to the Verified Report of Examination submitted by the Company are reasonable and shall be incorporated into the Verified Examination Report. A copy of the Verified Report of Examination, as amended, is attached hereto.

2. The Verified Report of Examination, as amended, is true and accurate report of the financial condition and affairs of the Company as of December 31, 2022.
3. The Examiners' recommendations are reasonable and necessary in order for the Company to comply with the insurance laws of the state of Indiana.

Based on the FINDINGS, the Commissioner does hereby ORDER:

1. Pursuant to Ind. Code § 27-1-3.1-11(a)(1), the Verified Report of Examination is adopted and shall be filed. Hereafter the Verified Report of Examination, as amended, may constitute prima facie evidence of the facts contained therein in any action or proceeding taken by the Indiana Department of Insurance against the Company, its officers, directors, or agents.
2. The Company shall comply with the Examiner's Recommendations enumerated in summary form and throughout the text of the Verified Report of Examination, as amended. A written response to these recommendations should be provided to the Department within 30 days of receipt of this order.
3. Compliance with the Examiner's recommendations shall be completed on or before the filing of the subsequent annual statement. In the event it is not feasible to comply with a recommendation before the filing of the subsequent annual statement, the Company shall submit a written explanation as to why it was not feasible with the filing of the annual statement.

Signed this 27 day of  
June, 2024.

  
\_\_\_\_\_  
Amy L. Beard  
Insurance Commissioner

## ABOUT AFFIRMATIONS

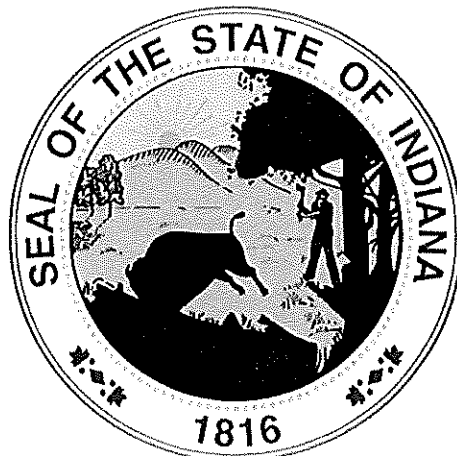
The following pages for affirmations need to be signed by each Board Member and returned to the Indiana Department of Insurance within thirty (30) days in accordance with I.C. §27-1-3.1-12(b).

If your affirmations list individuals that are no longer on your Board of Directors, you may simply retype the form on plain white paper with the correct names and a line to the right for signature. If the names are misspelled, you may do the same, simply re-type the corrected form with a line to the right for signature.

Should you have any questions or difficulties with these forms or you require additional time past the thirty (30) day requirement, please do not hesitate to contact this department at (317) 232-2390.

**STATE OF INDIANA**  
**Department of Insurance**  
**REPORT OF EXAMINATION**  
**OF**  
**ASI SELECT INSURANCE CORP.**  
NAIC Co. CODE 14042  
NAIC GROUP CODE 0155

As of  
December 31, 2022



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# STATE OF INDIANA

ERIC J. HOLCOMB, GOVERNOR

## Indiana Department of Insurance

Amy L. Beard, Commissioner  
311 W. Washington Street, Suite 103  
Indianapolis, Indiana 46204-2787  
Telephone: 317-232-2385  
Fax: 317-234-2103  
Website: [in.gov/idoi](http://in.gov/idoi)

May 15, 2024

Honorable Amy L. Beard, Commissioner  
Indiana Department of Insurance  
311 West Washington Street, Suite 300  
Indianapolis, Indiana 46204-2787

Dear Commissioner:

Pursuant to the authority vested in Appointment Number 4181, an examination has been made of the affairs and financial condition of:

**ASI Select Insurance Corp.**  
**1 ASI Way**  
**St. Petersburg, Florida 33702-2514**

hereinafter referred to as the "Company", or "ASISL", an Indiana domestic stock, property and casualty insurance company. The examination was conducted remotely with assistance from the corporate office of the company in Cleveland, Ohio.

The Report of Examination, reflecting the status of the Company as of December 31, 2022, is hereby respectfully submitted.

ACCREDITED BY THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

AGENCY SERVICES 317-232-2389	COMPANY COMPLIANCE 317-232-3495	CONSUMER SERVICES 317-232-2395/1-800-622-4461	FINANCIAL SERVICES 317-232-2390	MEDICAL MALPRACTICE 317-232-5253	COMPANY RECORDS 317-232-2383	STATE HEALTH INSURANCE PROGRAM 1-800-452-4800
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## SCOPE OF EXAMINATION

The Company was last examined by representatives of the Delaware Department of Insurance and covered the period from January 1, 2016 through December 31, 2017. The present risk-focused examination was conducted by Noble Consulting Services, Inc., representing the Indiana Department of Insurance (INDOI), and covered the period from January 1, 2018 through December 31, 2022, and included any material transactions and/or events occurring subsequent to the examination date and noted during the course of this examination.

The examination was conducted in accordance with the NAIC *Financial Condition Examiners Handbook* (Handbook). The Handbook requires that we plan and perform the examination to evaluate the financial condition, assess corporate governance, identify current and prospective risks of the Company, and evaluate system controls and procedures used to mitigate those risks. An examination also includes identifying and evaluating significant risks that could cause an insurer's surplus to be materially misstated both currently and prospectively.

The examination of the Ohio domestic insurance companies of The Progressive Corporation (TPC) was called by the Ohio Department of Insurance (OHDOI) in accordance with the Handbook guidelines, through the NAIC's Financial Examination Electronic Tracking System. The OHDOI served as the lead state on the examination, and the INDOI and the state insurance departments representing Florida, Illinois, Louisiana, Michigan, New Jersey, New York, Texas, and Wisconsin served as participants.

The OHDOI staff provided all actuarial services throughout the examination and conducted a review of the Company's actuarial related risks as of December 31, 2022.

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

This examination report includes significant findings of fact, as mentioned in the Indiana Code (IC) 27-1-3.1-10 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.

## HISTORY

The Company was incorporated under the laws of the state of Delaware on August 30, 2010, as a subsidiary of ARX Holding Corp (ARX) and commenced business on April 11, 2011.

On April 1, 2015, ARX stockholders entered into a Stock Purchase Agreement with TPC. Per the terms of the agreement, TPC acquired approximately 63.2% of the outstanding capital stock of ARX through the purchase of the common and preferred stock of XL Re Ltd., Flexpoint Fund, LP and other non-management individuals and entities. Subsequently, in 2015, Progressive purchased an additional 1.0% of ARX capital stock from certain employee shareholders and option holders. Prior to the acquisition, Progressive held a 5% interest in ARX as part of its investment portfolio. As of December 31, 2017, TPC owned 69.0% of the capital stock of ARX and in April 2020, TPC acquired the remaining outstanding shares of ARX.



In June 2021, TPC completed the acquisition of Protective Insurance Corporation, the parent company of Protective Insurance Company, Protective Specialty Insurance Company and Sagamore Insurance Company through which TPC's commercial business products were expanded.

### **CAPITAL AND SURPLUS**

As of December 31, 2022, ASISL had 1,900 common shares authorized, issued, and outstanding, with a par value of \$1,000 each. ASISL has no preferred stock authorized, issued, or outstanding. All issued and outstanding common shares have been owned by ARX throughout the examination period.

### **DIVIDENDS TO STOCKHOLDERS**

The Company paid no dividends during the examination period

The Company received the following capital contributions from ARX during the examination period.

	<u>Capital Contributions</u>
2022	\$ 5,000,000
2021	5,000,000
2020	2,000,000
2019	-
2018	13,000,000
Total	<u>\$ 25,000,000</u>

### **TERRITORY AND PLAN OF OPERATION**

The Company is a member of the American Strategic Insurance Corp. (ASIC) pool (Property Pool) effective January 1, 2019. ASIC (pool manager) and five (5) of its property and casualty insurance affiliates began participating in an intercompany pooling reinsurance agreement pursuant to which each company's business (net of external reinsurance) is ceded to ASIC. The combined premiums, losses and expenses are then retroceded to participating affiliates in accordance with predetermined pool percentages.

The Property Pool writes homeowners' multiple peril, fire and allied lines, inland marine, and other liability insurance in various states through independent agents and directly by the Property Pool members. As of December 31, 2022, the entities within the Property Pool are licensed in all fifty (50) states and the District of Columbia and has net premiums earned from forty-seven (47) states and the District of Columbia. The Company is licensed in five (5) states, California, Delaware, Indiana, Louisiana and New York and accredited in Florida. For the year ended 2022, direct written premiums were California 56.1% and Indiana 23.0%.

## GROWTH OF THE COMPANY

The following table summarizes the financial results of the Company during the examination period:

Year	Admitted Assets	Liabilities	Surplus and Other Funds	Premiums Earned	Net Income (Loss)
2022	\$ 97,112,033	\$ 71,460,299	\$ 25,651,734	\$ 42,948,367	\$ (2,245,190)
2021	83,299,305	59,295,253	24,004,052	38,431,306	(3,838,403)
2020	60,411,514	38,267,124	22,144,390	33,166,049	(1,676,184)
2019	54,577,582	32,372,798	22,204,784	29,281,240	(523,673)
2018	49,981,550	27,924,495	22,057,055	11,241,896	(11,209,333)

The Company has a history of increases in surplus primarily due to surplus contributions by its parent company.

The increase in net admitted assets for 2022 was associated with the increase in premiums written of approximately \$25 million compared to the prior year, which was offset by a lesser increase in paid claims.

Year-end 2022 net income improved slightly due to an increase in premiums earned and net investment income.

## MANAGEMENT AND CONTROL

### Directors

The Bylaws provide that the business affairs of the Company are to be managed by a Board of Directors (Board) consisting of no less than five (5) directors. The shareholders, at each annual meeting, elect the members of the Board.

The Articles of Incorporation state that at least one (1) of the directors must be a resident of Indiana.

The following is a listing of persons serving as directors as of December 31, 2022, and their principal occupations as of that date:

<u>Name and Address</u>	<u>Principal Occupation</u>
John A. Curtiss Jr. Chagrin Falls, Ohio	National Product Development Leader The Progressive Group of Insurance Companies
Tanya J. Fjare St. Petersburg, Florida	President and Business Leader of Property Operations The Progressive Group of Insurance Companies
Patrick T. McCrink Tampa, Florida	Business Leader of Claims The Progressive Group of Insurance Companies
Kellie A. O’Nuallain Palm Harbor, Florida	Director of Underwriting The Progressive Group of Insurance Companies
Clint R. Piles Arlington, Indiana	Claims Manager The Progressive Group of Insurance Companies

Officers

The Bylaws state that the elected officers of the Company shall consist of a President, such number of Vice Presidents as the Board may from time to time determine, a Secretary, a Treasurer, and in its discretion, a Chairman of the Board. The same person other than that of the president and vice president may hold any two (2) or more offices. Each of these officers is elected by the Board and shall hold office for one (1) year or until their respective successors are duly chosen and have qualified.

The following is a list of key officers and their respective titles as of December 31, 2022:

<u>Name</u>	<u>Office</u>
Tanya J. Fjare	President
Michelle C. Cavell	Vice President
Sherry Bates	Vice President
Albert G. Pless	Vice President
Patrick S. Brennan	Treasurer
Kathleen A. Sundberg	Vice President and Secretary
Patrick T. McCrink	Vice President
James L. Kusmer	Assistant Treasurer
Cristina L. Crews	Assistant Secretary

**CONFLICT OF INTEREST**

Directors and officers are required to review and sign Conflict of Interest statements annually. It was determined that all directors and officers listed in the Management and Control section of this Report of Examination have reviewed and signed their statements as of December 31, 2022.

**OATH OF OFFICE**

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that not all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2022. See Other Significant Issues section of this Report of Examination.

**CORPORATE RECORDS**

Articles of Incorporation

The Articles of Incorporation were amended August 2022 to reflect the redomestication of the Company from Delaware to Indiana.

Bylaws

The Bylaws were amended during year 2023 to reflect the redomestication of the Company from Delaware to Indiana.

Minutes

The Board and shareholders meeting minutes were reviewed for the period under examination through the fieldwork date. Significant actions taken during each meeting were noted. The Company’s Bylaws, while domiciled in the state of Delaware during the years under examination, are silent as to specific dates for both Board and Shareholder meetings.

IC 27-1-7-7(b) states an annual meeting of shareholders, members, or policyholders shall be held within five (5) months after the close of each fiscal year of the Company and at such time within that period as the Bylaws may provide. The Company’s Bylaws specify that the date of the annual meeting is to be held the third Thursday of April each year. Indiana IC 27-1-7-7(b) does not apply for year-end 2022, since the Company redomesticated to Indiana after May.

**AFFILIATED COMPANIES**

Organizational Structure

The following abbreviated organizational chart shows the Company’s parent and subsidiaries or affiliates as of December 31, 2022:

	<u>NAIC Co. Code</u>	<u>Domiciliary State/Country</u>
The Progressive Corporation		OH
Progressive Commercial Holdings, Inc.		DE
Protective Insurance Corporation		IN
<b>Protective Insurance Company</b>	<b>12416</b>	<b>IN</b>
<b>Protective Specialty Insurance Company</b>	<b>13149</b>	<b>IN</b>
<b>Sagamore Insurance Company</b>	<b>40460</b>	<b>IN</b>
B&L Insurance LTD.		Bermuda
B&L Management, Inc.		DE
B&L Brokerage Services, Inc.		IN
Transport Specialty Insurance Agency, Inc.		MI
Progressive Direct Holdings, Inc.		DE
<b>Progressive Paloverde Insurance Company</b>	<b>44695</b>	<b>IN</b>
Progressive Agency Holdings, Inc.		DE
<b>Progressive Southeastern Insurance Company</b>	<b>38784</b>	<b>IN</b>
ARX Holding Corp.		DE
<b>ASI Select Insurance Corp.</b>	<b>14042</b>	<b>IN</b>

Affiliated Agreements

The following affiliated agreements and transactions were disclosed as part of the Form B – Holding Company Registration Statement and were filed with the INDOI, as required, in accordance with IC 27-1-23-4.

#### *Cash Management Agreement*

The Company participates in a Cash Management Agreement which has an effective date of January 1, 1998. This agreement provides for the Company's participation in the TPC central cash management system (cashier account) in which all the cash of TPC holding company system's companies were deposited. Pursuant to this agreement, PCIC was responsible in a fiduciary capacity for the Company's cash and performed all the Company's duties and operations as they pertain to cash, including the payment of the Company's obligations.

#### *Interest Agreement*

The Company is a participant in an Interest Agreement, effective January 1, 1977, with Progressive Casualty Insurance Company (PCIC) and members of the holding company system. Pursuant to the agreement, the Company agreed to pay PCIC or receive credit from PCIC for any balances owed to PCIC or owed by PCIC, as a result of the activity in the cashier account as stated in the Cash Management Agreement.

#### *Agency Agreement*

The Company participates in an Agency Agreement, effective August 1, 2002, with Sunshine Security Insurance Agency, Inc. (SSIA) under which SSIA sells homeowners insurance underwritten by ASISL. During 2022, the Company paid total commissions to SSIA of \$804.3 thousand.

#### *Investment Services Agreement*

The Company participates in an Investment Services Agreement, effective July 16, 1992, with Progressive Capital Management Corporation (PCMC), a non-insurance affiliate. Under the terms of the agreement, the Company is provided investment and capital management services in exchange for an investment management fee based on its use of services. During 2022, the Company paid PCMC \$15.2 thousand for these services.

#### *Joint Services- Cost Allocation Agreement*

The Company participates in a Joint Cost Sharing Agreement with PCIC effective January 1, 2016. The agreement permits the parties to provide management, personnel, and facilities to each other as set forth in the agreement. The agreement also allocates the expenses incurred by the parties in providing the services and facilities. During 2022, the Company allocated \$22 thousand of expenses under this agreement.

#### *Service Agreement*

The Company participates in a Service Agreement, effective December 29, 2010, with ASI Underwriters (ASIU) whereby ASIU provides claims services including monitoring, supervising, adjusting, reporting and otherwise settlement of all claims for ASISL. In exchange for these services, ASISL has agreed to pay ASIU for these services at cost. ASIU also receives a claim adjuster service fee at a rate comparable to what the companies would have to pay on the open market for an independent claims adjuster. The fee varies depending on how often an ASIU adjuster reviews and processes a claim file for ASISL. In 2022, no amounts were paid under this agreement.

#### *Agency Agreement*

The Company participates in an Agency Agreement, effective September 24, 2010, with Progressive Advantage Agency, Inc. (PSIA) under which PSIA sells homeowners insurance underwritten by ASISL. During 2022, the Company paid total commissions to PSIA of \$6.7 million.

#### *Tax Allocation Agreement*

Effective June 1, 2021, ASISL participates in an Allocation of Federal Income Tax Agreement with TPC and all its eligible subsidiaries. The method of allocation between the companies is subject to written agreement and is jointly approved by an officer of TPC and of the Company. The tax liability allocated to any member of the TPC agreement

shall not exceed the amount that such member would be liable for if it filed a separate income tax return. If a member of the TPC agreement has a net operating loss as determined on a separate return basis, the member will be reimbursed for such loss to the extent that the loss results in a reduction in the consolidated tax liability.

*Reinsurance*

See the Reinsurance section of this Report of Examination for further information on affiliated reinsurance agreements.

**FIDELITY BOND AND OTHER INSURANCE**

The Company protects itself against loss from any fraudulent or dishonest acts by any employees through a fidelity bond issued by Federal Insurance Company, a member of the Chubb Insurance Group. The bond has a single loss coverage limit of \$1 million, with an aggregate amount of \$2 million, and a \$10 million deductible. The fidelity bond is adequate to meet the prescribed minimum coverage specified by the NAIC.

The Company had additional types of coverage in-force as of December 31, 2022, including but not limited to, commercial property liability, general liability, management indemnity/directors and officers liability, umbrella coverage, and workers' compensation.

**PENSION, STOCK OWNERSHIP, AND INSURANCE PLANS**

The Company does not have employees or payroll and as such, does not have legal obligations for employee benefit plans. Employees of other TPC entities provide management, operations, investment, and claims service under the agreements previously described in the Affiliated Agreement section of this Report of Examination.

**SPECIAL AND STATUTORY DEPOSITS**

The Company reported the following deposits as of December 31, 2022:

<u>State</u>	<u>Book Value</u>	<u>Fair Value</u>
For All Policyholders:		
Delaware	\$ 505,852	\$ 475,135
Indiana	101,170	95,027
Total Deposits	<u>\$ 607,022</u>	<u>\$ 570,162</u>

**REINSURANCE**

Reinsurance Pool

The Company is party to various reinsurance agreements including a pooling agreement (Property Pool) with affiliated property casualty company ASIC and other Progressive affiliates. All the underwriting business of each member company, net of external reinsurance, is ceded to ASIC. The combined premiums, losses, and expenses are retroceded to each pool member based on pooling percentages.

The companies participating in the Property Pool are listed below, each with their respective pooling percentage as of December 31, 2022:

Name of Pool Members	Percentage of Pool	Domiciliary State
American Strategic Insurance Corp. (Pool Manager)	76.5%	FL
ASI Lloyds	17.0%	TX
ASI Home Insurance Corp.	2.0%	FL
<b>ASI Select Insurance Corp.</b>	<b>2.0%</b>	<b>IN</b>
Progressive Property Insurance Company	2.0%	LA
ASI Assurance Corp.	.5%	FL
Total	<u>100.0%</u>	

#### Ceded Reinsurance

Effective January 1, 2022, the Property Pool members and non-pool member ASI Preferred Insurance Corp. (ASIP) entered into a 2022 property catastrophe aggregate excess of loss reinsurance contract for the risk period January 1, 2022 through January 1, 2023. Layer 1 of the agreement provides protection for all loss occurrences over the initial ultimate net loss of \$575 million for Property Claims Service (PCS) events other than named storms not to exceed \$75 million with a \$2 million per occurrence deductible. Layer 2 of the agreement provides protection for all loss occurrences over the initial ultimate net loss of \$650 million for all PCS events not to exceed \$100 thousand with a \$2 million per occurrence deductible. This reinsurance contract replaced the 2021 catastrophe aggregate excess of loss reinsurance contract that expired on January 1, 2022.

Effective January 1, 2022, ASIC, along with various Property Group and TPC insurance affiliates, are party to a 100% quota-share reinsurance agreement whereby the participants will cede 100% of the premium, losses, loss adjustment expense under all endorsements to policies covering the peril of earthquake shock outside of the state of California. The reinsurer will pay ASIC, as the administrator, a ceding commission, which will then be allocated to the appropriate insurance affiliate.

Effective March 1, 2022, the Property Pool members and non-pool member ASIP commuted and released collateral for one of the participating reinsurers totaling \$1.6 million, \$67.6 thousand and \$31.5 thousand, for the 2019 aggregate stop loss reinsurance contract, the 2017-2018 reinstatement premium protection contract and the 2018-2019 reinstatement premium protection contract, respectively. The amounts received for the commutation are held on ASIC and will be offset against future billings.

On March 16, 2022, the Property Group sponsored a catastrophe bond, Series 2022-1 Class A Notes issued from Bonanza Re Ltd. The \$135.0 million per occurrence for named storms catastrophe bond risk period covers June 1, 2022 through March 16, 2025, with an attachment point of \$1.0 billion.

Effective June 1, 2022, the Property Group entered into various property catastrophe aggregate excess of loss reinsurance contracts for the risk period June 1, 2022 through June 1, 2023. The excess of loss agreements include multiple layers providing protection for an event with loss occurrences over the initial ultimate net loss retention of \$200 million. These reinsurance contracts wrap around projected Florida Hurricane Catastrophe fund coverage of 90% of \$519 million in excess of \$200 million. The projected coverage of these excess of loss contracts is in excess of \$2.7 billion. These contracts replaced similar agreements that covered the risk period June 1, 2021 through June 1, 2022.

On December 20, 2020, the Property Pool members and non-pool member ASIP sponsored a catastrophe bond, Series 2020-2 Class A Notes issued from Bonanza Re Ltd. The \$200 million catastrophe bond risk period covers June 1, 2021, through December 22, 2024.

The Company cedes premiums to the National Flood Insurance Program, the California Earthquake Authority and the Indiana Mine Subsidence Insurance Fund.

### ACCOUNTS AND RECORDS

The Company's accounting procedures, practices, account records, and supporting data were reviewed and tested to the extent deemed necessary. The trial balance prepared from the Company's general ledger for the year ended December 31, 2022 was agreed to the Annual Statement. The Annual Statement for the year ended December 31, 2022 was agreed to the independent audit report without material exception. The Company's accounting procedures, practices, and account records were deemed satisfactory.



**FINANCIAL STATEMENTS**

ASI SELECT INSURANCE CORP.

Assets

As of December 31, 2022

	Per Examination*
Bonds	\$ 74,305,431
Cash, cash equivalents and short-term investments	7,845,944
Subtotals, cash and invested assets	82,151,375
Investment income due and accrued	349,961
Premiums and considerations:	
Uncollected premiums and agents' balances in course of collection	964,614
Deferred premiums, agents' balances and installments booked but deferred and not yet due	7,149,098
Reinsurance:	
Amounts recoverable from reinsurers	6,194,182
Receivables from parent, subsidiaries and affiliates	302,803
Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts	97,112,033
Totals	\$ 97,112,033

\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

ASI SELECT INSURANCE CORP.  
Liabilities, Surplus and Other Funds  
As of December 31, 2022

	Per Examination*
Losses	\$ 14,017,276
Reinsurance payable on paid losses and loss adjustment expenses	2,609,067
Loss adjustment expenses	3,564,157
Commissions payable, contingent commissions and other similar charges	606,178
Other expenses	303,281
Taxes, licenses and fees	406,187
Current federal and foreign income taxes on realized capital gains (losses)	354,315
Unearned premiums	27,090,760
Advance premium	4,635,913
Ceded reinsurance premiums payable	15,156,943
Payable to parent, subsidiaries and affiliates	865,161
Aggregate write-ins for liabilities	1,851,061
Total liabilities excluding protected cell liabilities	71,460,299
Total liabilities	71,460,299
Common capital stock	1,900,000
Gross paid in and contributed surplus	44,400,000
Unassigned funds (surplus)	(20,648,266)
Surplus as regards policyholders	25,651,734
Totals	\$ 97,112,033

\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

ASI SELECT INSURANCE CORP.  
Statement of Income  
For the Year Ended December 31, 2022

	Per Examination*
<b>UNDERWRITING INCOME</b>	
Premiums earned	\$ 42,948,367
<b>DEDUCTIONS</b>	
Losses incurred	30,126,700
Loss adjustment expenses incurred	5,223,083
Other underwriting expenses incurred	12,173,123
Total underwriting deductions	47,522,906
Net underwriting gain (loss)	(4,574,539)
<b>INVESTMENT INCOME</b>	
Net investment income earned	1,330,240
Net realized capital gains (losses) less capital gains tax	(98,265)
Net investment gain (loss)	1,231,975
<b>OTHER INCOME</b>	
Net gain (loss) from agents' or premium balances charged off	(97,535)
Finance and service charges not included in premiums	507,981
Aggregate write-ins for miscellaneous income	263,364
Total other income	673,810
Net income (loss), before dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(2,668,754)
Net income (loss), after dividends to policyholders, after capital gains tax and before all other federal and foreign income taxes	(2,668,754)
Federal and foreign income taxes incurred	(423,564)
Net income (loss)	\$ (2,245,190)

\* There were no adjustments to the as-filed financial statements, therefore the Annual Statement amounts agree to the examination amounts.

ASI SELECT INSURANCE CORP.  
Capital and Surplus Account Reconciliation

	2022	2021	2020	2019	2018
Surplus as regards policyholders, December 31 prior year	\$24,004,052	\$22,144,390	\$22,204,784	\$22,057,055	\$ 20,183,354
Net income (loss)	(2,245,190)	(3,838,403)	(1,676,184)	(523,673)	(11,209,333)
Change in net deferred income tax	108,552	225,619	103,198	284,439	261,123
Change in nonadmitted assets	(1,215,680)	11,446	(26,408)	(45,037)	40,911
Change in provision for reinsurance	-	461,000	(461,000)	432,000	(219,000)
Surplus adjustments:					
Paid in	5,000,000	5,000,000	2,000,000	-	13,000,000
Change in surplus as regards policyholders for the year	1,647,682	1,859,662	(60,394)	147,729	1,873,701
Surplus as regards policyholders, December 31 current year**	<u>\$25,651,734</u>	<u>\$24,004,052</u>	<u>\$22,144,390</u>	<u>\$22,204,784</u>	<u>\$22,057,055</u>

\*\*The balance includes immaterial rounding differences.

### COMMENTS ON THE FINANCIAL STATEMENTS

There were no recommended adjustments to the financial statements as of December 31, 2022, based on the results of this examination.

### OTHER SIGNIFICANT ISSUES

IC 27-1-7-10(i) stipulates that every director, when elected, shall take and subscribe to an oath stating that he or she will faithfully, honestly, and diligently administer the affairs of the Company and will not knowingly violate any of the laws applicable to such Company. It was determined that not all directors listed in the Management and Control section of this Report of Examination have subscribed to an oath as of December 31, 2022. It is recommended that every director shall take and subscribe to an Oath of Office at the time of annual election to the Board.

### SUBSEQUENT EVENTS

There were no events subsequent to the examination date and prior to the completion of field work which were considered material events requiring disclosure in this Report of Examination.



**AFFIDAVIT**

This is to certify that the undersigned is a duly qualified Examiner-in-Charge appointed by the Indiana Department of Insurance and that they, in coordination with staff assistance from Noble Consulting Services, Inc., performed an examination of ASI Select Insurance Corp., as of December 31, 2022.

The Indiana Department of Insurance is accredited under the National Association of Insurance Commissioners Financial Regulation Accreditation Standards.

This examination was performed in accordance with those procedures required by the NAIC Financial Condition Examiners Handbook and other procedures tailored for this examination. Such procedures performed on this examination do not constitute an audit made in accordance with generally accepted auditing standards and no audit opinion is expressed on the financial statements contained in this report.

The attached Report of Examination is a true and complete report of the condition of the ASI Select Insurance Corp as of December 31, 2022, as determined by the undersigned.



Paul Ellis, CFE  
Noble Consulting Services, Inc.

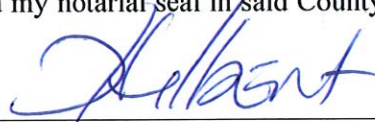
State of: Ohio  
County of: Mahoning

On this 6 day of JUNE, 2024, before me personally appeared, Paul Ellis, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires:

10-10-2025



Notary Public

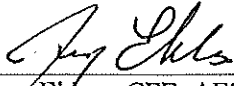


DENISE HILBERT  
Notary Public, State of Ohio  
My Commission Expires October 10, 2025





Under the Supervision of:



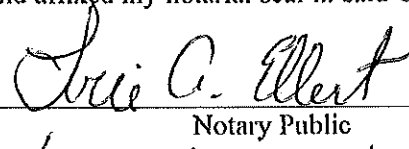
Jerry Ehlers, CFE, AES  
Examinations Manager  
Indiana Department of Insurance

State of: Indiana  
County of: Marion

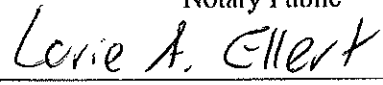
On this 10<sup>th</sup> day of June, 2024, before me personally appeared, Jerry Ehlers, to sign this document.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my notarial seal in said County and State, the day and year last above written.

My commission expires: July 11, 2025



Notary Public



Notary Public

Lorie A Ellert  
Notary Public  
**SEAL**  
Marion County, State of Indiana  
My Commission Expires July 11, 2025  
Commission #702622

