



MISSISSIPPI INSURANCE DEPARTMENT

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

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June 17, 2014

CERTIFIED MAIL RETURN RECEIPT REQUESTED

Ms. Marie Mustakas Forbes, President
U.S. Legal Services of Mississippi, Inc.
109 East Capitol Street, Suite 8001
Jackson, MS 39201

RE: Report of Examination as of December 31, 2012

Dear Ms. Forbes:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.


Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department will open the report for public inspection.

If you have any questions or comments, please feel free to contact me.

Sincerely,

MIKE CHANEY
COMMISSIONER OF INSURANCE

BY


Christina J. Kelsey
Senior Attorney

MC/CJK/bs
Encls. Order w/exhibit

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

**IN RE: REPORT OF EXAMINATION OF
 U.S. LEGAL SERVICES OF MISSISSIPPI**

CAUSE NO. 14-6761

ORDER

THIS CAUSE came on for consideration before the Commissioner of Insurance of the State of Mississippi ("Commissioner"), or his designated appointee, in the Offices of the Commissioner, 1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011). The Commissioner, having fully considered and reviewed the Report of Examination together with any submissions or rebuttals and any relevant portions of the examiner's work papers, makes the following findings of fact and conclusions of law, to-wit:

JURISDICTION

I.

That the Commissioner has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011).

II.

That U.S. Legal Services of Mississippi, Inc. is a Mississippi-domiciled company licensed to write Legal coverage.

FINDINGS OF FACT

III.

That the Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2011), called for an examination of U.S. Legal Services of Mississippi, Inc. and appointed Joseph May, Examiner-In-Charge, to conduct said examination.

IV.

That on or about June 4, 2014, the draft Report of Examination concerning U.S. Legal Services of Mississippi, Inc. for the period of January 1, 2008 through December 31, 2012, was submitted to the Department by the Examiner-In-Charge, Joseph May.

V.

That on or about June 5, 2014, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2011), the Department forwarded to the Company a copy of the draft report and allowed the Company a 15-day period to submit any rebuttal to the draft report. Revisions were made after the email received on June 16, 2014.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2011), must consider and review the report along with any submissions or rebuttals and all relevant portions of examiner work papers and enter an Order: (1) adopting the Report of Examination as final or with modifications or corrections; (2) rejecting the Report of Examination with directions to reopen; or (3) calling for an investigatory hearing.

IT IS, THEREFORE, ORDERED, after reviewing the Report of Examination, the Company's rebuttal, and all relevant examiner work papers, that the Report of Examination of U.S. Legal Services of Mississippi, Inc., attached hereto as Exhibit "A", should be and same is hereby adopted as final.

IT IS FURTHER ORDERED that a copy of the adopted Report of Examination, accompanied with this Order, shall be served upon the Company by certified mail, postage pre-paid, return receipt requested.

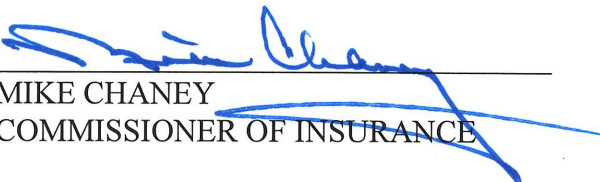
IT IS FURTHER ORDERED that the Mississippi Department of Insurance shall continue to hold the content of this report as private and confidential for a period of ten (10) days from the date of this Order, pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2011), that within thirty (30) days of the issuance of the adopted report, U.S. Legal Services of Mississippi, Inc. 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 U.S. Legal Services of Mississippi, Inc. 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 17th day of June 2014.





MIKE CHANEY
COMMISSIONER OF INSURANCE

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 17th day of June 2014, to:

**Ms. Marie Mustakas Forbes, President
U.S. Legal Services of Mississippi, Inc.
109 East Capitol Street, Suite 8001
Jackson, MS 39201**


Christina J. Kelsey
Senior Attorney

Christina J. Kelsey
Senior Attorney
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
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Mississippi Insurance Department

Report of Examination

of

U.S. LEGAL SERVICES OF MISSISSIPPI, INC.

**190 E. Capitol Street, Suite 8001
Jackson, MS 39201**

As of December 31, 2012

NAIC Company Code 14670

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


State of Florida,

County of Leon,

Joseph R. May, being duly sworn, states as follows:

1. I have authority to represent the Mississippi Insurance Department in the examination of U.S. Legal Services of Mississippi, Inc. as of December 31, 2012.
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 U.S. Legal Services of Mississippi, Inc. 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.



Joseph R. May, CPA, CMA, CFE, FAHM
Examiner-in-charge

Subscribed and sworn before me by Joseph R. May on this 6th day of June, 2014

(SEAL)




Notary Public

My commission expires October 10, 2016 [date].



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of
Insurance

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April 1, 2014

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, 2012, of the affairs and financial condition of:

U.S. LEGAL SERVICES OF MISSISSIPPI, INC.

190 E. Capitol Street, Suite 8001
Jackson, MS 39201

License #	NAIC #	FEETS#
0800022	14670	14670-MS-2012-2

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 *et seq.* and was performed in Jacksonville, FL, at the Administrative Office and Claims Center for U.S. Legal Services of Mississippi, Inc. along with Carr, Riggs and Ingram's offices in Ridgeland, MS and Tallahassee, FL. The report of examination is herewith submitted.

SCOPE OF EXAMINATION

We have performed our commencement financial examination of U.S. Legal Services of Mississippi, Inc. (“Company”) at the direction of the Mississippi Insurance Department (“MID”). For purposes of this examination report, the examination date is defined as December 31, 2012. The examination period is defined as January 1, 2008 through December 31, 2012, including material transactions and/or events occurring subsequent to the examination date through April 1, 2014.

Due to the fact that the Company did not have any insurance activity during the time period covered by this examination and given the overall limited activity of the Company, the examination procedures were tailored for the risk areas of the Company. The examination did evaluate the financial condition of the Company, identify and assess the inherent risks within the Company and considered the controls and procedures to mitigate those risks. The examination also included assessing the principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation, management’s compliance with Statutory Accounting Principles and annual statement instructions.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

This is the Company’s first financial examination. The Company has not been subject to an examination of its market conduct activities.

HISTORY OF THE COMPANY

On February 11, 2002, the Company was incorporated under the laws of the State of Mississippi and has been dormant since inception, with its principal office located in Jacksonville, FL. The Company has written no prepaid legal business since inception.

The original Articles of Incorporation authorized 1,000 shares of \$1 par value capital stock. The Articles of Incorporation were amended February 12, 2014, to increase authorized shares to 5,000 shares. All shares are held by Marie M. Forbes.

CORPORATE RECORDS

The Articles of Incorporation, Bylaws and amendments thereto were reviewed and duly applied in other sections of this report where appropriate. Minutes of the meetings of the stockholders and Board of Directors (“Board”), as recorded during the period covered by this examination, were reviewed and appeared to be complete and in order with regard to actions brought up at the meetings for deliberation and appropriate action, which included the approval and support of the

Company's transactions and events. It was noted that the annual meetings and other regular Board meetings were held in accordance with the Company's Bylaws.

MANAGEMENT AND CONTROL

Capital Stock

As of December 31, 2012, the Company had issued and outstanding 1,000 shares of common capital stock with a par value of \$1 per share. Marie M. Forbes owned 100% of the outstanding shares. Miss. Code Ann. §83-49-23(a) requires insurers to maintain a minimum balance of at least \$5,000.00 in its capital accounts as shown in its annual report to the commissioner. On February 12, 2014, the articles of incorporation were amended to authorize 5,000 shares of common stock with a par value of \$1 per share in compliance with Miss. Code Ann. §83-49-23(a).

Board of Directors

The Articles of Incorporation and Bylaws vest the management and control of the Company's business affairs with the Board. The members of the Board also serve as officers of the Company. The members of the duly elected Board, year elected/appointed, and position at December 31, 2012, were as follows:

Name and Residence	Year Elected/Appointed	Position
Marie Mustakas Forbes Jacksonville, FL	10	President & Secretary
Julia Anne-Marie Hulsey Jacksonville, FL	10	Treasurer

Committees

During the time period covered by this examination, the Company did not have appointed committees.

Officers

The officers of the Company at December 31, 2012, were as follows:

Name	Number of Years with Company	Title
Marie Mustakas Forbes	10	President and Secretary
Renee Bateh	10	Chief Financial Officer
Arlene Disparti	10	Director of Operations
Julia Anne-Marie Hulsey	10	Treasurer

Conflict of Interest

The Company had in place an established conflict of interest policy and procedures for the disclosure of any material interest or affiliation by any Director, officer or key employee, which is likely to conflict with their official duties. However, the Company did not have signed statements for officers and Directors acknowledging compliance as of December 31, 2012. During January 2014, signed conflict of interest statements were obtained from all Directors and officers of the Company.

Corporate Governance

The minutes of the meeting of the Stockholder and Board taken during the period covered by the examination, were reviewed and appeared to be complete and in order with regard to recording action on matters brought up at these meetings for deliberation, included the approval and support of the Company's transactions and events. As referenced above, the Company has written no prepaid legal business since inception.

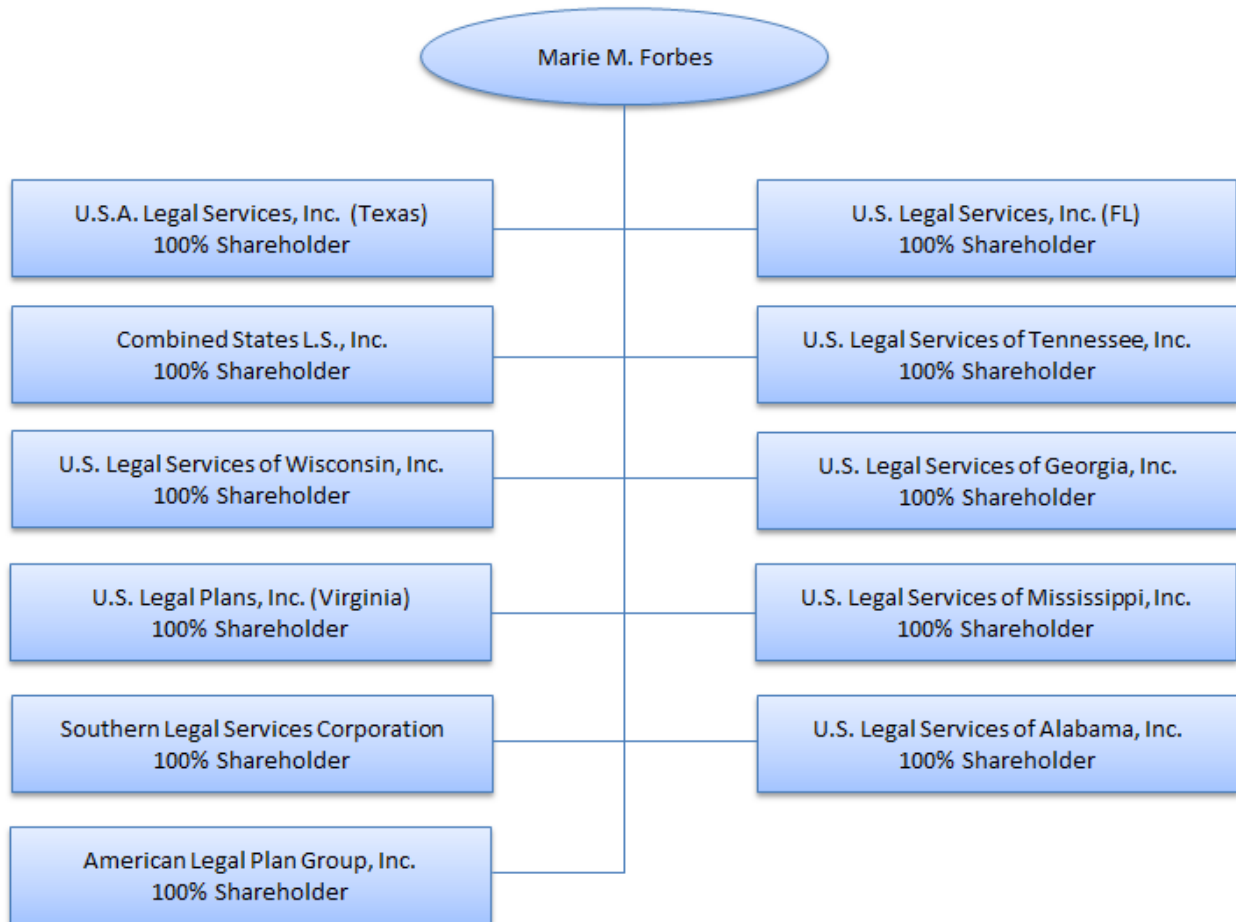
Management reviews various data in an effort to identify trends and ensure accurate disclosure in the financial statement. The President meets with the executive staff periodically to facilitate the dissemination of information on key issues impacting the organization.

HOLDING COMPANY STRUCTURE

During the period of examination, the Company was not reported as a member of an insurance company holding system as defined by Miss. Code Ann. §83-6-1. It is recommended that the Company file the required holding company registration statements.

At the examination date, the Company failed to complete Schedule Y per Miss Code Ann. 83-49-25(d). As of December 31, 2013, the Company completed Schedule Y within the annual statement and was in compliance with Miss Code Ann. 83-49-25(d).

A chart identifying related parties and the nature of the relationship is presented below.



AFFILIATED AND RELATED PARTY TRANSACTIONS

During the examination period, the Company engaged in certain transaction with affiliated entities. However, no written agreements were in place which governed these transactions as required by Statement of Statutory Principles (“SSAP”) 25. In order to comply with SSAP No. 25, the Company should execute a written agreement which identified the transaction and includes specific settlement requirements for all affiliated transactions.

FIDELITY BOND AND OTHER INSURANCE

The Company did not maintain fidelity coverage during the examination period. It is recommended that the Company obtain fidelity coverage that meets the NAIC suggested amount of \$15,000.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

The Company does not have direct employees and, accordingly, there are no pension, stock ownership or insurance plans maintained by the Company.

TERRITORY AND PLAN OF OPERATION

The Company did not conduct any insurance activity during the period under examination. The Company is licensed to write prepaid legal services in Mississippi only. The Company is encouraging agents to market these services in Mississippi but, to date, no business has been issued.

GROWTH OF COMPANY

Following is selected financial information as reported by the Company within the filed annual statements.

	2012	2011	2010	2009	2008
Total admitted assets	\$ 38,736	\$ 38,764	\$ 38,751	\$ 38,397	\$ 37,471
Total liabilities	\$ 29,044	\$ 29,018	\$ 26,620	\$ 18,610	\$ 2,229
Total capital and surplus	\$ 9,692	\$ 9,746	\$ 12,131	\$ 19,787	\$ 35,242
Net cash from operations	\$ (28)	\$ (2,413)	\$ (7,190)	\$ (14,901)	\$ 264
Total adjusted capital	\$ -	\$ -	\$ -	\$ -	\$ -
Authorized control level risk-based capital	\$ -	\$ -	\$ -	\$ -	\$ -
Direct premiums written	\$ -	\$ -	\$ -	\$ -	\$ -
Assumed premiums written	\$ -	\$ -	\$ -	\$ -	\$ -
Ceded premiums written	\$ -	\$ -	\$ -	\$ -	\$ -
Net premiums written	\$ -	\$ -	\$ -	\$ -	\$ -
Net underwriting gain (loss)	\$ -	\$ (2,578)	\$ (7,725)	\$ (16,006)	\$ (1,187)
Investment income	\$ (54)	\$ 193	\$ 535	\$ 1,105	\$ 1,451
Other income	\$ -	\$ -	\$ -	\$ -	\$ -
Net income	\$ (54)	\$ (2,385)	\$ (7,190)	\$ (14,901)	\$ 264
Investment yield	-0.1%	0.5%	1.4%	2.9%	7.7%

REINSURANCE

Reinsurance was not utilized by the Company during the examination period.

ACCOUNTS AND RECORDS

The Company's trial balance for the year ended December 31, 2012 was compared and agreed to the respective financial statements and schedules in the Annual Statement without exception. The Company's accounts and records are maintained using electronic data processing with the exception of certain items entered manually into the general ledger. The Company maintains adequate supporting work papers which were reviewed during the examination. The Company does not have an annual independent audit.

STATUTORY DEPOSITS

The Company's statutory deposits with the State of Mississippi complied with Miss. Code Ann. § 83-49-23 (b). The following chart displays the Company's deposits at December 31, 2012.

Description	State	Carrying Value	Fair Value
Certificate of deposit	MS	\$ 26,069	\$ 26,069
Total for all states		\$ 26,069	\$ 26,069

**U.S. LEGAL SERVICES OF MISSISSIPPI, INC.
FINANCIAL STATEMENTS
EXAMINATION AS OF DECEMBER 31, 2012**

Introduction

The following financial statements consist of a Statement of Assets, Liabilities, Capital and Surplus – Statutory at December 31, 2012, a Statement of Income – Statutory for year ended December 31, 2012, and a Reconciliation of Capital and Surplus – Statutory for the examination period ended December 31, 2012.

U.S. Legal Services of Mississippi, Inc.
Statement of Assets, Liabilities, Capital and Surplus - Statutory

December 31, 2012

Admitted assets

Cash and short-term investments	\$ 38,734
<hr/>	
Subtotals, cash and invested assets	38,734

Investment income due and accrued	2
<hr/>	

Total admitted assets	\$ 38,736
<hr/> <hr/>	

Liabilities, Surplus and Other Funds

Payable to parent, subsidiaries, or affiliates	\$ 29,044
<hr/>	
Total liabilities	29,044

Common capital stock	5,000
Gross paid in and contributed surplus	39,600
Unassigned funds (surplus)	(34,908)
<hr/>	
Surplus as regards policyholders	9,692
<hr/>	
Total liabilities, surplus and other funds	\$ 38,736
<hr/> <hr/>	

U.S. Legal Services of Mississippi, Inc.
Statement of Income – Statutory

For the Year Ended December 31, 2012

Underwriting income

Premiums earned \$ -

DEDUCTIONS

Loss incurred -

Total underwriting deductions -

Net underwriting loss -

Investment income

Net investment income earned (54)

Net investment loss (54)

Net income **\$ 54**

U.S. Legal Services of Mississippi, Inc.
Reconciliation of Capital and Surplus – Statutory

<i>For the Examination Period Ended December 31,</i>	2008	2009	2010	2011	2012
Surplus as regards policyholders, December 31 prior year	\$ 38,801	\$ 35,242	\$ 19,785	\$ 12,131	\$ 9,746
Net income	264	(14,901)	(7,190)	(2,385)	(54)
Dividends to stockholders	(3,823)	(556)	(464)	-	-
Change in surplus as regards policyholders for the year	(3,559)	(15,457)	(7,654)	(2,385)	(54)
Surplus as regards policyholders, December 31 current year	\$ 35,242	\$ 19,785	\$ 12,131	\$ 9,746	\$ 9,692

U.S. Legal Services of Mississippi, Inc.
Reconciliation of Examination Adjustments
to Surplus – Statutory

There were no changes made to the assets, liabilities, or surplus balances reported by the Company for the year ended December 31, 2012. The surplus as regards to policyholders, which totaled \$9,692 as of the examination date, was determined to be reasonably stated. However, a minimum surplus of \$10,000 is required per Miss. Code Ann. §83-49-23(c). On September 23, 2013 the owner made a contribution of \$10,000 which complied with the aforementioned code.

COMMENTS ON FINANCIAL STATEMENTS

There were no comments on financial statements deemed necessary for purposes of this examination report.

MARKET CONDUCT ACTIVITIES

No examination of the Company's market conduct has been performed as the Company was dormant.

COMMITMENTS AND CONTINGENT LIABILITIES

The Company's management confirmed that there was no pending material non-policy related litigation or unreported commitments or contingent liabilities incurred through the examination date.

SUBSEQUENT EVENTS

The examination team assessed material transactions and/or events occurring subsequent to the examination date through December 31, 2013. The following items were deemed noteworthy:

1. On February 12, 2014, the articles of incorporation were amended to authorize 5,000 shares of common stock with a par value of \$1 per share in compliance with Miss. Code Ann. §83-49-23(a).
2. As of December 31, 2012, the Company was surplus and net worth impaired and a Notice of Impairment was issued on September 19, 2013 related to its hazardous financial condition. On September 23, 2013 the owner made a contribution of \$10,000 which remedied its hazardous financial condition and minimum surplus requirement per Miss. Code Ann. §83-49-23(c).
3. As of December 31, 2013, the Company completed Schedule Y within the annual statement and was in compliance with Miss Code Ann. 83-49-25(d).
4. During January 2014, signed conflict of interest statements were obtained from all Directors and officers of the Company.

COMMENTS AND RECOMMENDATIONS

Comments and/or recommendations deemed necessary for purposes of this examination report are as follows:

1. It is recommended that the Company comply with Miss. Code Ann. §83-49-23(a) and (c) in regards to the minimum capital and surplus requirements. **Subsequent Events:** On September 23, 2013 the owner made a contribution of \$10,000 which complied with the minimum surplus requirement per Miss. Code Ann. §83-49-23(c). On February 12, 2014, the articles of incorporation were amended to authorize 5,000 shares of common stock with a par value of \$1 per share in compliance with Miss. Code Ann. §83-49-23(a).
2. It is recommended that the Company's officers and Directors prepare and sign conflict of interest statements on a yearly basis. **Subsequent Events:** During January 2014, signed conflict of interest statements were obtained from all Directors and officers of the Company.
3. It is recommended that the Company obtain fidelity coverage that meets the recommendation of the NAIC.
4. It is recommended that Schedule Y be completed for all quarterly and annual filings per Miss Code Ann. 83-49-25(d). **Subsequent Events:** As of December 31, 2013, the Company completed Schedule Y within the annual statement.
5. In order to be in compliance with Miss. Code Ann. §83-6-1, it is recommended that the Company file the required holding company registration statements.
6. In order to comply with SSAP No 25, it is recommended that the Company execute a written agreement which identifies the transactions and includes specific settlement requirements for all affiliated transactions.


ACKNOWLEDGMENT

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

Examiner-in-charge:	Joseph R. May, CPA, CMA, CFE, FAHM
Supervising Examiner:	R. Dale Miller, CPA, CFE, CFF
Examiner:	Michael Whitney, CPA
Examiner:	Thomas Montalbano, CPA

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

Respectfully submitted,



Joseph R. May, CPA, CMA, CFE, FAHM
Examiner-in-charge