



MISSISSIPPI INSURANCE DEPARTMENT

501 N. WEST STREET, SUITE 1001
WOOLFOLK BUILDING
JACKSON, MISSISSIPPI 39201
www.mid.ms.gov

June 28, 2019

MAILING ADDRESS
Post Office Box 79
Jackson, Mississippi 39205-0079
TELEPHONE: (601) 359-3569
FAX: (601) 359-2474

MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of Insurance

RICKY DAVIS
State Chief Deputy Fire Marshal

CERTIFIED MAIL RETURN RECEIPT REQUESTED

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

RE: Report of Examination as of December 31, 2017

Dear Ms. Forbes:

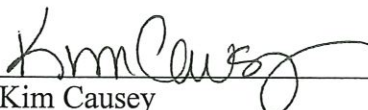
In accordance with Miss. Code Ann. §§ 83-5-201 et seq. and 83-41-337(1) (Rev. 2011), an examination of your Company has been completed. Enclosed herewith is the Order adopting the report and a copy of the final report as adopted.

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 of Insurance 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 
Kim Causey
Special Assistant Attorney General

MC/KC/bs
Encls. Order w/exhibit

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

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

CAUSE NO. 19-7442

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. and 83-41-337(1) (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. and 83-41-337(1) (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. and 83-41-337(1) (Rev. 2011), called for an examination of U.S. Legal Services of Mississippi, Inc. and appointed R. Dale Miller, Examiner-In-Charge, to conduct said examination.

IV.

That on or about June 7, 2019, the draft Report of Examination concerning U.S. Legal Services of Mississippi, Inc. for the period of January 1, 2013 through December 31, 2017, was submitted to the Mississippi Department of Insurance by Examiner-In-Charge, R. Dale Miller.

V.

That on or about June 7, 2019, 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 said draft. On or about June 14, 2019, the Company responded by email.

CONCLUSIONS OF LAW

VII.

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 draft Report of Examination and all relevant examiner work papers, that the draft 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 information 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 28th day of June 2019.




J. Mark Haire
J. MARK HAIRE
DEPUTY 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 28th day of June 2019, to:

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



Kim Causey
Special Assistant Attorney General

Kim Causey
Special Assistant Attorney General
Counsel for the Mississippi Department of Insurance
Post Office Box 79
Jackson, MS 39205-0079
(601) 359-3577
Miss. Bar No. 10816



Mississippi Insurance Department

Report of Examination

of

U.S. Legal Services of Mississippi, Inc.

as of

December 31, 2017

TABLE OF CONTENTS

Examiner Affidavit	1
Salutation	2
Scope of Examination	3
Comments and Recommendations of Previous Examination	4
History of the Company	4
Corporate Records	4
Management and Control	4
Capital Stock	4
Board of Directors	5
Committees	5
Officers	5
Conflict of Interest	5
Holding Company Structure	6
Organizational Chart	6
Affiliated and Related Party Transactions	6
Fidelity Bond and Other Insurance	6
Pensions, Stock Ownership and Insurance Plans	7
Territory and Plan of Operation	7
Growth of Company	7
Reinsurance	7
Accounts and Records	8
Statutory Deposits	8
Financial Statements	9
Introduction	9
Statement of Admitted Assets, Liabilities, Capital and Surplus - Statutory	10
Summary of Operations - Statutory	11

Reconciliation of Capital and Surplus - Statutory	12
Reconciliation of Examination Adjustments to Surplus	13
Market Conduct Activities	14
Commitments and Contingent Liabilities	14
Subsequent Events	14
Comments and Recommendations.....	14
Acknowledgment	15

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

State of Mississippi,

County of Madison,

R. Dale Miller, 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, 2017.
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.

R. Dale Miller
R. Dale Miller, CPA, CFE, CFF
Examiner-in-Charge

Subscribed and sworn before me by R. Dale Miller on this 19th day of June, 2019.



April D. McDonald
Notary Public

My commission expires October 10, 2020 [date].



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of
Insurance

MISSISSIPPI INSURANCE DEPARTMENT

501 N. WEST STREET, SUITE 1001
WOOLFOLK BUILDING
JACKSON, MISSISSIPPI 39201
www.mid.ms.gov

MAILING ADDRESS
Post Office Box 79
Jackson, MS 39205-0079
TELEPHONE: (601) 359-3569
FAX: (601) 576-2568

June 7, 2019

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, 2017, 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 Group #	NAIC #	FEETS #	MATS#
0800022	0000	14670	14670-MS-2017-11	N/A

This examination was commenced in accordance with Miss. Code Ann. §83-5-201 et seq. & Miss. Code Ann. §83-49-27(2) 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. The report of examination is herewith submitted.

SCOPE OF EXAMINATION

We have performed a financial examination of U.S. Legal Services of Mississippi, Inc. (“Company”). This examination covers the period January 1, 2013 through December 31, 2017.

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.

This examination report includes significant findings of fact, as mentioned in the Miss. Code Ann. §83-5-201 & Miss. Code Ann. §83-49-27(4) and general information about the insurer and its financial condition. There may be other items identified during the examination that, due to their nature (e.g., subjective conclusions, proprietary information, etc.), are not included within the examination report but separately communicated to other regulators and/or the Company.

COMMENTS AND RECOMMENDATIONS OF PREVIOUS EXAMINATION

All previous examination findings appeared to have been appropriately addressed during the period since the last examination, excluding the recommendation regarding Fidelity Bond coverage.

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 from its inception to the period under examination.

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 in compliance with Miss. Code Ann. §83-49-23(a). This code requires insurers to maintain a minimum balance of at least \$5,000 in its capital accounts as shown in its annual report to the commissioner. 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, as well as the review of the audit and examination report.

MANAGEMENT AND CONTROL

Capital Stock

At December 31, 2017, the Company had 5,000 shares of common capital stock with a par value of \$1 per share issued and outstanding in accordance with Miss. Code Ann. §83-49-23(a). Marie M. Forbes owned 100% of the outstanding shares.

During the examination period, the Company did not pay dividends.

Board of Directors

The Articles of Incorporation and Bylaws vest the management and control of the Company's business affairs with the Board. The Company's Board was not in compliance with the Bylaws regarding the number of directors. Per Article III of the Company's Bylaws, the Board shall be composed of not less than three (3) nor more than fifteen (15) persons. It is recommended the Company comply with its Bylaws regarding the number of directors on the Board of Directors.

The members of the Board also serve as officers of the Company. The members of the duly elected Board, along with their place of residence, year elected/appointed and principal occupation, at December 31, 2017, were as follows:

Name and Residence	Year Elected/Appointed	Principal Occupation
Marie Mustakas Forbes Jacksonville, FL	Since inception	President & Secretary
Julia Anne-Marie Hulsey Jacksonville, FL	Since inception	Treasurer

Committees

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

Officers

The officers of the Company as of December 31, 2017 were:

Name of Officer	Number of Years with Company	Title
Marie Mustakas Forbes	15	President & Secretary
Julia Anne-Marie Hulsey	15	Treasurer

Conflict of Interest

During the period under examination, the Company maintained a formal conflict of interest policy whereby disclosures were made to the Board of any material interest or affiliation on the part of any officer or director that was, or would likely be, a conflict with their official duties. Since

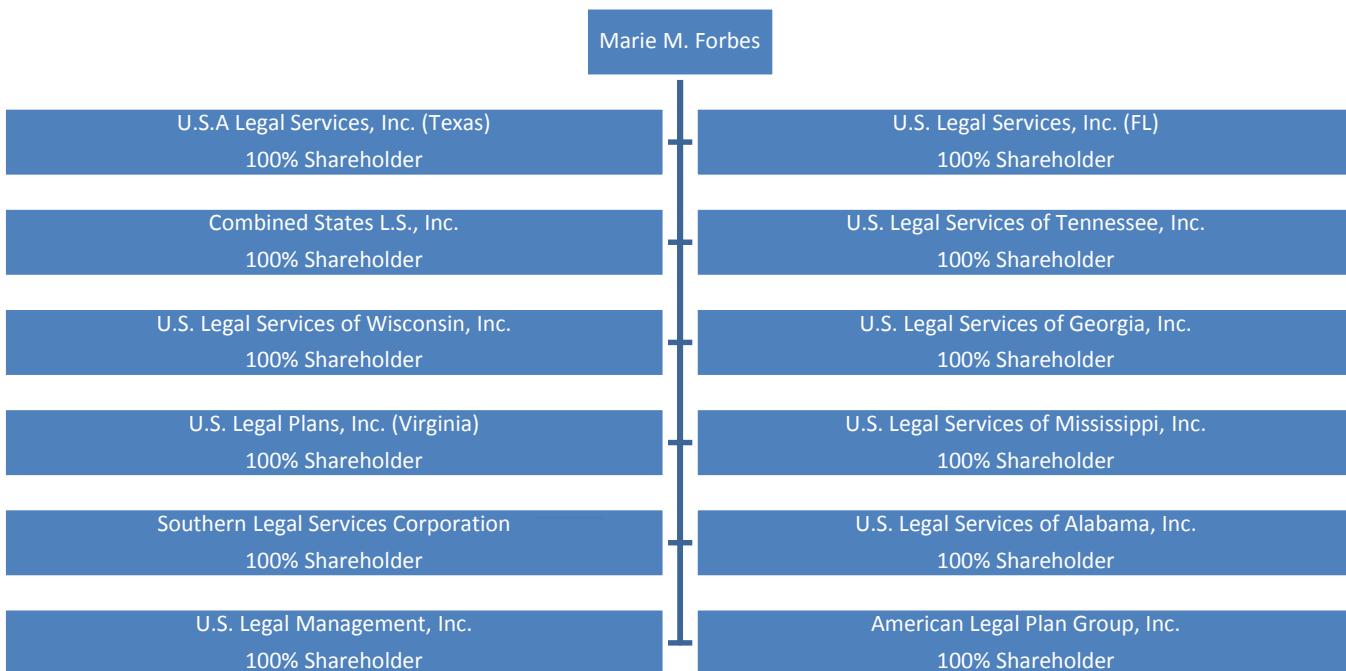
January 2014, signed conflict of interest statements were obtained from all directors and officers of the Company.

HOLDING COMPANY STRUCTURE

During the period under examination, the Company was a member of an insurance holding company system as defined by Miss. Code Ann. §83-6-1, and filed holding company registration statements with the MID in accordance with Miss. Code Ann. §83-6-5 and §83-6-9.

Organizational Chart

The following chart depicts the Company’s ownership as of December 31, 2017:



Affiliated and Related Party Transactions

The Company entered into an affiliated service agreement with U.S. Legal Management Inc., effective January 1, 2015 for certain operations and administration services, including claims, premium, attorney, IT, regulatory, marketing and various other services. During 2017, the Company paid \$6,000 under the terms of the agreement.

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.

GROWTH OF COMPANY

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Total admitted assets	\$ 51,770	\$ 42,080	\$ 50,931	\$ 61,267	\$ 48,661
Total liabilities	\$ 914	\$ 500	\$ 1,000	\$ -	\$ 31,445
Total capital and surplus	\$ 50,856	\$ 41,580	\$ 49,931	\$ 61,267	\$ 17,216
Net cash from operations	\$ (10,310)	\$ (8,351)	\$ (11,333)	\$ (5,951)	\$ (2,474)
Premium income	\$ -	\$ -	\$ -	\$ -	\$ -
Net underwriting loss	\$ (10,824)	\$ (8,408)	\$ (11,394)	\$ (6,019)	\$ (2,537)
Net investment income	\$ 100	\$ 57	\$ 58	\$ 70	\$ 63
Net loss	\$ (10,724)	\$ (8,351)	\$ (11,336)	\$ (5,949)	\$ (2,476)
Net loss/capital and surplus	-21.1%	-20.1%	-22.7%	-9.7%	-14.4%

REINSURANCE

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

ACCOUNTS AND RECORDS

The Company utilized a computerized accounting system on which general ledger information was maintained. Detailed general ledger information was traced to the trial balance and the December 31, 2017 annual statement, without material exception.

The Company does not have an annual independent audit and was not subject to the annual audit requirement during the period under examination.

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, 2017.

<u>Description</u>	<u>State Deposited</u>	<u>Carrying Value</u>	<u>Fair Value</u>
Certificate of Deposit	Mississippi	\$ 25,000	\$ 25,000

U.S. LEGAL SERVICES OF MISSISSIPPI, INC.
FINANCIAL STATEMENTS
EXAMINATION AS OF DECEMBER 31, 2017

Introduction

The following financial statements reflect the same amounts reported by the Company and consist of a Statement of Admitted Assets, Liabilities, Capital and Surplus - Statutory at December 31, 2017, a Summary of Operations- Statutory for year ended December 31, 2017, and a Reconciliation of Capital and Surplus - Statutory for examination period ended December 31, 2017.

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

<i>December 31</i>	2017
Admitted Assets	
Cash and short term investments	\$ 51,770
Subtotals, cash and invested assets	
Total admitted assets	\$ 51,770
Liabilities, Capital and Surplus	
Other expenses (excluding taxes, licenses, and fees)	\$ 414
Payable to parent, subsidiaries and affiliates	500
Total liabilities	914
Common capital stock	5,000
Gross paid in and contributed surplus	119,600
Unassigned funds	(73,744)
Total capital and surplus	50,856
Total liabilities, capital and surplus	\$ 51,770

U.S. Legal Services of Mississippi, Inc.
Summary of Operations - Statutory

<i>For the Year Ended December 31,</i>	2017
<hr/>	
Underwriting Income	
Premiums earned	\$ -
Deductions	
Other underwriting expenses incurred	(10,824)
<hr/>	
Net underwriting loss	(10,824)
Investment Income	
Net investment income earned	100
<hr/>	
Net investment gain	100
<hr/>	
Net loss	\$ (10,724)
<hr/>	

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

<i>For the examination period ended December 31,</i>	2017	2016	2015	2014	2013
Surplus as regards policyholders,					
beginning of the year	\$ 41,580	\$ 49,931	\$ 61,267	\$ 17,216	\$ 9,692
Net loss	(10,724)	(8,351)	(11,336)	(5,949)	(2,476)
Surplus adjustments:					
Paid in	20,000	-	-	50,000	10,000
Change in surplus as regards policyholders	9,276	(8,351)	(11,336)	44,051	7,524
Surplus as regards policyholders,					
end of the year	\$ 50,856	\$ 41,580	\$ 49,931	\$ 61,267	\$ 17,216

**Reconciliation of Examination Adjustments to Surplus
For the Examination Period Ended December 31, 2017**

There were no changes made to the assets, liabilities or surplus balances reported by the Company for the year ended December 31, 2017. The total capital and surplus, which totaled \$50,856 as of the examination date, was determined to be reasonably stated and in compliance with Miss. Code Ann. §83-49-23(c), which required the Company to maintain surplus no less than the minimum required surplus amount of \$10,000.

MARKET CONDUCT ACTIVITIES

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

COMMITMENTS AND CONTINGENT LIABILITIES

During and subsequent to the examination period, the Company was not involved in litigation or unreported commitments or contingent liabilities incurred through the examination date.

SUBSEQUENT EVENTS

Subsequent to the period under examination, the Company wrote a minimal amount of business. As of December 31, 2018, the Company reported \$745 of premiums earned. In March 2019, the Company elected an additional director, Jean Heidemarie Odom, to the Board. As a result, the number of directors on the Company's Board was in compliance with the Company's Bylaws. Additionally, the Company is in the process of obtaining a \$15,000 fidelity bond.

COMMENTS AND RECOMMENDATIONS

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

1. It is recommended that Company obtain fidelity coverage that meets the recommendation of the NAIC (page 6). **Subsequent Events:** The Company is in the process of obtaining a \$15,000 fidelity bond.
2. It is recommended the Company comply with its Bylaws regarding the number of directors on the Board of Directors. Article III of the Company's Bylaws states that the Board of Directors shall be composed of not less than three (3) nor more than fifteen (15) persons (page 5). **Subsequent Events:** On March 27, 2019, the Board elected an additional director; therefore the number of directors was in compliance with the Company's Bylaws.

ACKNOWLEDGMENT

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

Examiner-in-Charge:	R. Dale Miller, CPA, CFE, CFF
Supervising Examiner:	Joseph R. May, CPA, CMA, CFE, CIE, FAHM
Lead IT Specialist:	Francois Houde, CPA, CA, CFE, CISA, AES
Examiner:	Sharon Stuber, CPA

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

Respectfully submitted,



R. Dale Miller, CPA, CFE, CFF
Examiner-in-Charge



Mark Cooley, CFE
MS Insurance Department Designee