



## MISSISSIPPI INSURANCE DEPARTMENT

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WOOLFOLK BUILDING  
JACKSON, MISSISSIPPI 39201  
www.mid.ms.gov

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TELEPHONE: (601) 359-3569  
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**MIKE CHANEY**  
Commissioner of Insurance  
State Fire Marshal

**MARK HAIRE**  
Deputy Commissioner of Insurance

**RICKY DAVIS**  
State Chief Deputy Fire Marshal

June 22, 2022

### **CERTIFIED MAIL RETURN RECEIPT REQUESTED**

Mr. Robert Middleton Jones, President  
Medical Assurance Company of Mississippi  
404 West Parkway Place  
Ridgeland, MS 39157

**RE: Report of Examination as of December 31, 2020**

Dear Mr. Jones:

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.

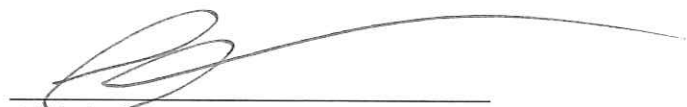
Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2011), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department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

MC/CJK/bs  
Encls. Order w/exhibit

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

**IN RE: REPORT OF EXAMINATION OF MEDICAL  
ASSURANCE COMPANY OF MISSISSIPPI**

**CAUSE NO. 22-7700**

**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 Medical Assurance Company of Mississippi is a "Non-profit Medical Liability Insurance Corporation" as per Miss. Code Ann. § 83-47-1 et seq. (Rev. 2011).

## **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 Medical Assurance Company of Mississippi and appointed Kimberly Strong, Examiner-In-Charge, to conduct said examination.

### **IV.**

That on or about May 19, 2022, the draft Report of Examination concerning Medical Assurance Company of Mississippi for the period of January 1, 2016 through December 31, 2020, was submitted to the Department by the Examiner-In-Charge, Kimberly Strong.

### **V.**

That on or about May 27, 2022, 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. The Company responded in a letter dated May 31, 2022.

## **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 Medical Assurance Insurance Company of Mississippi, 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, Medical Assurance Company of Mississippi 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.

**SO ORDERED**, this the 22<sup>nd</sup> day of June 2022.

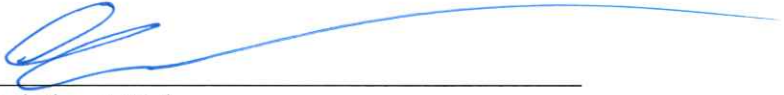


*Mark Haire*  
\_\_\_\_\_  
MARK HAIRE  
DEPUTY COMMISSIONER OF INSURANCE  
STATE OF MISSISSIPPI

**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 22<sup>nd</sup> day of June 2022, to:

**Mr. Robert Middleton Jones, President  
Medical Assurance Company of Mississippi  
404 West Parkway Place  
Ridgeland, MS 39157**

  
\_\_\_\_\_  
Christina J. Kelsey  
General Counsel

Christina J. Kelsey  
General Counsel  
Counsel for the Mississippi Department of Insurance  
Post Office Box 79  
Jackson, MS 39205-0079  
(601) 359-3577  
Miss. Bar No. 9853



**MISSISSIPPI INSURANCE DEPARTMENT**

**Report of Examination**

**of**

**MEDICAL ASSURANCE COMPANY OF  
MISSISSIPPI**

**as of**

**December 31, 2020**

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

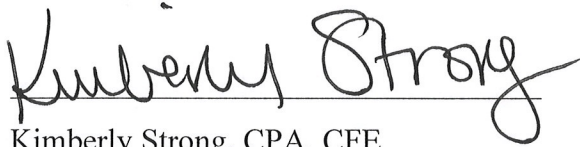
State of Mississippi,

County of Madison,

Kimberly Strong, being duly sworn, states as follows:

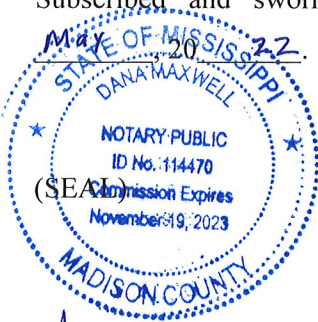
1. I have authority to represent the Mississippi Insurance Department in the examination of Medical Assurance Company of Mississippi as of December 31, 2020.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation Program.
3. I have reviewed the examination work papers and examination report, and the examination of Medical Assurance Company of Mississippi 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.



Kimberly Strong, CPA, CFE  
Examiner-in-Charge

Subscribed and sworn before me by Kimberly Strong on this 31 day of



  
Notary Public

My commission expires 11/19/2023 [date].



**MIKE CHANEY**  
Commissioner of Insurance  
State Fire Marshal

**MARK HAIRE**  
Deputy Commissioner of  
Insurance

**MISSISSIPPI INSURANCE DEPARTMENT**

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April 27, 2022

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, 2020, of the affairs and financial condition of:

**MEDICAL ASSURANCE COMPANY OF MISSISSIPPI  
(NAIC COMPANY CODE 10339)**

404 W. Parkway Place  
Ridgeland, MS 39157

NAIC #	FEETS #	MATS #
10339	10339-MS-2020-6	MS-MS099-34

This examination was commenced in accordance with Miss. Code Ann. § 83-5-201 *et seq.* and was performed in Ridgeland, Mississippi, at the statutory home office of the Company. The report of examination is herewith submitted.

## **SCOPE OF EXAMINATION**

We have performed our full scope financial examination of Medical Assurance Company of Mississippi ("Company" or "MACM"). The last exam was completed as of December 31, 2015. This examination covers the period January 1, 2016 through December 31, 2020.

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

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

This examination report includes significant findings of fact and general information about the 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**

There were no comments and/or recommendations made by the Mississippi Insurance Department ("MID") examination team in the previous examination report, which covered the period from January 1, 2011 through December 31, 2015.

## **HISTORY OF THE COMPANY**

The Company was initially formed by members of the Mississippi State Medical Association as a non-profit, non-share corporation under Miss. Code Ann. Title 79, Chapter 11. The Company was granted a Charter of Incorporation on March 17, 1976, as the Mississippi Medical Fraternal and Educational Society ("Society").

On October 13, 1977, the Board of Directors ("Board") approved and adopted a resolution to convert the Society from a not-for-profit corporation, to a not-for-profit medical liability insurance corporation under the provisions of Chapter 491, Laws of 1977, Regular Session, Mississippi Legislature. The Commissioner of Insurance approved the conversion on November 15, 1977.

## **HISTORY OF THE COMPANY (continued)**

On June 16, 1982, the Society amended their charter to legally change the name from Mississippi Medical Fraternal and Educational Society, to its current name of Medical Assurance Company of Mississippi. This was done to more closely identify with Miss. Code Ann., Title 83, Chapter 47, which is titled "Nonprofit Medical Liability Insurance Corporations" that governs the operation of the Company and does not require the Company to be licensed. On December 12, 1991, the Board voted to amend the Charter of Incorporation to include as its purpose, "to provide medical professional liability insurance and related services to its members and to partnerships, corporations or other entities owned by its members." The amendment also provided that the Company "may allocate earnings among its members for distribution upon the retirement, disability or death of the members, pursuant to such terms and conditions as may be established by the Directors of the Corporation; and the Corporation shall make the loss of membership, by death or otherwise, the termination of all interest of such members in the corporate assets, except for such allocation of earnings to which the members may be entitled as established by the Directors of the Corporation."

On December 14, 1994, the Board adopted an extensive amendment to its Charter of Incorporation. The amendment reflected the following changes that were not previously discussed under other amendments: (1) the type of organization is one of the kind and character described in Miss. Code Ann. §83-47-1, et seq., as amended, and (2) the purposes of the corporation are to constitute a nonprofit corporation for the benefit of its members who have applied for, or have been granted, a license to practice medicine in the State of Mississippi or any other state or jurisdiction.

There were no changes to the Charter of Incorporation or bylaws during the time period covered by this examination.

## **CORPORATE RECORDS**

The minutes of the meetings of the stockholders and Board, regarding the Company's business affairs as recorded 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 the meetings for deliberation, which included the approval and support of the Company's transactions and events, as well as the review of its audit and examination report.

## **MANAGEMENT AND CONTROL**

### **Members**

The members of the Company consist of physicians that are also policyholders. No person may be entitled to more than one vote upon any matter submitted to a vote at the meeting of the members.

Any person who has applied for, or has been granted, a license to practice medicine in the State of Mississippi or any other state of jurisdiction, may become a member of the Company, provided he/she has first applied for membership on the form prescribed by the Board and met other requirements as set forth by the Board.

### **Board of Directors**

The Articles of Incorporation and Bylaws vest the management and control of the Company's business affairs with the Board. Members of the Board are elected for a term of three (3) years and are required to be members of the Company. At December 31, 2020, the members of the duly elected Board along with the city of residence and principal specialty were:

<b>Name and Residence</b>	<b>Year Elected/Appointed</b>	<b>Principal Occupation</b>
Eric A. McVey, M.D. - Chairman	1991	Infectious Disease
Roger Lee Huey, M.D.	2014	Gastroenterology
Steven L. Demetropoulos, M.D.	2002	Emergency Medicine
James E. Hall, M.D. – Vice President	1992	Ophthalmologist
J. Clay Hays, Jr., M.D.	2013	Cardiology
Bryan N. Batson, M.D.	2014	Internal Medicine/Pediatrics
L. Jefferson Moses, M.D.	2016	Emergency Medicine
J. Joseph. Durfey, M.D.	2016	Anesthesiology
Lisa Gibson-McKee, M.D.	2017	Obstetrics and Gynecology

## MANAGEMENT AND CONTROL (continued)

### Committees

During the time period covered by this examination, the following committees were utilized by the Company to carry out certain specified duties: (1) Audit Committee, (2) Claims Committee, (3) Investment Committee, (4) Risk Management Committee, (5) Underwriting Review Committee, (6) Compensation Committee, (7) Nominating Committee, and (8) Membership Committee. The minutes of key committees were reviewed and appeared to be in order. The Board appeared to provide appropriate oversight to the aforementioned committees.

#### Audit Committee:

The Audit Committee's purpose was to review and approve the report of the independent auditors and actuaries, pre-approve non-audit services from the Company's auditors and actuaries, and recommend auditors and actuaries for the following years.

<b>Audit</b>
James E. Hall, M.D. - Chairman
Steven L. Demetropoulos, M.D.
John J. Durfey, M.D.
Lisa Gibson-McKee, M.D.

#### Claims Committee:

The Claims Committee was responsible for discussing claims and pending litigation with defending physicians and their legal counsels in order to make a recommendation as to the course of legal action for each claim.

<b>Claims</b>
James W. O'Mara, M.D. - Chairman
Todd N. Adkins, M.D.
Vinita Gulanikar, M.D.
Thomas H. Pearson, M.D.
Joseph P. Phillips, M.D.
Robert T. McAuley, M.D.

## MANAGEMENT AND CONTROL (continued)

### Committees (continued)

#### Investment Committee:

The Investment Committee, along with the investment managers and advisors for and on behalf of the Company, was authorized by Section D of the Investment Policies to buy and sell certain securities and to establish minimum and maximum amounts to be invested in various types of acceptable securities.

<b>Investment</b>
Michael D. Maples, M.D. - Chairman
W. Robert Battle, M.D.
Earl T. Stubblefield, M.D.
John D. Adams, M.D.
Houston Hardin, M.D.
John J. Durfey, M.D.

#### Risk Management Committee:

The Risk Management Committee's purpose was to provide oversight of the Company's risk management function in monitoring the Company's exposure to risk in insuring its members and clinics.

<b>Risk Management</b>
Alexander J. Haick, Jr. M.D. – Chairman
F. Henry Flautt, Jr. M.D.
Manisha Sethi, M.D.
Louise A. Gombako-Amos, M.D.
Keith L. Carter, M.D.

## **MANAGEMENT AND CONTROL (continued)**

### **Committees (continued)**

#### Underwriting Review Committee:

The Underwriting Review Committee was comprised of the President and Chief Executive Officer, the Vice President of Underwriting and Marketing, the Vice President of Claims, the Vice President of Risk Management, and the Medical Director of the Company. The committee reviewed requests made by insured physicians regarding changes to practice or coverage. In addition, the committee reviewed applications of potential insureds when unique circumstances existed concerning practice, coverage, claims history, etc.

<b>Underwriting Review</b>
Robert M. Jones - Chairman
Kathy Stone
Kevin R. Fuller
Gerry Ann Houston, M.D.
Todd Savell

#### Compensation Committee:

The Compensation Committee was responsible for recommending officer compensation. The committee periodically researched compensation of other officers in the industry to ensure proper compensation levels.

<b>Compensation</b>
Clay Hays, Jr., M.D. - Chairman
Bryan N. Batson, M.D.
Louis Jefferson Moses, M.D.
Roger Huey, M.D.



## MANAGEMENT AND CONTROL (continued)

### Committees (continued)

#### Nominating Committee:

The Nominating Committee was focused on evaluating the Board and on examining the skills and characteristics needed in Board candidates. The Chairman of the Board was a standing member of the Nominating Committee, along with two additional Board members.

<b>Nominating</b>
Eric Alexander McVey, M.D.
James E. Hall, M.D.
James Clay Hays, M.D.

#### Membership Committee:

The Membership Committee's function was to review information regarding potential new insureds. The committee was comprised of MACM's Board and committee members along with other insured physicians and, at December 31, 2020, was comprised of approximately 50 members.

## **MANAGEMENT AND CONTROL (continued)**

### **Officers**

<b>Name and Residence</b>	<b>Year Elected/Appointed</b>	<b>Principal Occupation</b>
Robert M. Jones	2014	President and Chief Executive Officer
J. Walter Gilmer	1998	Treasurer and Chief Financial Officer
James Clay Hays, M.D.	2018	Secretary
D. Todd Savell	2018	Vice President of Claims
Kathy S. Stone	2017	Vice President of Risk Management
Kevin R. Fuller	2016	Vice President of Underwriting and Marketing
Alan H. Jones	2016	Chief Information Officer
Eric Alexander McVey, M.D.	1991	Chairman of the Board of Directors
James Emory Hall, M.D.	1992	Vice Chairman of the Board of Directors

### **Conflict of Interest**

The Company had formal procedures 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.

## **HOLDING COMPANY STRUCTURE**

The Company was organized under Miss. Code Ann., § 83-47-1, (Rev. 1991) et seq., as amended. This Mississippi code section has very specific limitations as to the application of other Mississippi Insurance Laws. The Company did appear to be a member of an insurance company holding system as described in Miss. Code Ann., § 83-6-1(d). However, Miss. Code Ann., Title 83, Chapter 47 indicates that the Company is exempt from filing Holding Company Registration Statements. As such, the Company has not made these filings with the MID and these documents were not reviewed as a part of this examination.

### **Affiliated and Related Party Transactions**

At December 31, 2020, the Company owned 100% of the common stock of MACM Insurance Services, Inc., an insurance agency that offered various liability insurance products to physicians, hospitals, and other health care providers in Mississippi. Expenses such as rent and employee salaries were allocated between the parent and subsidiary through an expense sharing agreement.

## **FIDELITY BOND AND OTHER INSURANCE**

The Company maintained a comprehensive corporate insurance program. This program included commercial general liability and commercial property, as well as other policies deemed appropriate by the Company's management including a comprehensive umbrella policy with a \$9,000,000 single loss limit of liability. The Company also had a fidelity bond with an aggregate limit of \$1,000,000 and a single loss deductible of \$25,000 which exceeded the NAIC's suggested minimum amount for fidelity coverage.

## **PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS**

The Company provided a generally complete health and welfare program for officers and employees. Among the benefits was a qualified employee retirement plan whereby the Company contributed an amount equal to 10% of each eligible employee's compensation to the plan.

## **TERRITORY AND PLAN OF OPERATION**

The Company wrote business and provided insurance services in the State of Mississippi and the contiguous counties in adjoining states. The Company did not actively seek business in any other state but amended its charter in 1995 to facilitate providing coverage to its physicians who may cross state lines in the normal course of their practice. At December 31, 2020, the Company reported written premiums only in the State of Mississippi.

## **TERRITORY AND PLAN OF OPERATION (continued)**

The Company wrote one policy form that provided the availability of the following coverages:

- **Professional Liability** – this was written on a claims-made basis. Such coverage applied only if the medical incident occurred on or after the retroactive date of the policy and was reported during the policy period;
- **Office Premises & Personal Injury Liability** – this coverage was written on an occurrence basis and applied only if the incident causing bodily injury, property damage, or personal injury occurred during the policy period;
- **Additional Insureds/Additional Interest Liability** – this coverage was written on an occurrence basis and applied only if the medical incident occurred during the policy period. This coverage applied to additional insureds that may have been covered under a physician’s policy;
- **Contractual/Vicarious Liability** – this provided occurrence coverage for damages that resulted from the acts of another physician for which the insured was legally responsible.

MACM offered limits ranging from \$500,000 per occurrence with \$1,500,000 annual aggregate to \$10,000,000 per occurrence with \$10,000,000 annual aggregate.

## **GROWTH OF COMPANY**

	2020	2019	2018	2017
Change in surplus	\$ 11,250,436	\$ 19,211,687	\$ (6,473,399)	\$ 14,302,500
Ratio of premiums earned to capital and surplus	0.06 to 1	0.07 to 1	0.07 to 1	0.08 to 1
Ratio of assets to liabilities	4.66 to 1	4.81 to 1	4.90 to 1	4.51 to 1
Ratio of revenues to expenses	1.54 to 1	1.45 to 1	1.94 to 1	1.62 to 1
Cash flows from operations	\$ 2,277,859	\$ 5,517,798	\$ 6,298,487	\$ (3,067,394)
Net income (loss)	\$ 14,069,462	\$ 9,244,964	\$ 14,700,582	\$ 16,122,552

## **REINSURANCE**

As of the examination date, the Company's reinsurance program consisted of a per event casualty excess treaty with \$15,000,000 in excess coverage over the Company's retention amount of \$3,000,000. The Company diversified its reinsurance by selecting many reinsurers to accept different percentages of the total reinsurance amount required and further diversified by selecting reinsurers from different countries. At December 31, 2020, the Company's reinsurers along with their participation percentages were as follows:

<b>Reinsurer</b>	<b>Participation Percentage</b>
Endurance Assurance Corporation	8.50%
Hannover Rück SE	11.50%
Munich Reinsurance America, Inc.	10.00%
Navigators Insurance Company	7.50%
NCMIC Insurance Company	7.50%
Partner Reinsurance Company of the U.S.	10.00%
Safety National Casualty Corporation	8.00%
SCOR Reinsurance Company	10.00%
Transatlantic Reinsurance Company	10.00%
Lloyd's Syndicate 0435 FDY	6.00%
Lloyd's Syndicate 0566 STN	3.50%
Lloyd's Syndicate 4472 LIB	7.50%

## **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, 2020 annual statement, without material exception.

MACM was serviced by internal computer programmer analysts and a network administrator. The primary business system was an AS400 attached to an Ethernet network. The primary programming language was RPG ILE/400.

The Company was audited annually by an independent CPA firm.

**MEDICAL ASSURANCE COMPANY OF MISSISSIPPI**  
**FINANCIAL STATEMENTS**  
**EXAMINATION AS OF DECEMBER 31, 2020**

**Introduction**

The following financial statements reflect the same amounts reported by the Company and consist of a Statement of Admitted Assets, Liabilities, Surplus and Other Funds at December 31, 2020; a Statement of Income for the year ended December 31, 2020; and a Reconciliation of Capital and Surplus as Regards Policyholders for the examination period ended December 31, 2020.

**STATEMENT OF ADMITTED ASSETS,  
LIABILITIES, SURPLUS AND OTHER FUNDS  
DECEMBER 31, 2020**

**Admitted Assets**

Bonds	\$ 197,413,895
Common Stocks	124,561,764
Properties occupied by the company	2,768,538
Cash and short-term investments	23,715,763
Other invested assets	<u>11,706,170</u>
Subtotals, cash and invested assets	<u>360,166,130</u>
Investment income due and accrued	1,708,900
Uncollected premiums	5,620
Total admitted assets	<u>\$ 361,880,650</u>

**Liabilities, Surplus and Other Funds**

Losses	\$ 22,632,496
Loss adjustment expense	26,221,170
Other expenses (excluding taxes, licenses, and fees)	939,431
Taxes, licenses, and fees (excluding federal and foreign income taxes)	(12,240)
Current federal and foreign income taxes	(1,038,886)
Net deferred tax liability	6,641,000
Advance premium	7,096,324
Funds held by company under reinsurance treaties	1,105,886
Aggregate write-ins for liabilities	<u>13,996,039</u>
Total liabilities	<u>\$ 77,581,220</u>
Gross paid in and contributed surplus	664,092
Unassigned funds (surplus)	<u>283,635,338</u>
Surplus as regards policyholders	<u>284,299,430</u>
Total liabilities, surplus and other funds	<u>\$ 361,880,650</u>

**SUMMARY OF OPERATIONS  
FOR THE EXAMINATION PERIOD ENDED DECEMBER 31, 2020**

**Underwriting Income**

Premiums earned \$ 17,834,123

**Deductions**

Losses incurred 9,297,829

Loss adjustment expenses incurred 7,930,589

Other underwriting expenses incurred 4,965,012

Aggregate write-ins for underwriting deductions 256,853

Total underwriting deductions 22,450,283

Net underwriting gain (loss) (4,616,160)

**Investment Income**

Net investment income earned 5,818,704

Net realized capital gains (losses) 16,291,624

Net investment gain 22,110,328

**Other Income**

Miscellaneous income 139,400

Net Income before dividends to policyholders and before federal  
income taxes 17,633,568

Federal and foreign incomes taxes incurred 3,564,106

Net income \$ 14,069,462



**RECONCILIATION OF CAPITAL AND  
SURPLUS  
FOR THE EXAMINATION PERIOD ENDED  
DECEMBER 31, 2020**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Capital and surplus, beginning of the year	\$ 273,048,994	\$ 253,837,307	\$ 260,310,706	\$ 246,008,206	\$ 239,858,008
Net income	14,069,462	9,244,964	14,700,582	16,122,552	12,666,048
Change in net unrealized capital gains (losses)	7,062,736	23,912,185	(17,885,420)	4,693,795	1,975,982
Change in net deferred income tax	(1,178,000)	(5,091,000)	3,493,000	776,000	(1,874,000)
Change in nonadmitted assets	(9,628)	(4,458)	(40,563)	52,298	(33,310)
Member fees paid during the year	(33,500)	(21,000)	(23,500)	(25,000)	(21,000)
Equity account distributions	(8,660,634)	(8,829,004)	(6,717,498)	(7,317,145)	(6,563,522)
Capital and surplus, end of the year	\$ 284,299,430	\$ 273,048,994	\$ 253,837,307	\$ 260,310,706	\$ 246,008,206

**RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS  
DECEMBER 31, 2020**

As a result of this examination, there have been no changes affecting surplus as regards policyholders made to the admitted asset, liability, and surplus balances reported by the Company in the December 31, 2020 annual statement. The surplus as regards policyholders reported by the Company of \$284,299,430 is accepted as reasonably stated for purposes of the balance sheet per the examination.

## **MARKET CONDUCT ACTIVITIES**

A full scope market conduct examination was not performed; however, limited procedures were performed on certain areas of the Company's market conduct. The areas in which limited procedures were performed included policy forms and underwriting, advertising and sales materials, treatment of policyholders, and claims handling. No significant exceptions with regard to the limited procedures performed were noted. Many of the traditional sections of the market conduct activities were not included as a part of this examination, as they were either not applicable due to Company operations and/or traditional insurance laws did not apply.

## **COMMITMENTS AND CONTINGENT LIABILITIES**

During and subsequent to the examination period, there was no litigation, commitments or other contingent liabilities to which the Company was a party.

## **SUBSEQUENT EVENTS**

No significant events were identified subsequent to the examination date and prior to the date of the examination report.

## **COMMENTS AND RECOMMENDATIONS**

There are no comments or recommendations to be included in the examination report

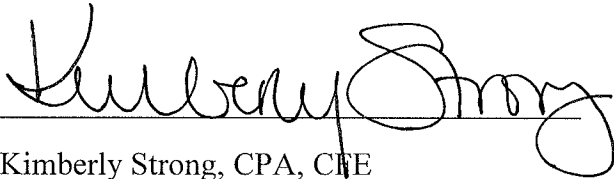
## ACKNOWLEDGMENT

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

Jimmy Blissett, CFE	Administrative Examiner
Kimberly Strong, CPA, CFE	Examiner-in-charge, Harper, Rains, Knight & Co.
Leslie Sorrell, CPA	Financial Examiner, Harper, Rains, Knight & Co.
Stephen Solomon	Financial Examiner, Harper, Rains, Knight & Co.
Russ Thompson	Financial Examiner, Harper, Rains, Knight & Co.

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

Respectfully submitted,



Kimberly Strong, CPA, CFE  
Examiner-in-charge



Mark Cooley, CFE  
Mississippi Insurance Department Designee