



## 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, 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

May 10, 2022

Mr. Joseph Keith Decell, President  
Versant Casualty Insurance Company  
9016 Bluebonnet Boulevard  
Baton Rouge, LA 70810

Re: Report of Examination as of December 31, 2020

Dear Mr. Decell:

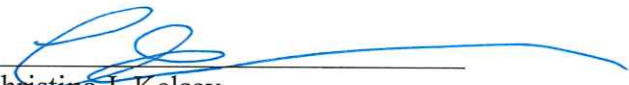
Enclosed is a Corrected Order in the above-referenced matter. The only thing corrected from the Order mailed to your office on April 28, 2022, is the date of mailing on the "Certificate of Mailing" on page 4.

If you have any questions pertaining to this matter, please do not hesitate to contact me at 601-359-2548.

Sincerely,

MIKE CHANEY  
COMMISSIONER OF INSURANCE

BY

  
Christina J. Kelsey  
General Counsel

MC/CJK/bs  
Enclosure

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

**IN RE:   REPORT OF EXAMINATION OF VERSANT  
          CASUALTY INSURANCE COMPANY**

**CAUSE NO. 22-7692**

**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 Versant Casualty Insurance Company is a Mississippi-domiciled Company licensed to write Automobile Physical Damage/Liability and Casualty/Liability coverages.

## 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 Versant Casualty Insurance Company and appointed Ryne Davison, Examiner-In-Charge, to conduct said examination.

### IV.

That on or about March 29, 2022, the draft Report of Examination concerning Versant Casualty Insurance Company for the period of January 1, 2016 through December 31, 2020, was submitted to the Department by the Examiner-In-Charge, Ryne Davison.

### V.

That on or about April 1, 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. On or about April 13, 2022, the Company responded by email.

## 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, all relevant examiner work papers and the Company's rebuttal, that the Report of Examination of Versant Casualty Insurance Company 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, Versant Casualty Insurance Company 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 Versant Casualty Insurance Company 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 28<sup>th</sup> day of April 2022.



*J. Mark Haire*  
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 28<sup>th</sup> day of April 2022, to:

**Mr. Joseph Keith Decell, President  
Versant Casualty Insurance Company  
9016 Bluebonnet Boulevard  
Baton Rouge, LA 70810**

  
\_\_\_\_\_  
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  
Miss. Bar No. 9853





# **Mississippi Insurance Department**

**Report of Examination**

**of**

**VERSANT CASUALTY INSURANCE COMPANY**

**as of**

**December 31, 2020**

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

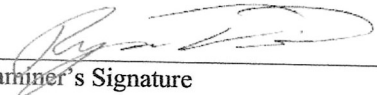
State of Texas,

County of Nueces,

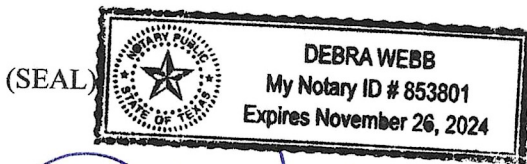
Ryne Davison, being duly sworn, states as follows:

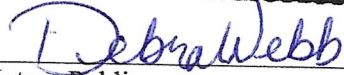
1. I have authority to represent the Mississippi Insurance Department in the examination of Versant Casualty Insurance Company as of December 31, 2020.
2. The Mississippi Insurance Department is accredited under the National Association of Insurance Commissioners Financial Regulation Standards and Accreditation.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

  
\_\_\_\_\_  
Examiner's Signature

Subscribed and sworn before me by Ryne Davison on this 27<sup>TH</sup> day of April, 2022.



  
\_\_\_\_\_  
Notary Public

My commission expires 11-26-2024 [date].



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

**MARK HAIRE**  
Deputy Commissioner of

**MISSISSIPPI INSURANCE DEPARTMENT**

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FAX: (601) 576-2568

January 25, 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:

**VERSANT CASUALTY INSURANCE COMPANY**

633 North State Street  
Jackson, MS 39202

License #	NAIC Group #	NAIC #	FEETS#	MATS#
0000037	905	11124	11124-MS-2019-5	MS-MS099-31

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

## **SCOPE OF EXAMINATION**

We have performed a full scope, risk-focused financial examination of Versant Casualty Insurance Company (“Company”). The last examination covered the period of January 1, 2011, through December 31, 2015. This examination covers the period January 1, 2016, through December 31, 2020.

We conducted our examination in accordance with the NAIC *Financial Condition Examiners 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.

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 deemed necessary for purposes of the previous examination report.

## **HISTORY OF THE COMPANY**

The Company, incorporated in December of 2000, was initially licensed by the MID in April of 2001. The Company was organized with the specific intent to carry on the business commonly known as vehicle service contract reimbursement insurance, as provided for by Miss. Code Ann. § 83-65-101. The authorized stock of the Company at the time of incorporation was 1,000,000 shares of common stock; par value \$1 per share. Effective December 22, 2017, the Company’s

amended articles of incorporation were filed and approved with the Mississippi Secretary of State increasing the Company’s authorized shares of common stock to 5,000,000 with a par value \$1 per share. At December 31, 2020, the Company had 2,500,000 shares authorized, issued and outstanding to Versant Holdings, Inc., which was controlled by Louisiana Dealer Services Insurance, Inc.

**CORPORATE RECORDS**

The minutes of the meetings of Stockholders and Board of Directors (“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.

**MANAGEMENT AND CONTROL**

**Board of Directors**

The Articles of Incorporation and Bylaws vest the management and control of the Company’s business affairs with the Board of Directors (“Board”). The members of the duly elected Board, along with their place of residence, and principal occupation, at December 31, 2020, were as follows:

Name and Residence	Principal Occupation
Jonathan Tyler Cannon Cleveland, Mississippi	General Manager Cannon Motor Company
Joseph Keith Decell Baton Rouge, Louisiana	President Louisiana Dealer Services Insurance, Inc
Richard T. Foley Pass Christian, Mississippi	Manager/Owner Turan Foley
Larry Dean Hart Biloxi, Mississippi	President Bayside Chrysler Dodge Jeep
Matthew George McKay Baton Rouge, Louisiana	President All Star Automotive Group
James Waldon Massey Fairhope, Alabama	Owner Walt Massey Automotive
Robert Tucker Weinmann Metairie, Louisiana	Owner Champion Chrysler Dodge Jeep

Bradley Yarbrough Natchez, Mississippi	President Natchez Ford
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**Committees**

The Company utilized an Investment Committee during the examination period. The following directors/officers served on the Investment Committee at December 31, 2020:

<b>Investment Committee</b>
Joseph Keith Decell
Robert Lee Thomas
Matthew George McKay

\* Effective February 4, 2021, the Company’s Board of Directors acted as the Investment Committee and Audit Committee in instances where such was required.

**Officers**

The following are officers served for the Company at December 31, 2020:

<b>Name</b>	<b>Title</b>
Joseph Keith Decell	President
Robert Tucker Weinmann	Vice President
Robert Lee Thomas	Secretary, Treasurer
Jason Shannon Rasti	Executive Vice President

**Conflict of Interest**

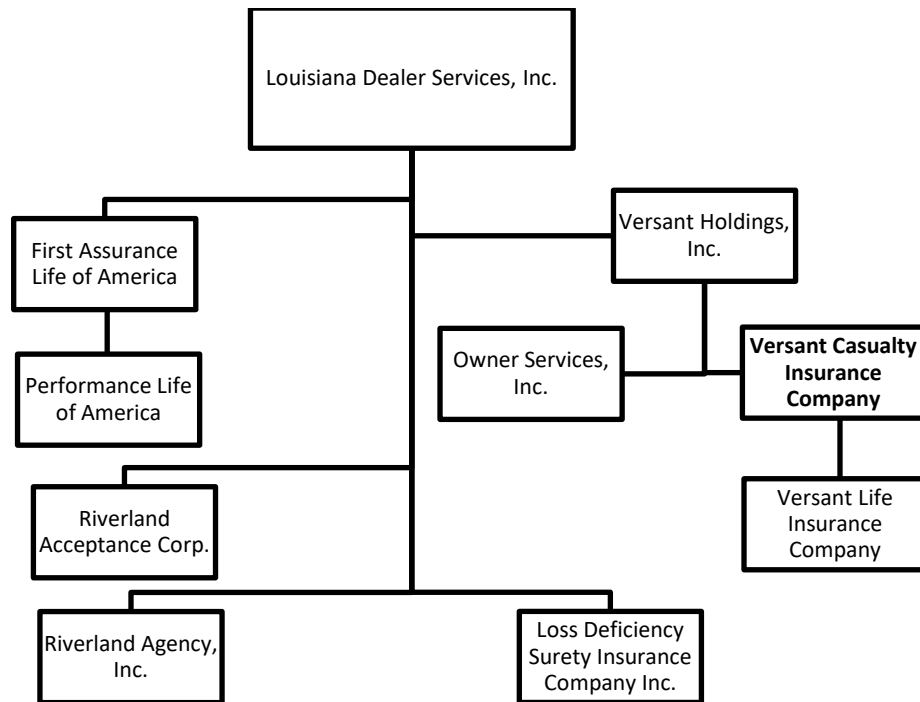
The Company has formal procedures whereby disclosure was made to the Board of any material interest or affiliation on the part of any officer or director that is, or would likely be, a conflict with their official duties. These procedures were reviewed, and no conflicts or exceptions to the Company’s policies were noted.

## **HOLDING COMPANY STRUCTURE**

The Company is a member of an insurance holding company system as defined in Miss. Code Ann. § 83-6-1. Holding Company Registration Statements were filed during the examination period with the MID in accordance with Miss. Code Ann. § 83-6-5 and § 83-6-9. The statements and applicable amendments that were filed with the MID during the examination period were reviewed and it appeared that any changes and material transactions by and between the Company and its affiliates were appropriately disclosed.

### **Organizational Chart**

A simplified organizational chart as of December 31, 2020, reflecting the holding company system, is shown below. Schedule Y of the Company's 2020 annual statement provided a list of all related companies of the holding company group.



### **Parent and Affiliated Companies**

The following is information concerning the Company's affiliates and subsidiary:

**Louisiana Dealer Services Insurance, Inc. (“LDS”):** This Louisiana-domiciled insurer was formed in 1977 and provided mechanical breakdown insurance. This company acted as the controlling company of the holding company group.

**Versant Holdings, Inc. (“VHI”):** This company was a 62.08% owned subsidiary of LDS. Through its directly and indirectly owned subsidiaries, VHI provided vehicle service contracts, guaranteed automotive protection coverage (GAP), and credit life and credit disability insurance to consumers. VHI currently has a private placement offering underway which is only for new franchise vehicle dealers in Mississippi. VHI, during the examination period, did not have any significant operating activities independent of its subsidiaries.

**Owner Services, Inc. (“OSI”):** This company, a wholly owned subsidiary of VHI, issued vehicle service contracts that provided protection against the risk of economic loss resulting from mechanical failure of specified automobiles and truck part components, and also issued GAP contracts. The company’s risks are insured by Versant Casualty.

**Versant Life Insurance Company:** This company, a Mississippi-domiciled life insurance company, whose voting stock was wholly owned by the Company, issued credit life and credit disability policies, sold through automobile dealerships.

**Riverland Acceptance Corporation:** This company, a wholly owned subsidiary of LDS, financed premiums for vehicle mechanical breakdown contracts written by LDS.

**Riverland Agency, Inc.:** This company, a wholly owned subsidiary of LDS, distributes ancillary financial institution products written by Louisiana Dealer Services Insurance clients. The company also performs administrative and consulting services for certain non-affiliated mechanical breakdown insurers in Louisiana.

**First Assurance Life of America (“FAL”):** This Louisiana-domiciled company, a wholly owned subsidiary of LDS, issued credit life and credit accident and health insurance in the state of Louisiana.

**Performance Life of America:** This Louisiana-domiciled company, whose voting stock was wholly owned by FAL, reinsured credit life and credit accident and health insurance written by FAL.

**Loss Deficiency Surety Insurance Company, Inc.:** This Louisiana-domiciled company is a Property Residual Value insurer organized in 1996 for the purpose of issuing guaranteed automotive protection policies providing protection against the risk of economic loss resulting from a deficiency in the amount paid by the primary insurance company in the event of a total loss and the amount owed to a lessor or lienholder. The company only writes business in the state of Louisiana.



## **Affiliated and Related Party Transactions**

### **Cost Sharing Agreement**

Effective March 1, 2010, the Company entered into an expense sharing agreement with LDS. Pursuant to this agreement, the Company pays LDS \$1,000 per month for actuarial expenses. The Company paid a total of \$12,000 in 2020 under this agreement.

### **Administrative Services and Retroactive Compensation Agreement**

Effective December 17, 2007, the Company entered into an administrative services and retroactive compensation agreement with OSI. Pursuant to this agreement, OSI provides sales and service personnel, contract administration, claims administration and general administration services. The Company pays OSI a commission based on vehicle service contract earned premiums less claims incurred. Effective July 1, 2019, the Company amended the agreement to reduce the service contracts commission rate to 7.5% of earned premiums less paid claims. The Company paid a total of \$526,467 in 2020 under this agreement.

### **Administrative Services Contract with Versant Life Insurance Company**

Effective January 1, 2008, the Company entered into an administrative services agreement with Versant Life. Pursuant to this agreement, Versant Casualty provided review of monthly and annual financial statements, review of forms and reports as required by regulators, review of participation/retroactive commission program, and consultation and review in regard to the preparation of computer reports and listings as required by Versant Life. Versant Life will pay a fee equal to 1.4% of net written life premium, plus 1.4% of net earned accident and health premium. The Company received a total of \$967 in 2020 under this agreement.

### **Privacy Agreement**

Effective January 23, 2008, the Company entered into a privacy agreement with Versant Life Insurance Company. Pursuant to the agreement, Versant Casualty agrees that all personal, medical, or any other information gathered or handled by Versant Life Insurance Company will be regarded as confidential.

### **Tax Allocation Agreement**

The Company was party to a tax allocation agreement between Versant Holdings, Inc. and each of its subsidiaries. Pursuant to this agreement, the Company was included in the consolidated tax return of Versant Holdings, Inc.

## **FIDELITY BOND AND OTHER INSURANCE**

The Company was a named insured under a fidelity bond issued to the LDS group in the amount of \$1,000,000. The coverage exceeded the minimum amount of fidelity bond coverage recommended by the NAIC for these companies.

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

The Company did not have any direct employees, nor did it provide any benefits or welfare programs for its officers or directors.

## **TERRITORY AND PLAN OF OPERATION**

The Company is a Mississippi domiciled property and liability insurance company which exclusively writes reimbursement insurance for Owner Services, Inc. (OSI), a related party provider of vehicle service contracts and guaranteed automotive protection (GAP) waiver addendum contracts that were written through automobile dealerships.

As of December 31, 2020, the Company was licensed to write business in six states: Alabama, Arkansas, Louisiana, Mississippi, Tennessee, and Texas.

## **GROWTH OF COMPANY**

The review of the growth of the Company was performed based on balances reported in the annual statements filed with the MID during the period under examination.

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Total admitted assets	\$72,653,954	\$65,292,606	\$57,944,196	\$50,582,768	\$43,827,764
Total liabilities	\$51,483,455	\$46,807,509	\$40,704,411	\$34,803,029	\$28,791,857
Total capital and surplus	\$21,170,499	\$18,485,097	\$17,239,785	\$15,779,740	\$15,035,909
Net cash from operations	\$7,179,697	\$7,185,804	\$7,390,420	\$7,442,169	\$8,081,299
Total adjusted risk-based capital	\$21,183,998	\$18,508,509	\$17,239,785	\$15,779,740	\$15,035,909
Authorized control level risk-based capital	\$566,110	\$528,822	\$560,986	\$982,538	\$606,638

Premiums Earned	\$6,338,958	\$6,566,833	\$7,020,987	\$7,355,927	\$6,861,975
Net underwriting gain (loss)	\$1,473,077	\$460,470	\$775,347	\$308,709	\$1,067,347
Net Income	\$2,633,125	\$1,336,104	\$1,413,739	\$952,597	\$1,168,844

## **REINSURANCE**

During 2020, the Company ceded 100% of the premiums and claims of certain insured vehicle service contracts to unauthorized reinsurers through reinsurance treaties that meet the requirements of state law for reserve credit. In the event the reinsurers are unable to meet their obligations under reinsurance agreements, the Company would be responsible for the paying of the claims. The reinsurance agreements are structured to allow the Company to maintain custodial accounts at least equal to the ceded reinsurance obligations.

The Company evaluates the financial condition of its reinsurers and monitors concentrations of credit risk arising from economic characteristics of its reinsurers to minimize its exposure to significant losses from reinsurance insolvencies. At December 31, 2020, the Company had entered into agreements with nineteen (19) unauthorized reinsurers.

## **ACCOUNTS AND RECORDS**

The 2020 trial balance of the Company's accounts was traced to the balance sheet of the Company's statutory annual statement filed with the MID, with no exceptions noted. The Company was audited annually by an independent CPA firm.

The Company utilized Microsoft Windows Sage 300 operating system for the processing of its records. The Company maintains supporting documentation that was reviewed during the examination as applicable.

The Company was licensed as a single-line property and casualty insurance company pursuant to Miss. Code Ann. § 83-19-31(a), which required the Company to maintain a minimum capital of \$400,000 and surplus of \$600,000. Pursuant to Miss. Code Ann. § 83-5-55, the Company was required to file an NAIC Property and Casualty Annual Statement. The Company was also required to file a risk-based capital (RBC) report pursuant to Miss. Code Ann. § 83-5-401 through § 83-5-427.

## **STATUTORY DEPOSITS**

The Company's statutory deposits with the state of Mississippi complied with Miss. Code Ann. § 83-19-31(2). The following chart displays the Company's total statutory deposits as held at December 31, 2020:

<b><u>Description of Security</u></b>	<b><u>Par Value</u></b>	<b><u>Fair Value</u></b>
Bonds	\$1,300,000	\$1,478,584
Bond	\$200,000	\$202,018
Total	<u>\$1,500,000</u>	<u>\$1,680,602</u>

## **FINANCIAL STATEMENTS**

### **Introduction**

The financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2020, a Statement of Income for the year ended December 31, 2020, and a Reconciliation of Capital and Surplus for the examination period ended December 31, 2020.

The following financial statements are based on the statutory financial statements filed by the Company with the Mississippi Insurance Department and present the financial condition of the Company for the period ending December 31, 2020.

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

**ASSETS**

Bonds	\$59,003,026
Common stocks	3,819,941
Cash and cash equivalents	7,723,538
Investment income due and accrued	432,127
Uncollected premiums and agents balances	1,157,539
Net deferred tax asset	447,710
Receivables from parent, subsidiaries, and affiliates	84
Aggregate write-ins for other than invested assets	69,989
Total Assets	<u>\$72,653,954</u>

**LIABILITIES, SURPLUS AND OTHER FUNDS**

Losses	\$851,075
Commissions payable, contingent commissions	50,613
Other expenses	176,323
Current federal and foreign income taxes	69,297
Unearned premiums	16,741,091
Funds held by company under reinsurance treaties	33,595,056
Total Liabilities	<u>\$51,483,455</u>
Common capital stock	\$2,500,000
Gross paid in and contributed surplus	2,464,191
Unassigned funds (surplus)	16,206,309
Surplus as regards policyholders	<u>\$21,170,499</u>
Total liabilities and surplus	\$72,653,954

**SUMMARY OF OPERATIONS  
FOR YEAR ENDED DECEMBER 31, 2020**

Premiums earned	\$6,338,958
Losses incurred	3,819,516
Other underwriting expenses incurred	1,046,364
Total underwriting deductions	<u>\$4,865,880</u>
Net underwriting gain (loss)	\$1,473,077
Net investment income earned	\$1,370,439
Net realized capital gains (losses)	89,483
Net investment gain	<u>\$1,459,922</u>
Total other income	<u>\$363,170</u>
Federal and foreign income taxes incurred	<u>\$663,044</u>
Net Income	<u>\$2,633,125</u>



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

	2020	2019	2018	2017	2016
Capital and Surplus, December 31, prior year	\$18,485,097	\$17,239,785	\$15,779,739	\$15,035,907	\$13,776,016
Net Income	2,633,125	1,336,104	1,413,739	952,597	1,168,844
Change in net unrealized capital gains (losses)	42,788	(103,419)	35,124	310,584	38,844
Change in net deferred income tax	678	667	(87,183)	(591,735)	74,704
Change in non-admitted assets	8,811	6,500	97,747	78,463	(27,501)
Change in provision for reinsurance	-	5,460	618	(6,077)	5,000
Capital Changes – Transferred from Surplus	-	-	-	1,500,000	-
Surplus adjustments – Transferred to Capital	-	-	-	(1,500,000)	-
Capital and Surplus, December 31, current year	\$21,170,499	\$18,485,097	\$17,239,785	\$15,779,739	\$15,035,907

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

As a result of this examination, there have been no changes affecting surplus, as regards to policyholders, made to the admitted assets, liabilities, and surplus balance reported by the Company in the December 31, 2020 annual statement as filed with the MID. The capital and surplus reported by the Company of \$21,170,499 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, specific areas of the Company's market conduct activities were reviewed. The specific areas reviewed included those items indicated below. No significant exceptions with regard to the limited procedures performed were noted.

### **Underwriting and Rating**

No exceptions were noted during the course of our testing regarding the Company's underwriting and rating.

### **Claims Handling**

No exceptions were noted during the course of our testing regarding the Company's claims handling and payments.

### **Operations/Management**

The Company has a privacy agreement with its parent Louisiana Dealers Services in which the Company agrees to protect and safeguard all information received from the Company.

## **COMMITMENTS AND CONTINGENT LIABILITIES**

At December 31, 2020, the Company was not a party to any legal proceedings. Procedures performed during the course of the examination revealed no pending litigation, commitments, or other contingent liabilities to which the Company was a party as of the examination date.

## **SUBSEQUENT EVENTS**

In March, 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a global pandemic, which continues to spread throughout the United States. The COVID-19 pandemic has continued to develop throughout 2020, 2021 and into 2022, with significant uncertainty remaining regarding the full effect of COVID-19 on the U.S. and global insurance and reinsurance industry. At the time of this report, the examination's review noted that there has not been a significant impact to the Company. However, the Department will continue to closely monitor the impact of the pandemic on the Company and will take necessary action if concerns arise.

Effective February 23, 2021, the Company was approved as a licensed insurer in the State of Missouri.

Effective October 26, 2021, Larry Dean Hart retired as a Director and Otis Wilbert Favre, Jr. and Phillip Wayne Moore were elected as Directors.

### **COMMENTS AND RECOMMENDATIONS**

The examination did not identify any material comments and/or recommendations deemed appropriate for inclusion in the examination report.

## ACKNOWLEDGMENT

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

Supervising Examiner: David Palmer, CFE

Examiner-in-charge: Ryne Davison, CFE

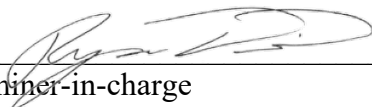
Examiner: Novalene Forbes, CFE

Actuary: Robert Daniel, ACAS, MAAA

Department Designee: Mark Cooley, CFE

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

Respectfully submitted,

  
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Examiner-in-charge

  
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Department Designee