



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MISSISSIPPI INSURANCE DEPARTMENT

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

MARK HAIRE
Deputy Commissioner of Insurance

RICKY DAVIS
State Chief Deputy Fire Marshal

MAILING ADDRESS
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Jackson, Mississippi 39205-0079
TELEPHONE: (601) 359-3569
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June 28, 2023

**CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

Mr. Kent T. Higdon, President
USA Insurance Company
2104 Highway 90
Gautier, MS 39553

RE: Report of Examination as of December 31, 2021

Dear Mr. Higdon:

In accordance with Miss. Code Ann. § 83-5-201 et seq. (Rev. 2022), 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.

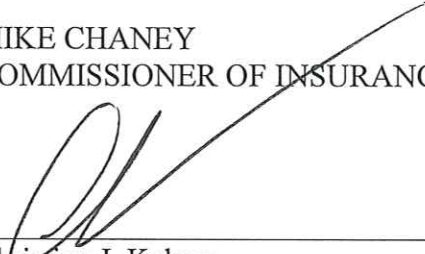
Pursuant to Miss. Code Ann. § 83-5-209(6)(a) (Rev. 2022), the Mississippi Department of Insurance shall continue to hold the content of said report as private and confidential for a period of ten (10) days from the date of the Order. After the expiration of the aforementioned 10-day period, the Department 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 MISSISSIPPI INSURANCE DEPARTMENT

**IN RE: REPORT OF EXAMINATION OF
USA INSURANCE COMPANY**

CAUSE NO. 23-7813

ADMINISTRATIVE ORDER

THIS MATTER came on for consideration before the Commissioner of Insurance (hereinafter “Commissioner”), chief officer of the Mississippi Insurance Department (hereinafter “Department”) in the Department’s offices at 1001 Woolfolk Building, 501 North West Street, 10th Floor, Jackson, Hinds County, Mississippi. 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.

The Department has jurisdiction over this matter pursuant to the provisions of Miss. Code Ann. § 83-5-201 et seq. (Rev. 2022).

II.

USA Insurance Company (hereinafter the “Company”) is a Mississippi-domiciled company licensed to write Automobile Physical Damage/Liability; Boiler and Machinery; Casualty/Liability; Fidelity; Fire/Allied Lines; Guaranty; Inland Marine; Ocean Marine; Plate Glass; Workers’ Compensation; Accident & Health; Credit Life, Credit Accident and Health; and Life coverages.

FINDINGS OF FACT

III.

The Commissioner, or his appointee, pursuant to Miss. Code Ann. § 83-5-201 et seq. (Rev. 2022), called for an examination of the Company and appointed Kimberly Strong, Examiner-In-Charge, to conduct said examination.

IV.

On or about June 1, 2023, the draft Report of Examination concerning the Company for the period of January 1, 2017, through December 31, 2021, was submitted to the Department by Kimberly Strong, Examiner-In-Charge.

V.

That on or about June 8, 2023, pursuant to Miss. Code Ann. § 83-5-209(2) (Rev. 2022), 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 June 19, 2023, the company responded by email.

CONCLUSIONS OF LAW

VI.

The Commissioner, pursuant to Miss. Code Ann. § 83-5-209(3) (Rev. 2022), 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 responses, and all relevant examiner work papers, that the Report of Examination of USA 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 Department 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. 2022).

IT IS FURTHER ORDERED, pursuant to Miss. Code Ann. § 83-5-209(4) (Rev. 2022), that within thirty (30) days of the issuance of the adopted report, the 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 the Company take the necessary actions and implement the necessary procedures to properly and promptly comply with all recommendations contained in the Report of Examination.

SO ORDERED, this the 26th day of June 2023.



J. MARK HAIRE
DEPUTY COMMISSIONER OF INSURANCE



CERTIFICATE OF SERVICE

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 Insurance Department, was sent by certified mail, postage pre-paid, return receipt requested, on this the 21st day of June 2023, to:

Mr. Kent T. Higdon, President
USA Insurance Company
2104 Highway 90
Gautier, MS 39553



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

USA INSURANCE COMPANY

as of

December 31, 2021

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

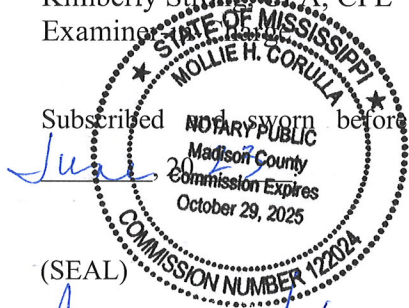
State of Mississippi,
County of Madison,

Kimberly Strong, being duly sworn, states as follows:

1. I have authority to represent the Mississippi Insurance Department in the examination of USA Insurance Company as of December 31, 2021.
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 USA 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.

Kimberly Strong
Kimberly Strong, CPA, CFE
Examiner



Subscribed and sworn before me by Kimberly Strong on this 20th day of June 2021

Mollie H. Corulla
Notary Public

My commission expires October 29, 2025 [date].



MIKE CHANEY
Commissioner of Insurance
State Fire Marshal

MARK HAIRE
Deputy Commissioner of
Insurance

MISSISSIPPI INSURANCE DEPARTMENT

501 N. WEST STREET, SUITE 1001
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June 2, 2023

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, 2021, of the affairs and financial condition of:

USA INSURANCE COMPANY

2104 Highway 90
Gautier, MS 39553

License #	NAIC Group #	NAIC #	FEETS#	MATS #
0300015	N/A	10313	10313-MS-2021-6	MS-MS099-42
8600053	N/A	83666	83666-MS-2021-7	MS-MS099-41

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

SCOPE OF EXAMINATION

We have performed our single-state examination of USA Insurance Company (“Company” or “USA”). The last examination covered the period of January 1, 2012 through December 31, 2016. This examination covers the period January 1, 2017 through December 31, 2021.

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

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

As a result of the examination procedures performed, it appears that the Company has implemented all recommendations from the previous examination.

HISTORY OF THE COMPANY

United General Life Insurance Company was organized and incorporated as a domestic limited insurer under the laws of the State of Arizona on June 7, 1973.

On March 7, 1974, the Company’s name was changed to United General Reinsurance Company of Arizona.

On June 26, 1986, the Company’s name was changed from United General Reinsurance Company of Arizona to Union Savings Life Insurance Company.

Effective April 1, 1987, Union Savings Life Insurance Company executed an assumption

reinsurance agreement with Mississippi Life & Accident Insurance Company of Pascagoula, Mississippi. Pursuant to the assumption reinsurance agreement, Union Savings Life Insurance Company assumed the assets and liabilities arising under all policies and certificates in force as of April 1, 1987.

On February 20, 1992, the Company redomesticated from Arizona to Mississippi and simultaneously changed its name from Union Savings Life Insurance Company to Union Savings American Insurance Company. The Company was licensed to write life and health lines of business.

On December 1, 1992, the Company received an amended Certificate of Authority to write property and casualty lines of business.

On July 10, 2000, the Company changed its principal location from Jackson, Hinds County, Mississippi to Gautier, Jackson County, Mississippi.

On August 6, 2001, the Company amended the Articles of Association to change the name of the Company to USA Insurance Company.

CORPORATE RECORDS

The minutes of the meetings of the Board of Directors (“Board”) prepared during the period under examination were reviewed. The Articles of Association and Bylaws, along with any amendments thereto, were reviewed.

MANAGEMENT AND CONTROL

Stockholders

The Company is a Mississippi domestic stock insurance company. The Company had 600,000 of its 5,000,000 authorized shares of \$1 par value common stock issued and outstanding at the examination date. The common stock of the Company is 100% owned by InShares. The Company paid no dividends during the examination period.

Board of Directors

The Articles of Association and Bylaws vest the management and control of the Company's business affairs with the Board. The members of the duly elected Board, along with their place of residence, number of years as a Director, and principal occupation, at December 31 2021, were as follows:

Name and Place of Residence	Year Elected/Appointed	Principal Occupation
Kent Thomas Higdon Ocean Springs, Mississippi	1973	President USA Insurance Company
William Travis Higdon Moss Point, Mississippi	1992	Real Estate Agent Caldwell Banker
Catherine M. Aubry Moss Point, Mississippi	2013	Controller USA Insurance Company

Committees

There were no separate committees of the Board as of the examination date.

Officers

Name and Residence	Year Elected/Appointed	Title
Kent Thomas Higdon	1973	President
William Travis Higdon	2008	Chairman
Catherine M. Aubry	2017	Secretary/Treasurer

Conflict of Interest

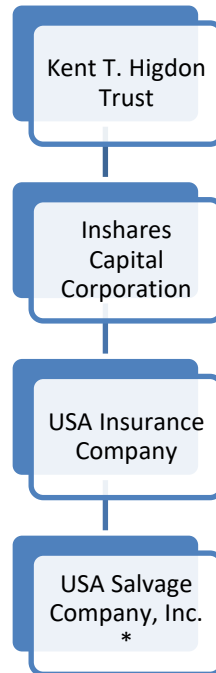
The Company had formal procedures whereby disclosure was made to the Board of any material interest or affiliation on the part of any officer or director that was, or would likely be, a conflict with the official duties of such persons. Written statements were signed annually by all officers and members of the Board of Directors.

HOLDING COMPANY STRUCTURE

The Company is a member of an insurance holding company system as defined in Miss. Code Ann. § 83-6-1. The Company was required to file with the MID, Holding Company Registration Statements in accordance with Miss. Code Ann. §§ 83-6-5 and 83-6-9. These filings set forth material changes in structure, identity or relationships of affiliates and any material transactions by and between the Company and its affiliates.

The Company appears to have filed with the MID documentation relating to Miss. Code Ann. §§ 83-6-5 and 83-6-9 for the years under examination.

Organizational Chart



Affiliated Companies

Kent T. Higdon Trust ("Trust"): The ultimate controlling person of the Company is the Kent T. Higdon Trust. Thomas E. Vaughn and William T. Higdon serve as the Co-Trustees of the Trust with Kent T. Higdon as the Grantor.

Inshares Capital Corporation ("Inshares"): InShares Capital Corporation is the 100% owner of USA Insurance Company. InShares provides marketing services, hiring, licensing and training of agents, solicitation and collection of premiums, and delivery of insurance policies for the Company.

USA Salvage Company ("USA Salvage"): USA Salvage is a subsidiary of USA Insurance Company (P&C). The Company sells totaled vehicles received in the claims process to USA Salvage on a regular basis.

* USA Salvage Company ("USA Salvage") is an unaudited subsidiary and was held as a non-admitted asset on the Annual Statements filed with the MID during the examination period pursuant to SSAP No. 97.

Related Party Agreement:

Schedule Y – Part 2 reflects transactions with affiliates Inshares and USA Salvage.

The Company paid InShares commissions based on a general agent agreement. As part of the agreement, USA is required to pay InShares an advance commission of \$42,000 a month towards commissions of 6% of all premiums collected by the Company. The Company paid InShares \$691,000 in 2021 and \$621,000 in 2020.

USA Salvage is a subsidiary of USA. Both lines of business record the common stock of USA Salvage as a non-admitted asset. The investment is required to be non-admitted as no audit is performed on the salvage company to ascertain or verify its fair value as reported on Schedule D of the Annual Statement for the years under examination. The Company had certain transactions with the subsidiary relate to the P&C line of business, which include salvage and rental income. The Company contracts out the sale of certain vehicles that are deemed total losses to various salvage companies that include USA Salvage. The Company received salvage income of approximately \$124,000 in 2021 and \$112,000 in 2020.

The Amended General Business Agreement with USA Salvage required USA Salvage to pay rent to USA in the amount of \$500 a month, plus 12% of the retail value, as determined by the Company, for all salvaged vehicles sold by USA Salvage effective February 1, 2015. The original agreement required rent in the amount of \$5,000 per month and that USA Salvage pay 5-10% of the retail value of all salvaged vehicles sold by the subsidiary. The Company received rental income in the amount of \$6,500 in 2021 and \$7,000 in 2020.

The Company had three mortgage loans for a total balance of \$1,322,375 and \$1,363,994 as of December 31, 2021 and 2020 as reported on Schedule B of the Annual Statement. These mortgage loans are to Elias Higdon and Ky Higdon. There were no new mortgage loans executed during the examination period.

FIDELITY BOND AND OTHER INSURANCE

The Company maintained a commercial insurance policy for employee theft with a limit of \$225,000. This amount meets the NAIC suggested minimum fidelity coverage for a company of its size. The Company also maintained an insurance program that appeared to provide adequate coverage to protect it from hazards that it may encounter.

PENSIONS, STOCK OWNERSHIP AND INSURANCE PLANS

Upon completion of one year of service, employees were eligible for one week of paid vacation and to participate in the 401(k) plan. No pension obligation existed as of December 31, 2021.

TERRITORY AND PLAN OF OPERATION

As of December 31, 2016, the Company was authorized to write the following lines of business in the State of Mississippi:

Accident & Health	Credit Life, Credit Accident & Health
Life	Automobile Physical Damage/Liability
Plate Glass	Casualty/Liability
Fidelity	Fire/Allied Lines
Guaranty	Ocean Marine
Workers' Compensation	Boiler and Machinery
Inland Marine	

REINSURANCE

As of December 31, 2021, the Company maintained a Property Catastrophe Excess of Loss Reinsurance Contract issued through a reinsurance intermediary, Guy Carpenter. The reinsurance intermediary was appropriately licensed with the Mississippi Insurance Department as of the examination date.

The Property Catastrophe Excess of Loss Reinsurance Contract ("Contract") covered losses under policies classified by the Company as Automobile Physical Damage as a result of loss or losses that may accrue under policies in force at the inception of the Contract, or written or renewed during the term of the Contract by the Company. The reinsurer shall be liable in respect of each loss occurrence, for the ultimate net loss over and above the initial ultimate net loss of \$1,000,000 each loss occurrence, subject to a limit of liability to the reinsurer of \$3,400,000 each loss. The subscribing reinsurers to the excess of loss reinsurance agreement were Lloyd's Syndicates (No. 2001 30 percent), Farm Mutual Reinsurance Plan, Inc. (30 percent), Allied World Insurance Company (20 percent) and Axis Reinsurance Company (20 percent) as of December 31, 2021.

GROWTH OF COMPANY

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

	2021	2020	2019	2018	2017
Capital and Surplus	\$ 10,232,115	\$ 10,842,664	\$ 9,972,914	\$ 10,163,298	\$ 9,673,819
Ratio of premiums to capital and surplus	1.20 to 1	1.28 to 1	1.39 to 1	1.36 to 1	1.36 to 1
Ratio of assets to liabilities	2.15 to 1	2.10 to 1	2.03 to 1	2.11 to 1	2.02 to 1
Ratio of premiums to expenses	0.83 to 1	0.95 to 1	0.89 to 1	0.95 to 1	0.98 to 1
Cash flows from operations	\$ (1,034,264)	\$ 683,457	\$ 409,290	\$ 237,754	\$ 1,244,639
Net income (loss)	\$ (405,837)	\$ 575,004	\$ (278,973)	\$ 525,058	\$ 524,678

ACCOUNTS AND RECORDS

The Company's 2021 trial balance was tied to the financial statements within the statutory annual statement filed with the MID, with no material exceptions noted. The Company was audited annually by an independent CPA firm and the Company's aggregate reserve liability was calculated by a consulting actuarial firm.

The Company is licensed as a multi-line insurance company pursuant to Miss. Code Ann. § 83-19-31(b), which requires the Company to maintain a minimum capital and surplus of \$600,000 and \$900,000, respectively. Pursuant to Miss. Code Ann. § 83-5-55, the Company is required to file a NAIC Life, Accident and Health Annual Statement and a NAIC Property and Casualty Annual Statement for each of the respective lines of business. The Company is also required to file risk-based capital (RBC) reports for each of its NAIC annual statement filings 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) and §83-7-21. The following chart displays the Company's deposits at December 31, 2021:

Description of Security	Book Value	Fair Value
Certificate of deposit	\$ 447,210	\$ 446,556
Total	<u>\$ 447,210</u>	<u>\$ 446,556</u>

Financial Statements

Introduction

The following financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2021, a Statement of Income for the year ended December 31, 2021, and a Reconciliation of Capital and Surplus for the examination period ended December 31, 2021.

The following property and casualty 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, 2021. The following Statement of Assets, Liabilities, Surplus and Other Funds include a required reclassification to report cash and cash equivalents in compliance with *Annual Statement Instructions*.

**Statement of Assets, Liabilities, Surplus and Other Funds
(Property and Casualty)
December 31, 2021**

Assets

Bonds	\$	12,002,974
Real estate		230,876
Cash and short-term investments		2,942,808
Investment income due and accrued		98,222
Uncollected premiums in course of collection		1,684,583
Net deferred tax asset		20,229
Electronic data processing equipment and software		20,885

Total assets	\$	17,000,577
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Liabilities, Surplus and Other Funds

Losses	\$	5,192,177
Loss adjustment expenses		185,389
Commissions payable, contingent commissions and other similar charges		8,726
Other expenses		140,539
Taxes, licenses and fees due or accrued		11,827
Current federal and foreign income taxes		30,630
Unearned premiums		2,405,166
Aggregate write-ins for liabilities		3,114,043

Total liabilities		11,088,497
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Unassigned funds (surplus)		5,912,080
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Total liabilities, surplus and other funds	\$	17,000,577
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Statement of Income
(Property and Casualty)
For the examination period ended December 31, 2021

Premiums earned	\$ 12,276,225
Losses incurred	9,498,321
Loss adjustment expenses incurred	904,266
Other underwriting expenses incurred	4,025,241
<hr/>	
Total underwriting deductions	14,427,828
Net underwriting gain	(2,151,603)
Net investment income earned	135,734
Net realized capital gains (losses)	3,116
<hr/>	
Aggregate write-ins for miscellaneous income	980,867
Net income before federal and foreign income taxes	(1,031,886)
Federal and foreign income taxes incurred	(159,259)
<hr/>	
Net income	\$ (872,627)

**Reconciliation of Capital and Surplus
(Property and Casualty)
For the examination period ended December 31, 2021**

	2021	2020	2019	2018	2017
Capital and surplus, beginning of the year	\$ 6,996,741	\$ 6,519,210	\$ 7,050,670	\$ 6,730,737	\$ 6,368,112
Net income (loss)	(872,627)	275,517	(400,712)	337,092	344,986
Change in net deferred income tax	(176,176)	(63,199)	9,985	(27,878)	179,313
Change in non-admitted assets	(5,858)	235,213	(140,733)	10,719	(161,674)
Capital and surplus, end of the year	\$ 5,912,080	\$ 6,996,741	\$ 6,519,210	\$ 7,050,670	6,730,737

FINANCIAL STATEMENTS

Introduction

The following financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2021, a Summary of Operations for year ended December 31, 2021, and a Reconciliation of Capital and Surplus for the examination period ended December 31, 2021.

The following life, accident and health statements 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, 2021.

**Statement of Assets, Liabilities, Surplus and Other Funds
(Life, Accident and Health)
December 31, 2021**

Assets	
Stocks	\$ 1,376
Mortgage loans	1,322,375
Real estate	674,384
Cash and short-term investments	(2,880)
Contract loans	75,739
Investment income due and accrued	2,098
Current federal and foreign income tax recoverable and interest thereon	38,750
Electronic data processing equipment and software	351
Aggregate write-ins for other than invested assets	3,114,043
Total assets	\$ 5,226,236
Liabilities, Surplus and Other Funds	
Aggregate reserves for life contracts	\$ 741,083
Aggregate reserves for accident and health contracts	62,603
Contract claims: life	6,000
Contract claims: accident and health	3,750
General expenses due or accrued	2,336
Taxes, licenses and fees due or accrued	18,369
Amounts withheld or retained by the company as agent or trustee	166
Asset valuation reserve	71,874
Total liabilities	906,181
Common capital stock, \$1 par value; 5,000,000 shares authorized; 600,000 shares issued and outstanding	600,000
Gross paid in and contributed surplus	1,036,893
Unassigned funds (surplus)	2,683,162
Total surplus and other funds	4,320,055
Total liabilities, surplus and other funds	\$ 5,226,236

Summary of Operations
(Life, Accident and Health)
For the examination period ended December 31, 2021

Revenue		
Premiums earned	\$	206,464
Net investment income		24,345
Aggregate write-ins for miscellaneous income		280,331
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Total income		511,140
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Expenses		
Death benefits	\$	35,000
Disability benefits and benefits under accident and health contracts		17,873
Increase in aggregate reserves for life policies		11,657
Commissions of premiums and annuity considerations		15,573
General insurance expenses		64,563
Insurance taxes, licenses and fees		(16,878)
<hr/>		
Total expenses		127,788
<hr/>		
Net gain from operations before dividends to policyholders and federal income tax		383,352
Federal tax and foreign income taxes incurred		(85,438)
<hr/>		
Net income	\$	468,790
<hr/>		

**Reconciliation of Capital and Surplus
(Life, Accident and Health)
For the examination period ending December 31, 2021**

	2021	2020	2019	2018	2017
Capital and surplus, beginning of the year	\$ 3,875,923	\$ 3,453,704	\$ 3,112,626	\$ 2,943,082	\$ 2,718,049
Net income	468,790	457,522	121,769	187,986	179,692
Change in net unrealized capital gains (losses)	(237)	(52,869)	84,889	(41,040)	49,080
Change in net deferred income tax	(18,289)	(108,020)	4,858	52,077	(77,169)
Change in non-admitted assets	(5,331)	127,225	133,051	(31,591)	71,740
Change in asset valuation reserve	(801)	(1,639)	(3,489)	2,112	1,690
Capital and surplus, end of the year	\$ 4,320,055	\$ 3,875,923	\$ 3,453,704	\$ 3,112,626	\$ 2,943,082

FINANCIAL STATEMENTS

Introduction

The following combined financial statements consist of a Statement of Assets, Liabilities, Surplus and Other Funds as of December 31, 2021, a Summary of Operations for year ended December 31, 2021, and a Reconciliation of Capital, Surplus and Other Funds for the examination period ended December 31, 2021.

Intra-company balances are eliminated on the combined life, accident and health filing and property and casualty filing financial statements on the following pages.

The following combined 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, 2021. The accompanying comments on financial statements reflect any examination adjustments to the amounts reported in the annual statement and should be considered an integral part of the financial statements.

Statement of Assets, Liabilities, Surplus and Other Funds
(Combined Life, Accident and Health Filing and Property and Casualty Filing)
December 31, 2021

Assets	
Bonds	\$ 12,002,974
Stocks	1,376
Mortgage loans	1,322,375
Real estate:	
Properties occupied by the company	490,328
Properties held for the production of income	230,876
Properties held for sale	184,055
5Cash and short-term investments	2,939,928
Contract loans	75,739
Investment income due and accrued	100,320
Uncollected premiums in course of collection	1,684,583
Current federal and foreign income tax recoverable	38,750
Net deferred tax asset	20,229
Electronic data processing equipment and software	21,236
Total assets	\$ 19,112,769
Liabilities, Surplus and Other Funds	
Losses	5,192,177
Aggregate reserves for life contracts	741,083
Aggregate reserves for accident and health contracts	62,603
Loss adjustment expenses	185,389
Contract claims: life	6,000
Contract claims: accident and health	3,750
Commissions payable, contingent commissions and other similar charges	8,726
Other expenses	140,539
Unearned premiums	2,405,166
General expenses due or accrued	2,336
Taxes, licenses and fees due or accrued	30,196
Income taxes payable	30,630
Amounts withheld or retained by the company as agent or trustee	166
Asset valuation reserve	71,874
Total liabilities	8,880,635
Common capital stock, \$1 par value; 5,000,000 shares authorized; 600,000 shares issued and outstanding	600,000
Gross paid in and contributed surplus	1,036,893
Unassigned funds (surplus)	8,595,241
Total surplus and other funds	10,232,134
Total liabilities, surplus and other funds	\$ 19,112,769

Summary of Operations
(Combined Life, Accident and Health Filing and Property and Casualty Filing)
For the examination period ended December 31, 2021

Revenue	
Premiums earned	\$ 12,482,689
Net investment income	160,079
Aggregate write-ins for miscellaneous income	1,261,198
<hr/>	
Total income	13,903,966
<hr/>	
Expenses	
Losses incurred	9,498,321
Loss adjustment expenses incurred	904,266
Death benefits	35,000
Disability benefits and benefits under accident and health contracts	17,873
Surrender benefits and other withdrawals for life contracts	0
Increase in aggregate reserves for life policies	11,657
Commissions of premiums and annuity considerations	15,573
Other underwriting expenses incurred	4,025,241
General insurance expenses	64,563
Insurance taxes, licenses and fees	(16,878)
<hr/>	
Total expenses	14,555,616
<hr/>	
Net gain from operations before federal income tax and realized capital gains (losses)	(651,650)
Federal tax and foreign income taxes incurred	(244,697)
Net realized capital gains (losses)	3,116
<hr/>	
Net income	\$ 403,837

**Reconciliation of Capital and Surplus
(Combined Life, Accident and Health Filing and
Property and Casualty Filing)
For the examination period ending December 31, 2021**

	2021	2020	2019	2018	2017
Capital and surplus, beginning of the year	\$ 10,842,664	\$ 9,972,914	\$ 10,163,296	\$ 9,673,819	\$ 9,086,161
Net income	(403,837)	733,039	(278,943)	525,078	524,678
Change in net unrealized capital gains (losses)	(237)	(52,869)	84,889	(41,040)	49,080
Change in net deferred income tax	(194,465)	(171,219)	14,843	24,199	102,144
Change in non-admitted assets	(11,189)	362,438	(7,682)	(20,872)	(89,934)
Change in asset valuation reserve	(802)	(1,639)	(3,489)	2,112	1,690
Capital and surplus, end of the year	\$ 10,232,134	\$ 10,842,664	\$ 9,972,914	\$ 10,163,296	\$ 9,673,819

RECONCILIATION OF EXAMINATION ADJUSTMENTS TO SURPLUS

There was a reclassification made to the admitted assets, liabilities capital and surplus balances reported by the Company for the year ended December 31, 2021, which did not affect the surplus position of the Company. The surplus as regards policyholders, which totaled \$10,262,135 as of the examination date, was determined to be reasonably stated and in compliance with Miss. Code Ann. §83-19-31(1)(b).

MARKET CONDUCT ACTIVITIES

A full market conduct examination was not conducted; however, specific areas of the market conduct activities were reviewed. The specific areas reviewed included those items as indicated below.

Policyholder Service

The Company maintained complaint documentation during the period under examination and all complaints appeared to have been appropriately resolved and no policyholder abuse was noted.

Underwriting and Rating

Based upon procedures performed during the course of the examination, the Company appeared to be appropriately applying premium rates for insured policies based on application data. It appeared that all applicable policy forms had been appropriately approved by the MID.

Claims Handling

Claim files were reviewed for general indicators of policyholder treatment concerns without material exception.

Producer Licensing

The Company appeared to have the appropriate licensure to issue its products and agents appeared to be properly licensed and appointed.

Privacy

Privacy notices were sent to the Company's policyholders annually, and based upon the procedures performed during the course of the examination, these annual notices appeared to be in compliance with applicable laws and standards.

COMMITMENTS AND CONTINGENT LIABILITIES

During the examination period of January 1, 2017 through December 31, 2021, there was no litigation, commitments or other contingent liabilities to which the Company was a party.

COMMENTS AND RECOMMENDATIONS

There were no comments and recommendations included in the report of examination as of December 31, 2021.

SUBSEQUENT EVENTS

There were no subsequent events identified that required reporting in the report of examination as of December 31, 2021.

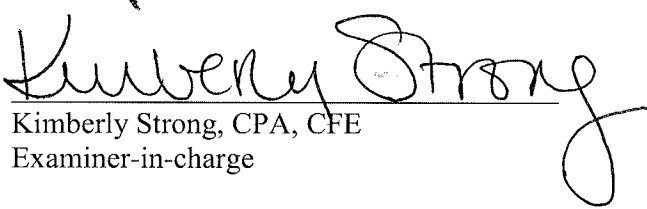
ACKNOWLEDGMENT

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

Examiner-in-charge	Kimberly D. Strong, CPA, CFE
Administrative Examiner	Jimmy D. Blissett, CFE
Actuary	Mike Presley, FSA, MAAA
Actuary	Chris Burkhalter, FCAS, MAAA
Examiner	Leslie Sorrell, CPA
Examiner	Brett Davis, CPA
Examiner	Justin Atwood
Department Designee	Mark Cooley, CFE, Chief Examiner, Financial and Market Regulation

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



Department Designee